KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

Stock Code：4527

Address: No. 300, Chikan N. Rd., Ziguan Dist., Kaohsiung City 826, Taiwan (R.O.C.)

Telephone：886-7-6192345

<u>Notice to readers</u>

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

with Independent Auditors' Report

For the Years Ended December 31, 2024 and 2023

Contents

Representation Letter

The entities that are required to be included in the combined financial statements of KUEN LING MACHINERY REFRIGERATING CO., LTD. as of and for the year ended December 31, 2024 under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports, and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with International Financial Reporting Standards No. 10 endorsed by the Financial Supervisory Commission, "Consolidated Financial Statements. " In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, KUEN LING MACHINERY REFRIGERATING CO., LTD. and Subsidiaries do not prepare a separate set of combined financial statements.

KUEN LING MACHINERY REFRIGERATING CO., LTD.

By

TSENG, CHUNG-KUO

Chairman
March 11, 2025

INDEPENDENT AUDITORS’ REPORT TRANSLATED FROM CHINESE

PWCR24004763

To the Board of Directors and Shareholders of Kuen Ling Machinery Refrigerating Co., Ltd.

Opinion

We have audited the consolidated financial statements of KUEN LING MACHINERY REFRIGERATING CO., LTD. and its subsidiaries (the “Group”), which comprise the consolidated balance sheets as of December 31, 2024 and 2023, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2024 and 2023, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of other auditors please refer to the Other matter section, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2024 and 2023, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards (“IFRSs”), International Accounting Standards (“IASs”), Interpretations developed by the International Financial Reporting Interpretations Committee (“IFRIC”) or the former Standing Interpretations Committee (“SIC”) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Norm of Professional Ethics for Certified Public Accountants in the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. Based on our audits and the reports of other auditors, we believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Group’s 2024 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group’s 2024 consolidated financial statements are stated as follows:

Appropriateness of revenue recognition cutoff

Description

Please refer to Note 4(25) of the consolidated financial statements for the accounting policy for revenue recognition; for the explanation of operating revenue accounting items, please refer to Note 6(20) of the consolidated financial statements.

The Group's operating revenue all comes from Revenue from Contracts with Customers, primarily derived from the transfer of control of products such as condensers, chillers, ice-making units, and refrigeration units upon completion of customer acceptance. Revenue from contracts is recognized when control of the product is transferred to the customer, i.e., when the product is delivered to the customer. The customer has discretion over the distribution channel and price of the product, and the Group has no remaining performance obligations that may affect customer acceptance of the product. The transfer of control of the product to the customer and the fulfillment of performance obligations typically involve manual operations and judgments, which may result in the recognition of revenue at an inappropriate time close to the end of the financial reporting period. Therefore, the appropriateness of revenue recognition cutoff is identified as one of the key matters for this year's audit by the auditors.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Understand and evaluate the accounting policies for revenue recognition.
2. Understand, evaluate, and test the effectiveness of the design and implementation of internal control procedures for revenue recognition.
3. Conduct cutoff tests for contract revenue during a certain period before and after the end of the financial reporting period to assess when revenue recognition its transferred of control of the product and no remaining performance obligations that may affect customer acceptance of the product.

Assessment of impairment of accounts receivable

Description

Please refer to Note 4(7) of the consolidated financial statements for the accounting policy for accounts receivable; for the accounting estimates and assumptions uncertainty related to the assessment of impairment of accounts receivable, please refer to Note 5 of the consolidated financial statements; for the explanation of the accounts receivable accounting item, please refer to Note 6(2) of the consolidated financial statements; for the explanation of credit risk information related to accounts receivable, please refer to Note 12(2) of the consolidated financial statements.

The Group evaluates the expected credit losses on accounts receivable and recognizes allowances for losses. The evaluation method includes assessing individual significant customers or similar credit risk groups, considering their historical transaction records, operational and financial status, and incorporating the impact of the time value of money. Due to the identification of individual significant customers, differentiation of similar credit risk groups, and the subjective judgment of management involved in the evaluation method mentioned above, the assessment of expected credit losses on accounts receivable is significantly affected. Therefore, the assessment of impairment of accounts receivable is identified as one of the key audit matters for this year's audit.

How our audit addressed the matter

Our key audit procedures performed in respect of the above included the following:

1. Based on an understanding of the Group's operations and sales transactions, evaluate the reasonableness of its provision policy and procedures for accounts receivable allowances, including identifying individual significant customers, distinguishing similar credit risk groups, and determining objective evidence for expected credit losses.
2. Understand the effectiveness of the Group's credit management and internal control procedures for the assessment of expected credit losses during the debt's existence period.
3. Assess the reasonableness of significant expected credit losses individually identified by management and the assessment of expected credit loss amounts based on similar credit risk groups.
4. Conduct post-period collection testing for accounts receivable that only reflect expected credit losses due to the time value of money to assess the reasonableness of expected credit losses.

Other matter – Reference to the audits of other auditors

We did not audit the financial statements of certain consolidated subsidiaries which were audited by other auditors. Therefore, our opinion expressed herein, insofar as it relates to the amounts included in respect of these subsidiaries and the information on investees, is based solely on the reports of the other auditors. Total assets of these subsidiaries amounted to NT$23,937 thousand and NT$19,799 thousand, representing 1% and 1% of the consolidated total assets as at December 31, 2024 and 2023, respectively, and the operating revenue amounted to NT$28,725 thousand and NT$19,198 thousand, representing 1% and1% of the consolidated total operating revenue for the years then ended, respectively. ◦

Other matters – Parent company - only financial reports

We have audited and expressed an unmodified opinion with an explanatory paragraph on the parent company only financial statements of KUEN LING MACHINERY REFRIGERATING CO., LTD. as of and for the years ended December 31, 2024 and 2023.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations that came into effect as endorsed by the Financial Supervisory Commission, and for such internal controls as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group’s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the financial reporting process of the Group.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the auditing standards genera1ly accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Groups internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the consolidated financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2024 and are, therefore, considered to be the key audit matters. We describe these matters in our auditor's report unless the law or regulations preclude public disclosure about the matter, or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Wang, Chun-Kai

Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

March 11, 2025

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and independent auditors' report are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Balance Sheets
December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

	Assets	Note	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current assets:					
1100	Cash and cash equivalents	6(1)	$ 793,597	23	$ 472,058	13
1140	Contract Assets - Current	6(20)	69,515	2	85,855	2
1150	Net Notes Receivable	6(2)	327,772	9	325,988	9
1160	Notes Receivable - Related Parties, Net	6(2) and 7	12,331	-	27,036	1
1170	Net Accounts Receivable	6(2)	882,196	25	1,226,204	34
1180	Accounts Receivable - Related Parties, Net	6(2) and 7	16,440	1	12,286	-
130X	Inventory	6(3)	457,461	13	645,562	18
1479	Other Current Assets - Other	6(4) and 8	128,411	4	84,289	2
11XX	**Total Current Assets**		2,687,723	77	2,879,278	79
	Non-current assets:					
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(5)	9,759	-	9,759	-
1600	Property, Plant, and Equipment	6(7)(9) and 8	658,835	19	624,624	17
1755	Right-of-Use Assets	6(8) and 8	54,161	2	54,366	2
1780	Intangible Assets		4,680	-	7,135	-
1840	Deferred Tax Assets		31,176	1	35,012	1
1920	Deposits for Guarantees	8	11,434	-	15,182	-
1930	Long-term Notes and Accounts Receivable	6(10)	258	-	765	-
1990	Other Non-current Assets - Other	8	21,595	1	21,161	1
15XX	**Total Non-current Assets**		791,898	23	768,004	21
1XXX	**Total Assets**		$ 3,479,621	100	$ 3,647,282	100

(Continued)

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Balance Sheets
December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar)

	Liabilities and equity	Note	December 31, 2024 Amount	%	December 31, 2023 Amount	%
	Current liabilities:					
2100	Short-term borrowings	6(11) and 8	$ 234,744	7	$ 182,529	5
2130	Current portion of contract liabilities	6(20)	150,111	4	163,723	4
2150	Accounts payable notes	7	37,496	1	129,014	3
2170	Accounts payable	7	470,532	13	721,247	20
2200	Other payables	6(12)	385,958	11	356,593	10
2230	Current income tax liabilities		57,537	2	46,528	1
2250	Current portion of liabilities	6(13)	63,463	2	62,051	2
2280	Current lease liabilities		4,959	-	4,032	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	3,874	-	24,746	1
2399	Other current liabilities - Other		1,293	-	40,902	1
21XX	**Current Assets**		1,409,967	40	1,731,365	47
	Non-current liabilities:					
2540	Long-term borrowings	6(14) and 8	-	-	3,665	-
2570	Deferred income tax liabilities		69,108	2	71,101	2
2580	Non-current lease liabilities		32,118	1	32,868	1
2640	Net defined benefit liabilities - Non-current	6(15)	52,410	2	64,077	2
2645	Deposits received for guarantees		3,620	-	2,945	-
25XX	**Total non-current liabilities**		157,256	5	174,656	5
2XXX	**Total liabilities**		1,567,223	45	1,906,021	52
	Equity					
	Equity attributable to owners of the parent company					
	Capital	6(16)				
3110	Ordinary shares capital		761,524	22	761,524	21
	Capital surplus	6(17)				
3200	Capital surplus		128,616	4	128,616	4
	Retained earnings	6(18)				
3310	Statutory surplus reserve		293,365	8	267,856	8
3320	Special surplus reserve		94,936	3	81,442	2
3350	Undistributed profits		584,187	17	481,113	13
	Other equity	6(19)				
3400	Other equity		(66,674)	(2)	(94,936)	(3)
31XX	Total equity attributable to owners of the parent company		1,795,954	52	1,625,615	45
36XX	**Non-controlling interests**	4(3)	116,444	3	115,646	3
3XXX	**Total Equity**		1,912,398	55	1,741,261	48
	Significant contingent liabilities and unrecognized contractual commitments	9				
	Significant subsequent events	11				
3X2X	**Total liabilities and equity**		$ 3,479,621	100	$ 3,647,282	100

The accompanying notes are an integral part of these consolidated financial statements

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Comprehensive Income
December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar, except for Per share)

	Assets	Note	2024 Amount	2024 %	2023 Amount	2023 %
4000	Operating revenues	6(20) and 7	$ 3,649,379	100	$ 3,476,588	100
5000	Operating costs	6(3)(23)(24) and 7	(2,741,530)	(75)	(2,636,014)	(76)
5900	Gross profit from operations		907,849	25	840,574	24
	Operating expenses	6(23)(24)				
6100	Selling expenses		(223,102)	(6)	(257,121)	(7)
6200	General and administrative expenses		(197,109)	(5)	(171,256)	(5)
6300	Research and development expenses		(69,994)	(2)	(68,909)	(2)
6450	Expected credit impairment loss	12(2)	(55,644)	(2)	(28,231)	(1)
6000	Total operating expenses		(545,849)	(15)	(525,517)	(15)
6900	Net operating income		362,000	10	315,057	9
	Non-operating income and expenses					
7100	Interest income		5,762	-	5,141	-
7010	Other income	6(21)	44,682	1	45,974	1
7020	Other gains and losses	6(22)	4,453	-	1,901	-
7050	Finance costs	6(8)(11)(14)	(9,058)	-	(8,848)	-
7000	Total non-operating income and expenses		45,839	1	44,168	1
7900	**Profit before income tax from continuing operations**		407,839	11	359,225	10
7950	Income tax expense	6(25)	(89,496)	(2)	(81,689)	(2)
8200	**Net Profit**		$ 318,343	9	$ 277,536	8

(Continued)

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Comprehensive Income
December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar, except for Per share)

	Assets	Note	2024 Amount	2024 %	2023 Amount	2023 %
	Other comprehensive income items that will not be reclassified to profit or loss					
8311	Remeasurement of defined benefit plans	6(15)	$ 6,617	-	($ 4,127)	-
8349	Income tax related to items not reclassified	6(25)	(1,323)	-	825	-
8310	Total amount of items not reclassified to profit or loss		5,294	-	(3,302)	-
	Items that will be reclassified to profit or loss:					
8361	Foreign Exchange Differences on Translation of Financial Statements of Foreign Operations		32,539	1	(15,728)	(1)
8300	**Other comprehensive income, net**		$ 37,833	1	($ 19,030)	(1)
8500	**Comprehensive income**		$ 356,176	10	$ 258,506	7
	Net Profit (Loss) Attributable to:					
8610	Parent Company Owners		$ 319,549	9	$ 258,404	7
8620	Non-controlling Interests		(1,206)	-	19,132	1
	Total		$ 318,343	9	$ 277,536	8
	Total Comprehensive Income (Loss) Attributable to:					
8710	Parent Company Owners		$ 353,105	10	$ 241,608	7
8720	Non-controlling Interests		3,071	-	16,898	-
	Total		$ 356,176	10	$ 258,506	7
	Earnings Per Share:	6(26)				
9750	Basic		$ 4.20		$ 3.39	
9850	Diluted		$ 4.14		$ 3.35	

The accompanying notes are an integral part of these consolidated financial statements.

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Changes in Equity
For the years ended December 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	Equity attributable to owners of parent									
				Retained earnings			Other equity interest				
	Note	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Exchange differences on translation of foreign financial statements	Unrealized gains from financial assets measured at fair value through other comprehensive income	Total	Non-controlling interests	Total
2023											
Balance at January 1, 2023		$ 761,524	$ 128,616	$ 245,884	$ 102,117	$ 379,612	($ 48,124)	($ 33,318)	$ 1,536,311	$ 99,595	$ 1,635,906
Current Period Net Profit		-	-	-	-	258,404	-	-	258,404	19,132	277,536
Current Period Other Comprehensive Income	6(19)	-	-	-	-	(3,302)	(13,494)	-	(16,796)	(2,234)	(19,030)
Total Comprehensive Income for the Period		-	-	-	-	255,102	(13,494)	-	241,608	16,898	258,506
Earnings distribution of 2022											
Allocation to Statutory Surplus Reserve		-	-	21,972	-	(21,972)	-	-	-	-	-
Allocation to Special Surplus Reserve		-	-	-	(20,675)	20,675	-	-	-	-	-
Cash Dividends	6(18)	-	-	-	-	(152,304)	-	-	(152,304)	-	(152,304)
Cash dividends distribute to non-controlling interests		-	-	-	-	-	-	-	-	(847)	(847)
Balance as of December 31, 2023		$ 761,524	$ 128,616	$ 267,856	$ 81,442	$ 481,113	($ 61,618)	($ 33,318)	$ 1,625,615	$ 115,646	$ 1,741,261
2024											
Balance at January 1, 2024		$ 761,524	$ 128,616	$ 267,856	$ 81,442	$ 481,113	($ 61,618)	($ 33,318)	$ 1,625,615	$ 115,646	$ 1,741,261
Current Period Net Profit		-	-	-	-	319,549	-	-	319,549	(1,206)	318,343
Current Period Other Comprehensive Income	6(19)	-	-	-	-	5,294	28,262	-	33,556	4,277	37,833
Total Comprehensive Income for the Period		-	-	-	-	324,843	28,262	-	353,105	3,071	356,176
Earnings distribution of 2023											
Allocation to Statutory Surplus Reserve		-	-	25,509	-	(25,509)	-	-	-	-	-
Allocation to Special Surplus Reserve		-	-	-	13,494	(13,494)	-	-	-	-	-
Cash Dividends	6(18)	-	-	-	-	(182,766)	-	-	(182,766)	-	(182,766)
Cash dividends distribute to non-controlling interests		-	-	-	-	-	-	-	-	(2,273)	(2,273)
Balance as of December 31, 2024		$ 761,524	$ 128,616	$ 293,365	$ 94,936	$ 584,187	($ 33,356)	($ 33,318)	$ 1,795,954	$ 116,444	$ 1,912,398

The accompanying notes are an integral part of these consolidated financial statements.

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	2024	2023
Operating Cash Flows:			
Current Period Pre-tax Net Profit		$ 407,839	$ 359,225
Adjustments:			
Items of Income and Expense			
Expected Credit Impairment Loss (Gain)	12(2)	55,644	28,231
Depreciation Expense (including Amortization of Right-of-Use Assets)	6(7)(8)(23)	65,789	66,346
Amortization Expense	6(23)	2,822	2,920
Interest Expense	6(8)(11)(14)	9,058	8,848
Interest Income		(5,762)	(5,141)
Dividend Income	6(21)	(2,511)	(2,386)
Gain on Disposal of Property, Plant, and Equipment	6(22)	(679)	(1,430)
Gain on Lease Modification	6(8)(22)(27)	-	(3,413)
Net Changes in Assets/Liabilities Related to Operating Activities			
Net Change in Assets Related to Operating Activities			
Contract Assets - Current		16,340	(78,266)
Notes Receivable		6,393	134,233
Notes Receivable - Related Parties		14,705	28,192
Accounts Receivable (including Long-term Notes and Accounts Receivable)		321,972	(500,301)
Accounts Receivable - Related Parties		3,670	(7,259)
Inventory		210,294	11,795
Other Current Assets - Other		(42,872)	834
Current portion of Contract Liabilities			
Accounts Payable Notes		(19,791)	60,238
Accounts Payable		(91,518)	111,980
Accounts Payable - Related Parties		(259,647)	61,917
Other Payables		(16,452)	113,697
Current Provision		25,291	12,652
Other Current Liabilities - Other		394	13,159
Net Defined Benefit Liabilities - Non-current		(41,163)	40,081
Accounts Payable Notes		(5,050)	(9,799)
Cash Inflows Generated from Operations:		654,766	446,353
Interest Received		5,752	5,141
Dividends Received		2,511	2,386
Interest Paid		(8,970)	(8,973)
Income Tax Paid		(77,309)	(34,774)
Net Cash Inflow from Operating Activities		576,750	410,133

(Continued)

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the years ended December 31, 2024 and 2023
(expressed in thousands of New Taiwan Dollar)

	Note	2024	2023
Investing Cash Flows:			
Purchase of Property, Plant, and Equipment	6(27)	($ 78,090)	($ 81,636)
Increase in Prepayments for Equipment		(4,565)	(15,391)
Proceeds from Disposal of Property, Plant, and Equipment		689	5,364
Purchase of Intangible Assets		(689)	(1,368)
Decrease (Increase) in Deposits for Guarantees		3,749	6,070
Increase in Other Non-current Assets - Other		600	(600)
Net Cash Outflow from Investing Activities		(78,306)	(87,561)
Financing Cash Flows:			
Proceeds from Short-term Borrowings	6(28)	593,142	440,053
Repayment of Short-term Borrowings	6(28)	(543,730)	(501,356)
Repayment of Long-term Borrowings	6(28)	(25,304)	(29,746)
Repayment of Lease Principal	6(28)	(6,995)	(8,791)
Increase (Decrease) in Deposits Received for Guarantees		506	1,532
Payment of Cash Dividends	6(18)	(182,766)	(152,304)
Cash Dividends Paid by Subsidiaries		(2,273)	(847)
Net Cash Outflow from Financing Activities		(167,420)	(251,459)
Effect of Exchange Rate Changes		(9,485)	(2,257)
Net Increase (Decrease) in Cash and Cash Equivalents for the Period		321,539	68,856
Beginning Cash and Cash Equivalents Balance	6(1)	472,058	403,202
Ending Cash and Cash Equivalents Balance	6(1)	$ 793,597	$ 472,058

The accompanying notes are an integral part of these consolidated financial statements.

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES
Notes to the Consolidated Financial Statements
For the years ended December 31, 2024 and 2023
(Expressed in thousands of New Taiwan Dollar unless otherwise specified)

1. Company history

KUEN LING MACHINERY REFRIGERATING CO., LTD. ("the Company") was established in April, 1988 with approval. The main business of the Company includes the installation, maintenance, repair, assembly, manufacturing, processing, buying and selling, domestic and international sales, and leasing of condensers, ice water coolers, ice water units, and refrigeration units.

The Company's stocks have been traded on the Taiwan Stock Exchange (TWSE) since September of the 89th year of the Republic of China (ROC).

For details on the main operating activities of the Company and its subsidiaries ("the Group"), please refer to Note 4(3).

2. Approval date and procedures of the consolidated financial statements

These consolidated financial statements were authorized for issue by the Board of Directors on March 11, 2025.

3. New standards, amendments and interpretations adopted

A. The impact of new and revised International Financial Reporting Standards and Interpretations endorsed by the Financial Supervisory Commission, R.O.C. ("FSC"

The Group has initially adopted the following new amendments, which do not have a significant impact on its financial condition and financial performance, from January 1, 2024：

- Amendments to IAS 1 “Classification of Liabilities as Current or Non-current”
- Amendments to IAS 1 “Non-current Liabilities with Covenants”
- Amendments to IAS 7 and IFRS 7 “Supplier Finance Arrangements”
- Amendment to IFRS 16 “Sale and leaseback transaction”

B. The impact of IFRS endorsed by FSC but not adopted yet

The Group has evaluated that the adoption of following new amendments, which will be effective from January 1, 2025, will not have a significant impact on its financial condition and financial performance.

- Amendments to IAS 21 “Lack of Exchangeability”

C. Newly released or amended standards and interpretations not yet endorsed by the FSC:

The Group does not expect the following other new and amended standards, which have yet to be endorsed by the FSC, to have a significant impact on its financial condition and financial performance:

New, Amended and Revised Standards and Interpretations	Effective Date Issued by IASB
Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"	January 1, 2026
Amendments to IFRS 9 and IFRS 7 – "Contracts Referencing Nature-dependent Electricity"	January 1, 2026
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets Between an Investor and Its Associate or Joint Venture"	Pending decision by the IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
IFRS 17 and IFRS 9-Comparative Information (Amendment to IFRS 17)	January 1, 2023
IFRS 18 "Presentation and Disclosure in Financial Statements"	January 1, 2027
IFRS 19 "Subsidiaries without Public Accountability: Disclosures"	January 1, 2027
IFRS Accounting Standards "Annual Improvements-Volume 11"	January 1, 2026

(1) Amendments to IFRS 9 and IFRS 7 – "Amendments to the Classification and Measurement of Financial Instruments"

Updating the irrevocable option to designate equity instruments as measured at fair value through other comprehensive income (FVOCI), the fair value for each category should be disclosed, but no need to disclose fair value information for each specific investment.

Additionally, the fair value gains or losses recognized in other comprehensive income during the reporting period should be disclosed, distinguishing between the fair value gains or losses related to investments derecognized during the reporting period and those related to investments still held at the end of the reporting period. It is also necessary to disclose the cumulative gains or losses transferred to equity due to investments derecognized during the reporting period.

(2) IFRS 18 "Presentation and Disclosure in Financial Statements"

IFRS 18 will replace IAS 1 and will update the structure of the statement of comprehensive income, adding disclosure requirements for management performance measures and enhancing the principles for aggregation and disaggregation applied to the primary financial statements and notes.

4. Summary of significant accounting policies

The significant accounting policies presented in the financial statements are summarized as follows. The following accounting policies were applied consistently throughout the presented periods in the financial statements.

(1) Statement of compliance

The consolidated financial statements of the Group have been prepared in accordance with the"Regulations Governing the Preparation of Financial Reports by Securities Issuers" , International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations and SIC Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the"IFRSs").

(2) Basis of preparation

A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:

a. Financial assets at fair value through profit or loss.

b. Defined benefit liabilities recognized based on the net amount of pension fund assets less the present value of defined benefit obligations.

B. The preparation of financial statements, in conformity with IFRSs, requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Basis of consolidation

A. The basis for the preparation of consolidated financial statements is as follows:

a. All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

b. Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

c. Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Business activity	Ownership (%)		Explanation
			December 31, 2024	December 31, 2023	
The Company	CHING CHI INTERNATIONAL LIMITED	Invest in other region	83	83	
The Company	KLEAN AIR ENTERPRISE LTD.	Invest in other region	100	100	
The Company	ECHEN LIANCHI ENTERPRISES CO., LTD.	General manufacturing	70	70	
The Company	COZY AIR-CONDITIONING CO., LTD.	Merchandise sales and trading business	100	100	
CHING CHI INTERNATIONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Engaged in the manufacturing and sales of ice water machines, etc.	100	100	
CHING CHI INTERNATIONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	100	100	
KLEAN AIR ENTERPRISE LTD.	KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO.,LTD.	General manufacturing	100	100	
KLEAN AIR ENTERPRISE LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	99	99	note
KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO.,LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	1	1	note

note: On March 12, 2024, the board of directors and shareholders' meeting resolved that KLEAN AIR ENTERPRISE LTD.'s investment in KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD. will close its business. The relevant procedures are currently being processed.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:

The total non-controlling interests of the Group as of December 31, 2024 and 2023 were $116,444 and $115,646 respectively. The following is information about the non-controlling interests that are significant to the Group and its subsidiaries:

		Non-controlling interests				
		December 31, 2024		December 31, 2023		
Name of subsidiaries	**Primary business locations**	**Amount**	**%**	**Amount**	**%**	**Explanation**
CHING CHI INTERNATIONAL LIMITED	China	$111,120	17	$111,065	17	note

note: The registered country of this subsidiary is the British Virgin Islands.

Summary financial information of subsidiaries:

Balance sheet

	CHING CHI INTERNATIONAL LIMITED and its Subsidiaries	
	December 31, 2024	**December 31, 2023**
Current assets	$ 1,145,729	$ 1,618,087
Non-current assets	195,601	196,104
Current liabilities	(650,728)	(1,129,352)
Non-current liabilities	(36,957)	(31,516)
Total net assets	$ 653,645	$ 653,323

Consolidated Profit and Loss Statement

	CHING CHI INTERNATIONAL LIMITED and its Subsidiaries	
	2024	2023
Revenue	$ 1,364,864	$ 2,180,016
Profit(loss) before income tax	($ 8,031)	$ 124,039
Income tax expense	(5,270)	(13,519)
Profit (loss) for the year	(13,301)	110,520
Other comprehensive income(loss)	(28,411)	(27,561)
Total comprehensive income(loss)	($ 41,712)	$ 82,959

Cash flow statement

	CHING CHI INTERNATIONAL LIMITED and its Subsidiaries	
	2024	2023
Net cash provided by (used in) operating activities	$ 296,998	($ 28,858)
Net cash flows from investing activities:	(4,915)	(40,279)
Net cash flows from (used in) financing activities.	(43,131)	33,553
Effect of exchange rate changes on cash	(10,318)	(166)
Net increase (decrease) in cash and cash equivalents	238,634	(35,750)
Cash and cash equivalents at beginning of period	184,675	220,425
Cash and cash equivalents at end of period	$ 423,309	$ 184,675

(4) Foreign currency translation

The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and the Company's presentation currency.

A. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

B. Translation of foreign operations

The operating results and financial position of all the group entities and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

(a) Assets and liabilities presented in each balance sheet are translated at spot exchange rate at the date of that balance sheet;

(b) Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

(c) All resulting exchange differences are recognised in other comprehensive income.

(5) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Financial assets at fair value through other comprehensive income

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition of the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(7) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Impairment of financial assets

For debt instruments measured at fair value through other comprehensive income and financial assets at amortised cost including accounts receivable or contract assets that have a significant financing component and lease receivables, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable or contract assets that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(9) Derecognition of financial assets

The Group derecognises a financial asset when the contractual rights to receive the cash flows from the financial asset expire.

(10) Lease payments receivable / Operating leases

Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The cost of finished goods and work in progress comprises raw materials, direct labour, other direct costs and related production overheads. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and applicable variable selling expenses.

(12) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group’s share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate’s equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group’s ownership percentage of the associate, the Group recognises the Group’s share of change in equity of the associate in ‘capital surplus’ in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group’s interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year-end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change.

The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	3~55 years
Machinery and equipment	2~15 years
Transportation equipment	2~10 years
Office equipment	3~10 years
Leasehold improvements	3~10 years
Other equipment	3~11 years

(14) Leasing arrangements (lessee)－right-of-use assets/ lease liabilities

A. Leases are recognised as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. For short-term leases or leases of low-value assets, lease payments are recognised as an expense on a straight-line basis over the lease term.

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of the following:

(a) Fixed payments, less any lease incentives receivable;

(b) Variable lease payments that depend on an index or a rate.

The Group subsequently measures the lease liability at amortised cost using the interest method and recognises interest expense over the lease term. The lease liability is remeasured and the amount of remeasurement is recognised as an adjustment to the right-of-use asset when there are changes in the lease term or lease payments and such changes do not arise from contract modifications.

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:
   (a) The amount of the initial measurement of lease liability;
   (b) Any lease payments made at or before the commencement date;
   (c) Any initial direct costs incurred by the lessee; and
   (d) An estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

   The right-of-use asset is measured subsequently using the cost model and is depreciated from the commencement date to the earlier of the end of the asset's useful life or the end of the lease term. When the lease liability is remeasured, the amount of remeasurement is recognised as an adjustment to the right-of-use asset.

(15) Intangible assets

Intangible assets mainly pertain to computer software which is stated at cost and amortised on a straight-line basis over its estimated useful life of 3 to 5 years.

(16) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. When the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

(17) Borrowings

Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

(18) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and notes payable are those resulting from operating and non-operating activities.
B. The short-term accounts and notes payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(19) Derecognition of financial liabilities

A financial liability is derecognised when the obligation specified in the contract is either discharged or cancelled or expires.

(20) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(21) <u>Provisions</u>

Provisions are recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date.

(22) <u>Employee benefits</u>

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds at the balance sheet date.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Group's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Group recognises expense as it can no longer withdraw an offer of termination benefits or it recognises relating restructuring costs, whichever is earlier. Benefits that are expected to be due more than 12 months after balance sheet date shall be discounted to their present value.

D. Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is paid by shares, the Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group and its subsidiaries operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consoldated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

(24) Dividends

Cash dividends are recorded as liabilities in the Company’s financial statements in the period in which they are resolved by the Company’s Board of Directors. Stock dividends are recorded as stock dividends to be distributed in the Company’s financial statements in the period in which they are resolved by the Company’s shareholders and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. Sales of goods

(a) The Group manufactures and sells condensers, chillers, chiller units and condensing units and related products. Sales are recognised when control of the products has transferred, being when the products are delivered to the customer, the customer has full discretion over the channel and price to sell the products, and there is no unfulfilled obligation that could affect the customer's acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

(b) The Group's obligation to provide a refund for faulty products under the standard warranty terms is recognised as a provision.

(c) A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due.

(d) Some contracts include multiple deliverables. In most cases, the installation is simple, does not include an integration service and could be performed by another party or supplier. It is therefore accounted for as a separate performance obligation. In this case, the transaction price will be allocated to each performance obligation based on the stand-alone selling prices. Where these are not directly observable, they are estimated based on expected cost plus margin.

B. Service revenue

Revenue from providing services is recognised in the accounting period in which the services are rendered.

C. Engineering service revenue

(a) Some contracts include sales, installation and integration services of equipment. The equipment, the installation and the integration services provided by the Group are not distinct and are identified to be one performance obligation satisfied over time since the installation and integration services involve significant customisation and modification. The Group recognises revenue on the basis of costs incurred relative to the total expected costs.

(b) The Group's estimate about revenue, costs and progress towards complete satisfaction of a performance obligation is subject to a revision whenever there is a change in circumstances. Any increase or decrease in revenue or costs due to an estimate revision is reflected in profit or loss during the period when the management become aware of the changes in circumstances.

(c) The customer pays at the time specified in the payment schedule. If the services rendered exceed the payment, a contract asset is recognised. If the payments exceed the services rendered, a contract liability is recognised.

D. Financing components

The Group does not expect to have any contracts where the period between the transfer of the promised goods or services to the customer and payment by the customer exceeds one year. As a consequence, the Group does not adjust any of the transaction prices for the time value of money.

E. Incremental costs of obtaining a contract

Given that the contractual period lasts less than one year, the Group recognises the incremental costs of obtaining a contract as an expense when incurred although the Group expects to recover those costs.

(26) Government grants

Government grants are recognised at their fair value only when there is reasonable assurance that the Group will comply with any conditions attached to the grants and the grants will be received. Government grants are recognised in profit or loss on a systematic basis over the periods in which the Group recognises expenses for the related costs for which the grants are intended to compensate.

(27) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the Chief Operating Decision-Maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. Critical Accounting Judgements, Estimates and Key Sources of Assumption Uncertainty

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

Impairment assessment of accounts receivable

When there is a significant increase in credit risk on the financial instrument since initial recognition, loss allowance of the financial instrument is measured by lifetime expected credit losses. After taking into consideration all reasonable and verifiable information, the Group recognises lifetime expected credit losses for all financial instruments for which there have significant increases in credit risk since initial recognition after considering all reasonable and supportable information. The measurement of expected credit losses considers the risk or probability that a credit loss occurs.

As of December 31, 2024, the Group recognised loss allowance amounting to $116,253.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand and revolving fund	$ 1,179	$ 996
Checking account and demand deposits	792,418	471,062
	$ 793,597	$ 472,058

1. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.
2. The Company has no cash and cash equivalents pledged to others.

(2) Notes and accounts receivable, net

	December 31, 2024	December 31, 2023
Note receivable	$ 327,796	$ 326,012
Less: Allowance for uncollectable accounts	(24)	(24)
	327,772	325,988
Note receivable from related parties (Note7)	12,331	27,036
	$ 340,103	$ 353,024
Accounts receivable	$ 998,425	$ 1,288,028
Less: Allowance for uncollectable accounts	(116,229)	(61,824)
	882,196	1,226,204
Accounts receivable from related parties (Note7)	16,440	12,286
	$ 898,636	$ 1,238,490

The ageing analysis of notes and accounts receivable (including related parties) that were past due but not impaired is as follows:

	December 31, 2024		December 31, 2023	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	$ 340,127	$ 847,584	$ 353,048	$ 1,214,523
Past due：				
Up to 30 days	-	36,255	-	26,030
31 to 90 days	-	53,094	-	14,194
91 to 180 days	-	9,685	-	7,815
181 days to 1 years	-	41,184	-	28,214
1 to 2 years	-	20,581	-	5,113
Over 2 years	-	6,482	-	4,425
	$ 340,127	$ 1,014,865	$ 353,048	$ 1,300,314

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes receivable and accounts receivable were all from contracts with customers. And as of January 1, 2023, the balance of receivables from contracts with customers amounted to $1,322,140.

C. As of December 31, 2024 and 2023, the Group does not hold any collateral as security for accounts receivable.

D. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was $1,238,739 and $1,591,514, respectively.

E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

F. As of December 31, 2024 and 2023, the Group transferred the bank acceptance to suppliers as payment in the same amount. The notes receivable derecognized but not yet matured amounted to $43,204 (RMB 9,621 thousand) and $59,589 (RMB 13,786 thousand), respectively.

G. Please refer to Note 6(10) for the information of long-term receivables.

(3) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	$ 291,553	($ 35,065)	$ 256,488
Work in progress	70,270	-	70,270
Finished goods	147,299	(17,064)	130,235
Merchandise	3,079	(2,611)	468
	$ 512,201	($ 54,740)	$ 457,461

	December 31, 2023		
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	$ 310,455	($ 41,434)	$ 269,021
Work in progress	124,566	(4)	124,562
Finished goods	254,775	(17,029)	237,746
Merchandise	10,440	(3,004)	7,436
Materials and supplies in transit	6,797	-	6,797
	$ 707,033	($ 61,471)	$ 645,562

The cost of inventories recognised as expense for the year:

	December 31, 2024	December 31, 2023
Cost of goods sold	$ 2,324,413	$ 2,261,072
Loss on decline in market value	(5,639)	16,813
Others	422,756	358,129
	$ 2,741,530	$ 2,636,014

(4) Other assets-current

	December 31, 2024	December 31, 2023
Prepayment	$ 119,839	$ 61,239
Other receivables	3,880	2,518
Guarantee deposits paid-current	2,039	6,065
Office supplies	1,491	1,539
Current financial asset at amortised	600	1,127
Retained tax credit	374	10,931
Other	188	870
	$ 128,411	$ 84,289

As of December 31, 2024 and 2023, the Group pledged time deposits maturing over three months as collateral and classified it as 'financial assets at amortised cost' in the amount of $600 and $1,127; refer to Notes 8 for details.

(5) Financial assets at fair value through other comprehensive income

Items	December 31, 2024	December 31, 2023
Non-current items：		
Equity instruments		
Unlisted stocks		
Feng-Hou Corporation	$ 5,720	$ 5,720
KA LING INDUSTRIAL CORP.	4,039	4,039
	9,759	9,759
Valuation adjustment	-	-
	$ 9,759	$ 9,759

A. The Group has elected to classify unlisted stocks investments that are considered to be strategic investments or steady dividend income as financial assets at fair value through other comprehensive income. The fair value of such investments all amounted to $9,759 as at December 31, 2024 and 2023.

B. The Group has no financial assets at fair value through other comprehensive income pledged to others as collateral.

(6) Investments accounted for using equity method

The Group held 23.5% equity interest of the investee, STAT ROYAL CO., LTD., and recognised impairment losses on the former carrying amount due to the assessment that the investment has been impaired.

(7) Property, plant and equipment

	Land	Buildings and structures: Owner occupied	Buildings and structures: Lease	Buildings and structures: Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2024											
Cost	$137,865	$550,715	$ 85,879	$636,594	$329,604	$ 61,536	$ 28,528	$ 6,624	$ 14,786	$ 19,443	$1,234,980
Accumulated depreciation and impairment	-	(278,167)	(20,254)	(298,421)	(236,786)	(45,103)	(16,659)	(3,130)	(10,257)	-	(610,356)
	$137,865	$272,548	$ 65,625	$338,173	$ 92,818	$ 16,433	$ 11,869	$ 3,494	$ 4,529	$ 19,443	$ 624,624
2024											
January 1	$137,865	$272,548	$ 65,625	338,173	$ 92,818	$ 16,433	$ 11,869	$ 3,494	$ 4,529	$ 19,443	$ 624,624
Additions	-	2,316	-	2,316	11,413	6,008	1,620	242	3,163	54,477	79,239
Transfers from prepayment for business facilities	-	-	-	-	10,440	-	-	-	2,588	(9,425)	3,603
Depreciation charge	-	(24,574)	(4,581)	(29,155)	(19,450)	(5,682)	(3,035)	(656)	(1,568)	-	(59,546)
Disposals-cost	-	(9,607)	-	(9,607)	(1,200)	(5,482)	(167)	-	-	-	(16,456)
Disposals-accumulated depreciation	-	9,607	-	9,607	1,190	5,482	167	-	-	-	16,446
Net exchange differences	-	4,688	3,674	8,362	2,301	155	102	-	5	-	10,925
December 31	$137,865	$254,978	$ 64,718	$319,696	$ 97,512	$ 16,914	$ 10,556	$ 3,080	$ 8,717	$ 64,495	$ 658,835
December 31, 2024											
Cost	$137,865	$553,152	$ 90,792	$643,944	$356,382	$ 62,869	$ 30,581	$ 6,866	$ 20,623	$ 64,495	$1,323,625
Accumulated depreciation and impairment	-	(298,174)	(26,074)	(324,248)	(258,870)	(45,955)	(20,025)	(3,786)	(11,906)	-	(664,790)
	$137,865	$254,978	$ 64,718	$319,696	$ 97,512	$ 16,914	$ 10,556	$ 3,080	$ 8,717	$ 64,495	$ 658,835

	Land	Buildings and structures: Owner occupied	Buildings and structures: Lease	Buildings and structures: Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
January 1, 2023											
Cost	$137,865	$537,213	$ 87,743	$624,956	$342,242	$ 58,834	$ 31,622	$ 6,624	$ 13,673	$ 11,490	$ 1,227,306
Accumulated depreciation and impairment	-	(265,417)	(16,189)	(281,606)	(263,141)	(48,842)	(20,663)	(2,504)	(9,491)	-	(626,247)
	$137,865	$271,796	$ 71,554	$343,350	$ 79,101	$ 9,992	$ 10,959	$ 4,120	$ 4,182	$ 11,490	$ 601,059
2023											
January 1	$137,865	$271,796	$ 71,554	$343,350	$ 79,101	$ 9,992	$ 10,959	$ 4,120	$ 4,182	$ 11,490	$ 601,059
Additions	-	19,175	-	19,175	16,241	10,993	2,552	-	1,550	32,652	83,163
Transfers from prepayment for business facilities	-	6,721	-	6,721	21,757	-	994	-	-	(24,476)	4,996
Depreciation charge	-	(23,195)	(4,477)	(27,672)	(19,748)	(4,525)	(2,621)	(626)	(1,202)	-	(56,394)
Disposals-cost	-	(7,973)	-	(7,973)	(48,016)	(7,951)	(6,367)	-	(392)	-	(70,699)
Disposals-accumulated depreciation	-	7,973	-	7,973	44,104	7,951	6,345	-	392	-	66,765
Net exchange differences	-	(1,949)	(1,452)	(3,401)	(621)	(27)	7	-	(1)	(223)	(4,266)
December 31	$137,865	$272,548	$ 65,625	$338,173	$ 92,818	$ 16,433	$ 11,869	$ 3,494	$ 4,529	$ 19,443	$ 624,624
December 31, 2023											
Cost	$137,865	$550,715	$ 85,879	636,594	$329,604	$ 61,536	$ 28,528	$ 6,624	$ 14,786	$ 19,443	$ 1,234,980
Accumulated depreciation and impairment	-	(278,167)	(20,254)	(298,421)	(236,786)	(45,103)	(16,659)	(3,130)	(10,257)	-	(610,356)
	$137,865	$272,548	$ 65,625	$338,173	$ 92,818	$ 16,433	$ 11,869	$ 3,494	$ 4,529	$ 19,443	$ 624,624

A. For the years ended December 31, 2024 and 2023, no interest expense was capitalised as part of property, plant and equipment.

B. During the period from 2004 to 2011, the Group acquired an auction-purchased land from Chung-Kuo Tseng, the Chairman of the Group. However, part of the land was restricted by the current laws and regulations that prevent legal persons from purchasing agricultural land, so the transfer and transfer procedures can only be carried out after division and change in land category. As of the date of reviewing report, the change in land category and transfer procedures for the land have not yet been completed. However, the Group kept the land ownership certificate and other information in the Company as a preservation measure.

C. The significant components of buildings include main plants, elevators and decoration equipment, which are depreciated over 55, 15 and 3 years, respectively.

D. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Leasing arrangements－lessee

A. The Group leases various assets including land and buildings. Rental contracts are typically made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The lease agreements do not impose covenants, but leased assets may not be subleased, lent or used in any way that may affect the ownership of the lessor.

B. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2024 Carrying amount	December 31, 2023 Carrying amount
Land	$ 18,781	$ 18,427
Buildings	35,380	35,939
	$ 54,161	$ 54,366

	2024 Depreciation charge	2023 Depreciation charge
Land	$ 586	$ 574
Buildings	5,657	9,378
	$ 6,243	$ 9,952

C. For the years ended December 31, 2024 and 2023, the Group has increases in right-of-use assets of $3,701 and $39,506, respectively.

D. Information on profit or loss in relation to lease contracts is as follows:

	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,552	$ 1,898
Expense on leases of low value assets	409	287
Profit from lease modification	-	3,413

E. For the years ended December 31, 2024 and 2023, the Group's total cash outflow for leases were $8,956 and $10,976, respectively.

F. For information about the right-of-use assets that were pledged to others as collateral, please refer to Note 8 for the details.

(9) Leasing arrangements - lessor

A. The Group leases various assets mainly consisting of buildings. Rental contracts are typically made for periods of 5-15 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. To protect the lessor's ownership rights on the leased assets, leased assets may not be used as pledge, mortgage or joint venture with third parties.

B. For the years ended December 31, 2024 and 2023, the Group recognised rent income in the amounts of $23,947 and $14,589, respectively, based on the operating lease agreement, which does not include variable lease payments.

C. The maturity analysis of the lease payments under the operating leases is as follows:

	December 31, 2024	December 31, 2023
Within 1 year	$ 21,191	$ 22,029
Later than 1 year but not later than 3 years	42,972	38,343
More than 3 years	191,327	127,709
	$ 255,490	$ 188,081

(10) Long-term receivables

	December 31, 2024	December 31, 2023
Total long term account receivable	$ 261	$ 785
Less: unrealized interest revenue	(3)	(20)
	$ 258	$ 765

As of December 31, 2024 and 2023, the circumstances of each year's expected recovery of the portion of the long-term accounts receivable collection period over one year due to installment payments sales are as follows:

Term	December 31, 2024	December 31, 2023
Within 1 year	$ 258	$ 507
Later than 1 year but not later than 2 years	-	258
	$ 258	$ 765

A. As of December 31, 2024 and 2023, the Group does not hold any collateral as security for long-term accounts receivable.

B. As of December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's long-term accounts receivable was $258 and $765, respectively.

C. Information relating to credit risk of long-term receivables is provided in Note 12(2).

(11) Short-term borrowings

Type of borrowing	December 31, 2024	Range of Interest Rate	Collateral
Bank Loans			
Unsecured Loans: None	$ 184,998	1.83%～3.50%	None
Letter of Credit for Material Purchases	22,607	5.48%～6.33%	None
Secured Loans	27,139	5.57%～5.71%	Land use rights and buildings
	$ 234,744		

Type of borrowing	December 31, 2023	Range of Interest Rate	Collateral
Bank Loans			
Unsecured Loans: None	$ 143,529	1.60%~3.45%	None
Letter of Credit for Material Purchases	9,841	6.50%～6.78%	None
Secured Loans	29,159	6.31%～7.00%	Land use rights and buildings
	$ 182,529		

A. Interest expense recognised in profit or loss amounted to $6,600 and $4,728 for the years ended December 31, 2024 and 2023, respectively.
B. Please refer to Note 8 for the details of collateral for the credit line for short-term borrowings.
C. Part of the Group's credit loans are processed in accordance with the Ministry of Economic Affairs' "Guidelines for Assisting SMEs in Low-Carbon and Smart Transformation Development and Infrastructure Optimization Projects for Regulated and Specific Factories." The interest subsidy rate is based on Chunghwa Post's 2 year time deposit floating rate. The maximum interest subsidy period for the loan is 1 year.

(12) Other payables

	December 31, 2024	December 31, 2023
Salaries and wages and year-end bonuses payable	$ 123,190	$ 97,700
Payable on technical service expense	86,261	100,988
Employees' compensation payable	51,705	40,202
Commodity tax payable	22,918	12,604
Business tax payable	17,083	11,760
Directors' remuneration payable	14,378	11,501
Payable on equipment	6,294	5,145
Payable on construction	5,220	7,919
Others	58,909	68,774

	$ 385,958	$ 356,593

(13) Current provisions

Warranty	2024	2023
January 1	$ 62,051	$ 49,160
Additional provisions for the current period	23,775	42,357
Used in the period	(23,381)	(29,198)
Unused reversal in the current period	1,018	(268)
December 31	$ 63,463	$ 62,051

The Group gives warranties on products sold and services rendered in accordance with the contract agreement. Provision for warranty is estimated based on historical warranty experience. It is expected that provision for warranty will occur within the next year.

(14) Long-term borrowings/long-term liabilities, current portion

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2024
Long-term bank borrowings				
Secured borrowings	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	8.60%-9.30%	Right-of-use assets	$ 3,874
Less: current portion				(3,874)
				$ -

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	December 31, 2023
Long-term bank borrowings				
Secured borrowings	Borrowing period is from July 2019 to July 2024; principal is repayable in installments in accordance with the mutual agreement.	2.08%	Land, buildings and structures	$ 15,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	7.00%	Right-of-use assets	13,411
				28,411
Less: current portion				(24,746)
				$ 3,665

A. Interest expense recognised in profit or loss amounted to $906 and $2,222 for the years ended December 31, 2024 and 2023, respectively.

B. Please refer to Note 8 for the details of collateral for long-term borrowing.

(15) Pensions

A. (a) The Group has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Group contributes monthly an amount equal to 2.3% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2024	December 31, 2023
Present value of defined benefit obligation	$ 100,833	$ 103,303
Fair value of plan assets	(48,423)	(39,226)
	$ 52,410	$ 64,077

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2024			
Balance on January 1	$ 103,303	($ 39,226)	$ 64,077
Service costs for the current period	514	-	514
Interest expense (income)	1,239	(471)	768
	105,056	(39,697)	65,359
Remeasurement amount:			
Actuarial benefits	-	(3,014)	(3,014)
Changes in financial assumptions	(3,533)	-	(3,533)
Experience Adjustment	(70)	-	(70)
	(3,603)	(3,014)	(6,617)
Contribute to retirement fund	-	(6,332)	(6,332)
Payment of pensions	(620)	620	-
Balance on December 31	$ 100,833	($ 48,423)	$ 52,410

	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liability
2023			
Balance on January 1	$ 97,008	($ 27,279)	$ 69,729
Service costs for the current period	723	-	723
Interest expense (income)	1,358	(382)	976
	99,089	(27,661)	71,428
Remeasurement amount:			
Actuarial benefits	-	(87)	(87)
Changes in financial assumptions	1,943	-	1,943
Experience Adjustment	2,271	-	2,271
	4,214	(87)	4,127
Contribute to retirement fund	-	(11,478)	(11,478)
Balance on December 31	$ 103,303	($ 39,226)	$ 64,077

(d) The Bank of Taiwan was commissioned to manage the Fund of the Group's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Group has no right to participate in managing and operating that fund and hence the Group is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2024 and 2023 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	2024	2023
Discount rate	1.60%	1.20%
Future salary increase rate	2.50%	2.50%

Future mortality rate was estimated based on the 6th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.25%	Reduce by 0.25%	Increase by 0.25%	Reduce by 0.25%
Impact on the present value of the determined benefit obligation				
December 31, 2024	($ 2,121)	$ 2,188	$ 1,912	($ 1,867)
December 31, 2023	($ 2,421)	$ 2,503	$ 2,207	($ 2,150)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analyzing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2025 amount to $9,699.

(g) As of December 31,2024 the weighted average duration of the retirement plan is 9 years.

B. (a) Effective July 1, 2005, the Group has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Group contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) KUEN LING MACHINERY REFRIGERATING CO., LTD. (SHANGHAI) and (SUZHOU) have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China (PRC) are based on 2% of employee's monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(c) KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO., LTD. has a defined pension plan. Monthly contributions to an independent fund administered by the Vietnam government in accordance with the pension regulations in the local government are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(d) PT. KUEN LING INDONESIA has a defined pension plan. Monthly contributions to an independent fund administered by the Indonesian government in accordance with the pension regulations in the local government are based on 2% of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(e)The pension costs under defined contribution pension plans of the Group for the years ended December 31, 2024 and 2023, were $25,565 and $23,987, respectively.

(16) Share capital

A. As of December 31, 2024, the Group's authorised capital was $1,000,000, consisting of 100,000 thousand shares of ordinary stock (including 20,000 thousand shares of convertible bonds), and the paid-in capital was $761,524 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. For the years ended December 31, 2024 and 2023, the number of the Group's ordinary shares outstanding at the beginning and end of the year was both 76,152 shares.

(17) Capital surplus

A. Movements on the capital surplus for the years ended December 31, 2024 and 2023 are as follows:

	Share premium	Treasury stock trading	Total
Balance on January 1 (i.e. December 31)	$ 128,615	$ 1	$ 128,616

B. Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Group has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings

A. The Company operates in a volatile industry environment and is in the stable growth stage. Considering the Company's future capital needs, long-term financial plans and to maximize shareholders' interests, under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve is equal to the amount of total capital. After the provision or reversal of special reserve in accordance with the laws and regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders.

In accordance with laws, if the balance of the special reserve is insufficient compared to the total of the cumulative amount of net increase in fair value of investment property in a preceding period and the cumulative net amount of other deductions from equity in a preceding period, the Company shall first set aside an equivalent amount of special reserve from the undistributed earnings of the prior period before the appropriation of earnings. If there remains any insufficiency, it shall be set aside from the after-tax profit of the period plus items other than after-tax net profit of the period, that are included in the undistributed earnings of the period. After the provision or reversal of special reserve in accordance with the laws and regulations, the appropriation of the remaining earnings along with the unappropriated earnings of prior years shall be proposed by the Board of Directors and approved by the shareholders if dividends would be distributed by issuing new shares.

The Board of Directors of the Company can distribute all or part of the distributable dividends and bonus, capital surplus and legal reserve in the form of cash as resolved by a majority vote at their meeting attended by two-thirds of the total number of directors and report to the shareholders.

The amount of dividends and bonus distributed to shareholders shall be no less than 50% of the distributable earnings for the year, and cash dividends shall account for at least 10% of the current year total dividends distributed.

B. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Group's paid-in capital.

C. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Order No. Financial-Supervisory-Securities-Corporate-1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

In accordance with the abovementioned rules, the special reserve appropriated as a result of the Company's choice of reclassifying cumulative translation adjustment to retained earnings as of December 31, 2024 and 2023 were both $4,607.

D. (a) On March 12, 2024, the Board of Directors approved the distribution of dividends for the year 2023, which were $182,766 at a rate of $2.4 per ordinary share in cash. The shareholders were informed during the shareholders' meeting held on May 28, 2024. On June 14, 2023, the shareholders' meeting of the Company approved the distribution of dividends for the year 2022, which were $152,304 at $2.0 per ordinary share.

(b) On March 11, 2025, the Board of Directors approved that total dividends for the distribution of earnings for the year of 2024 was $243,688 at $3.2 (in dollars) per ordinary share.

(19) Other equity items

	2024		
	Currency translation	Unrealized gains (loses) on valuation	Total
January 1	($ 61,618)	($ 33,318)	($ 94,936)
Currency translation differences			
–Group	28,262	-	28,262
December 31	($ 33,356)	($ 33,318)	($ 66,674)

	2023		
	Currency translation	Unrealized gains (loses) on valuation	Total
January 1	($ 48,124)	($ 33,318)	($ 81,442)
Currency translation differences			
–Group	(13,494)	-	(13,494)
December 31	($ 61,618)	($ 33,318)	($ 94,936)

(20) Operating revenue

A. Disaggregation of revenue from contracts with customers

The Group derives operating revenue from contracts with customers and mainly from the transfer of goods and services over time and at a point in time in the following major product categories and geographical regions:

	2024				
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	$ 1,981,926	$ 960,501	$ 89,300	$ 12,840	$ 3,044,567
System integration construction	336,791	-	-	-	336,791
Repair and maintenance	170,541	85,289	6,655	5,536	268,021
	$ 2,489,258	$ 1,045,790	$ 95,955	$ 18,376	$ 3,649,379
Timing of revenue recognition					
At appoint in time	$ 1,981,926	$ 960,501	$ 89,300	$ 12,840	$ 3,044,567
Over time	507,332	85,289	6,655	5,536	604,812
	$ 2,489,258	$ 1,045,790	$ 95,955	$ 18,376	$ 3,649,379

	2023				
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	$ 1,514,686	$ 1,377,400	$ 40,258	$ 7,673	$ 2,940,017
System integration construction	301,369	-	-	-	301,369
Repair and maintenance	149,728	72,404	10,136	2,934	235,202
	$ 1,965,783	$ 1,449,804	$ 50,394	$ 10,607	$ 3,476,588
Timing of revenue recognition					
At appoint in time	$ 1,514,686	$ 1,377,400	$ 40,258	$ 7,673	$ 2,940,017
Over time	451,097	72,404	10,136	2,934	536,571
	$ 1,965,783	$ 1,449,804	$ 50,394	$ 10,607	$ 3,476,588

B. Contract assets and liabilities

(a) The Group has recognised the following revenue-related contract assets and liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Contract asset：			
System integration Construction Contract	$ 69,515	$ 85,855	$ 7,589
Contract liabilities：			
Equipment unit contract	$ 124,879	$ 153,987	$ 92,351
System integration Construction Contract	25,232	9,736	12,035
	$ 150,111	$ 163,723	$ 104,386

(b) Revenue recognised that was included in the contract liability balance at the beginning of the year:

	2024	2023
Equipment unit contract	$ 139,255	$ 79,001
System integration construction contract	9,736	12,035
	$ 148,991	$ 91,036

(c) As of December 31, 2024, the total transaction price allocated to unfulfilled performance obligations amounted to $205,665. The Group recognised the revenue based on the stage of completion of the system integration construction contract over time. The construction was expected to be completed in 2025.

(21) Other income

	2024	2023
Rental income	$ 23,947	$ 14,589
Dividend income	2,511	2,386
Gains on doubtful debt recoveries	673	5,713
Other	17,551	23,286
	$ 44,682	$ 45,974

(22) Other gains and losses

	2024	2023
Profit from exchange	$ 4,780	($ 700)
Gains (losses)on disposals of property, plants and equipment	679	1,430
Lessees modification	-	3,413
Others	(1,006)	(2,242)
	$ 4,453	$ 1,901

(23) Expenses by nature

	2024	2023
Employee benefits expenses	$ 509,222	$ 465,233
Depreciation charge	65,789	66,346
Amortization charge	2,822	2,920
	$ 577,833	$ 534,499

(24) Employee benefit expense

	2024	2023
Wages and salaries	$ 400,280	$ 373,810
Labor and health insurance fees	38,417	36,018
Pension costs	26,847	25,686
Directors' emoluments	20,785	12,538
Other personnel expenses	22,893	17,181
	$ 509,222	$ 465,233

A. In accordance with the Articles of Incorporation of the Company, a ratio of distributable profit of the current year shall be distributed as employees' compensation and directors' remuneration. The ratio shall be 3% ~ 7% for employees' compensation and shall not be higher than 3% for directors' remuneration. If the Company has accumulated deficit, earnings should be channeled to cover losses. The employees' compensation may be distributed in the form of shares or cash and the employees include the employees of subsidiaries of the Company meeting certain specific requirements. The aforementioned current year's earnings represent current year's profit before deducting tax and distributing employees' compensation and directors' remuneration.

B. For the years ended December 31, 2024 and 2023, employees' compensation was accrued at $27,313 and $22,739, respectively; while directors' remuneration was accrued at $11,706 and $9,745, respectively. The aforementioned amounts were recognised in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on 7% and 3% of distributable profit of current year for the year ended December 31, 2024. The employees' compensation and directors' remuneration resolved by the Board of Directors were $27,313 and $11,706, and both will be distributed in the form of cash.

Employees' compensation and directors' remuneration of 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(25) Income tax

A. Income tax expense

(1) Components of income tax expense

	2024	2023
Current income tax:		
Income tax on profits	$ 85,390	$ 66,218
Undistributed surplus earnings	1,667	3,919
Prior year income tax underestimation	1,919	(5)
Total income tax for the current portion	88,976	70,132
Deferred tax:		
Origination and reversal of temporary differences	520	11,557
Income tax expense	$ 89,496	$ 81,689

(2) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	2024	2023
Remeasurement of benefit obligations	$ 1,323	($ 825)

B. Reconciliation between income tax expense and accounting profit

	2024	2023
Net profit before tax calculated according to the statutory tax rate (note)	$ 128,416	$ 115,847
Impact amount of income tax exempt according to tax law	(42,506)	(38,072)
Undistributed earnings tax	1,667	3,919
Underestimation (overestimation) of income tax in previous years	1,919	(5)
Income tax expense	$ 89,496	$ 81,689

note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2024			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Recognition of pension costs	$ 12,815	($ 1,010)	($ 1,323)	$ 10,482
Product Service Guarantee	7,241	-	-	7,241
Allowance for inventory impairment losses	5,601	390	-	5,991
Allowance for doubtful debts	1,885	142	-	2,027
No vacation bonus	488	-	-	488
other	6,982	(2,035)	-	4,947
	35,012	(2,513)	(1,323)	31,176
- Deferred tax liabilities:				
Investment income	(71,101)	1,993	-	(69,108)
	($ 36,089)	($ 520)	($ 1,323)	($ 37,932)

	2023			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred tax assets:				
Recognition of pension costs	$ 11,946	$ 44	$ 825	$ 12,815
Product Service Guarantee	7,244	(3)	-	7,241
Allowance for inventory impairment losses	4,648	953	-	5,601
Allowance for doubtful debts	388	1,497	-	1,885
No vacation bonus	488	-	-	488
other	3,963	3,019	-	6,982
	28,677	5,510	825	35,012
- Deferred tax liabilities:				

Investment income	(54,034)	(17,067)	-	(71,101)
	($ 25,357)	($ 11,557)	$ 825	($ 36,089)

D. KUEN LING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD. was established as a wholly foreign owned manufacturing enterprise in Mainland China. Based on local regulations, the applicable income tax rate is 25%. For the year ended December 31, 2024 and 2023, the company is entitled to 10% tax relief as a qualified high-tech enterprise.

E. KUEN LING MACHINERY REFRIGERATING (SUZHOU) CO., LTD. was established as a wholly foreign owned manufacturing enterprise in Mainland China. Based on local regulations, the applicable income tax rate is 25%.

F. KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO., LTD. was established as a wholly foreign owned manufacturing enterprise in Socialist Republic of Vietnam. Based on local regulations, the applicable income tax rate is 20%.

G. PT. KUEN LING INDONESIA was established as a wholly foreign owned trading enterprise in the Republic of Indonesia. Based on local regulations, the applicable income tax rate is 25%.

H. The Group's income tax returns through 2022 have been assessed and approved by the Tax Authority. As of the report date, the Group has no significant administrative remedies for pending tax.

(26) Earnings per share

	2024		
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
Basic Earnings Per Share			
Net income attributable to ordinary shareholders of the parent company	$ 319,549	76,152	$ 4.20
Diluted Earnings Per Share			
Net income attributable to ordinary shareholders of the parent company	$ 319,549	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	992	
Net income attributable to ordinary shareholders of the parent company The effect of potential ordinary shares	$ 319,549	77,144	$ 4.14

	2023		
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
Basic Earnings Per Share			
Net income attributable to ordinary shareholders of the parent company	$ 258,404	76,152	$ 3.39
Diluted Earnings Per Share			
Net income attributable to ordinary shareholders of the parent company	$ 258,404	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	995	
Net income attributable to ordinary shareholders of the parent company The effect of potential ordinary shares	$ 258,404	77,147	$ 3.35

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	2024	2023
Purchase of property, plant and equipment	$ 79,239	$ 83,163
Add: Opening balance of payable on Equipment	5,145	3,618
Less: Ending balance of payable on Equipment	(6,294)	(5,145)
Cash paid	$ 78,090	$ 81,636

B. Investing and financing activities with no cash flow effects:

	2024	2023
Prepayment for equipment transferred to property and plant and equipment	$ 3,603	$ 4,996
Increase in right-of-use assets	$ 3,701	$ 39,506
Less: Increase in lease liabilities	(3,701)	(39,506)
	$ -	$ -
Decrease in right-of-use assets	$ -	$ 16,702
Less: Increase in lease liabilities	-	(20,115)
Profit from lease modification	$ -	($ 3,413)
Long-term loans due within one year	$ 3,874	$ 24,746

(28) Changes in liabilities from financing activities

	January 1,2024	Changes in cash flow from financing activities	Changes in non-cash	December 31,2024
Short-term borrowing	$ 182,529	$ 49,412	$ 2,803	$ 234,744
Long-term borrowings (note 1)	28,411	(25,304)	767	3,874
Lease liabilities (note 2)	36,900	(6,995)	7,172	37,077
Liabilities from financing activities-gross	$ 247,840	$ 17,113	$ 10,742	$ 275,695

	January 1,2023	Changes in cash flow from financing activities	Changes in non-cash	December 31,2023
Short-term borrowing	$ 244,786	($ 61,303)	($ 954)	$ 182,529
Long-term borrowings (note 1)	58,658	(29,746)	(501)	28,411
Lease liabilities (note 2)	27,337	(8,791)	18,354	36,900
Liabilities from financing activities-gross	$ 330,781	($ 99,840)	$ 16,899	$ 247,840

note 1: Including current portion.

note 2: In addition, refer to Note 6(27) for supplemental cash flow information.

7. Related Party Transactions

(1) Names of related parties and relationship

Name of related party	Relationship with the Group
TECO Electric and Machinery Co., Ltd. (TECO Electric & Machinery)	Individuals with significant influence on the Group
A-OK TECHNICAL SERVICE CO., LTD.	Individuals with significant influence on the Group
TOP-TOWER ENTERPRISES CO., LTD.	Individuals with significant influence on the Group
JIANGXI TECO AIR CONDITIONING EQUIPMENT CO., LTD.	Individuals with significant influence on the Group
TECO (Vietnam) Electric & Machinery CO., LTD. (TECO Technology (Vietnam) Co., Ltd.)	Individuals with significant influence on the Group

(2) Significant related party transactions

A. Operating revenue

	2024	2023
Sales of goods:		
Individuals with significant influence		
TECO Electric & Machinery	$ 37,907	$ 56,223
Others	22,046	6,335
	$ 59,953	$ 62,558

Because there is no similar counterparty or transaction, the price of goods sold to related parties is conducted by mutual agreement. The collection term is 60 to 197 days after monthly billings for related parties, which is not materially different from the general transaction terms.

B. Purchases

	2024	2023
Purchases of goods:		
Individuals with significant influence	$ 2,015	$ 7,958

Because there is no similar counterparty or transaction, the purchase prices with related parties are conducted by mutual agreement. The payment terms with related parties are 30 to 90 days after delivery, which is not materially different from the general transaction terms.

C. Receivables

	December 31, 2024	December 31, 2023
Notes receivable:		
Entities with significant influence		
TECO Electric & Machinery	$ 12,331	$ 27,036
Accounts receivable:		
Entities with significant influence		
TECO Electric & Machinery	8,943	10,307
Others	7,497	1,979
	16,440	12,286
Total	$ 28,771	$ 39,322

D. Payables

	December 31, 2024	December 31, 2023
Notes payable:		
Entities with significant influence	$ 41	$ 69
Accounts payable:		
Entities with significant influence	150	193
Total	$ 191	$ 262

(3) Key management compensation

	2024	2023
Salaries and other short-term employee benefits	$ 46,357	$ 39,834
Post-employment benefits	245	218
	$ 46,602	$ 40,052

8. Pledged Assets

The Group's assets pledged as collateral are as follows:

	Book value		
Pledged asset	December 31, 2024	December 31, 2023	Purpose
Pledged time deposits (note 1)	$ 600	$ 1,727	Advance payment bonds issued by banks
Guarantee deposits paid - current (note 2)	2,039	6,065	Guarantee for bids
Land	96,150	96,150	Line of credit for long-term and short-term borrowing
Buildings and structure, net	141,237	125,728	Line of credit for long-term and short-term borrowing
Right-of-use assets, net	12,994	12,689	Line of credit for long-term and short-term borrowing
Guarantee deposits paid	11,434	15,182	Construction performance bond or maintenance bond
	$ 264,454	$ 257,541	

note 1: Financial assets at amortised cost, shown as 'other current assets, others'.
note 2: Shown as 'other current assets, others'.

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

(1) The amount of the performance promissory note issued by the Group for the sale of equipment units and undertaking projects is as follows:

	December 31, 2024	December 31, 2023
Performance guarantee	$ 76,510	$ 61,510

(2) Refer to Note 6 (20), operating revenue, for the amount of unfulfilled performance obligations for the system integration construction contract undertaken by the Group.

(3) The Group undertakes contracts such as equipment unit and system integration constructions, and financial institutions provide the Group with contract guarantees and other guarantees. The amount of guarantee is as follows:

	December 31, 2024	December 31, 2023
Guaranteed amount provided by the bank	$ 28,696	$ 63,426

(4) The amount to be paid in the future for the capital expenditure contracts and outsourcing construction contracts signed by the Group is as follows:

	December 31, 2024	December 31, 2023
Outsourcing construction	$ 90,899	$ 190,950
Property, plant and equipment	10,270	8,683
	$ 101,169	$ 199,633

(5) As of December 31, 2024 and 2023, the Group's unused letters of credit for the import of raw materials were USD 197 thousand and USD 91 thousand, respectively.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

The appropriation of earnings for the year ended December 31, 2024 as resolved by the Board of Directors on March 11, 2025 is provided in Note 6(18).

12. Others

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to continuously provide returns for shareholders and to maintain an optimal capital structure.

In order to maintain the capital needed for expanding and upgrading plants and equipment, the Group's management shall ensure that there are necessary financial resources and operating plans to support operations, capital expenditures, debt repayment and dividend payment in the next 12 months.

The Group controls its capital using the debt to assets ratio, which is calculated as total liabilities divided by assets. The Group's strategy in 2024 is to continuously adjust the ratio of liabilities to assets and strive to balance the overall capital structure.

The total debt-to-asset ratios at December 31, 2024 and 2023 were as follows:

	December 31, 2024	December 31, 2023
Total liabilities	$ 1,567,223	$ 1,906,021
Total assets	$ 3,479,621	$ 3,647,282
Liabilities to assets ratio	45%	52%

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at fair value through other comprehensive income		
Designation of equity instrument	$ 9,759	$ 9,759
Financial assets at amortised cost		
Cash and cash equivalents	$ 793,597	$ 472,058
Financial assets at amortised cost (note 1)	600	1,727
Notes receivable (including related parties)	340,103	353,024
Accounts receivable (including related parties)	898,636	1,238,490
Other receivables (note 1)	3,880	2,518
Guarantee deposits paid (including current) (note 1)	13,473	21,247
Long-term accounts receivable	258	765
	$ 2,050,547	$ 2,089,829
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 234,744	$ 182,529
Notes payable	37,496	129,014
Accounts payable	470,532	721,247
Other payables	385,958	356,593
Long-term borrowings (including current portion)	3,874	28,411
Guarantee deposits received (including current portion) (note 2)	3,909	42,991
	$ 1,136,513	$ 1,460,785
Lease liability (including non-current)	$ 37,077	$ 36,900

note 1: Financial assets at amortised cost, shown as ‘other current assets, others’.

note 2: Shown as ‘other current assets, others’.

B. Financial risk management policies

In order to effectively control and decrease financial risks, the management of the Group focuses on identifying, evaluating and hedging market uncertainties to minimize potential adverse effects from markets on the Group’s financial performance. The risk includes market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk).

Risk management is carried out by related segments under approved policies.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Exchange rate risk

i The Group operates internationally and is exposed to exchange rate risk arising from the transactions of the Group and its subsidiaries used in various functional currency, primarily with respect to the USD, RMB and VND. Foreign exchange rate risk arises from future commercial transactions and recognised assets and liabilities.

ii As the objective of the investments in certain foreign operations held by the Group is for strategic purposes, the Group does not hedge the investments.

iii The Group's businesses involve some non-functional currency operations (the Group's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: RMB and VND). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2024		
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:RMB	$ 5,072	7.30	$ 166,311
USD:NTD	653	32.79	21,412
Non-monetary items (note)			
USD:NTD	21,289	32.79	689,509
Financial liabilities			
Monetary items			
USD: VND	895	23,868	29,347
USD: NTD	733	32.79	24,035

	December 31, 2023		
	Foreign currency amount (In thousands)	Exchange rate	Book value(NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:RMB	$ 8,735	7.10	$ 268,208
USD:NTD	841	30.71	25,823
Non-monetary items (note)			
USD:NTD	22,259	30.71	671,239
Financial liabilities			
Monetary items			
USD: VND	709	23,633	21,770
USD: NTD	499	30.71	15,322

note: The items are financial assets at fair value through other comprehensive income and investments accounted for using the equity method.

iv The total exchange gain (loss), including realised and unrealised, arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2024 and 2023, amounted to $4,780 and ($700), respectively.

v Analysis of foreign currency market risk arising from significant foreign exchange variation:

	2024		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	$ 1,663	$ -
USD:NTD	1%	214	-
Non-monetary items			
USD:NTD	1%	-	6,895
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD: VND	1%	293	
USD: NTD	1%	240	

	2023		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:RMB	1%	$ 2,682	-
USD:NTD	1%	258	$ -
Non-monetary items			-
USD:NTD	1%	-	6,712
<u>Financial liabilities</u>			
<u>Monetary items</u>			-
USD: VND	1%	218	-
USD: NTD	1%	153	-

Price risk

Equity instruments that the Group is exposed to price risk are financial assets at fair value through other comprehensive income. The price of those equity instruments will be affected by the uncertainty of the future value of the investment.

Cash flow and fair value interest rate risk

The Group’s main interest rate risk arises from long-term borrowings (including current portion) with variable rates, which expose the Group to cash flow interest rate risk. The Group is not exposed to significant cash flow and fair value interest rate risks.

(b) Credit risk

i Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms, and the contract cash flows stated at amortised cost.

ii In order to maintain quality of accounts receivable, the Group has set a credit risk management process or its operations.

Risk assessment of individual customers takes into account factors that may influence customers’ ability to pay, such as their financial position, historical record and current economic condition. When appropriate, the Group applies certain credit enhancement tools, such as collecting sales revenue in advance, to reduce credit risk of specific customers.

The Group’s treasury measures and controls credit risk of deposits with banks and other financial instruments. Because the counterparties of the Group and performing parties are banks with good credit and financial institutions or company organisations with investment grade or above and thus there was no significant possibility of default nor significant credit risk.

iii The Group adopts the assumptions under IFRS 9, if the contract payments were past due over 30 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition, to assess whether there has been a significant increase in credit risk on that instrument since initial recognition.

iv In line with credit risk management procedure, when the counterparty fails to perform the agreement between the two parties and fails to negotiate, the default has occurred.

v The Group classifies customer’s accounts receivable, contract assets and rents receivable in accordance with customer types. The Group applies the modified approach using a provision matrix to estimate the expected credit loss.

vi The Group wrote-off the financial assets, which cannot be reasonably expected to be recovered, after initiating recourse procedures. However, the Group will continue executing the recourse procedures to secure their rights. On December 31, 2024 and 2023, the Group’s written-off financial assets that are still under recourse procedures amounted to $42,704and $46,250, respectively.

vii The following indicators are used to determine whether the credit impairment of debt instruments has occurred:

(i) Significant financial difficulty of the issuer;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;

(iv) The disappearance of an active market for that financial asset because of financial difficulties.

viii. The expected credit loss rate established by the Group on the accounts receivable of customers on December 31, 2024 and 2023 is as follows:

		Past due					
	Not past due	Up to 30 days	31 to 90 days	91 to 18 days	181 days to 1 year	1 to 2 year(s)	Over 2 years
December 31, 2024	0.14%～3.25%	0.19%～10.37%	0.33%～43.11%	1.85%～63.50%	6.70%～74.47%	11.70%～79.88%	100%
December 31, 2023	0.16%～3.31%	0.37%～10.50%	0.53%～41.50%	2.91%～63.01%	6.91%～73.73%	11.91%～78.93%	100%

ix Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable, notes receivable and contract assets are as follows:

	2024		
	Account receivable	Note receivable	Contract assets
At January 1	$ 61,824	$ 24	$ -
Reversal of impairment loss	55,644	-	-
Write-offs	(3,335)	-	-
Effect of	2,096	-	-
At December 31	$ 116,229	$ 24	$ -

	2023		
	Account receivable	Note receivable	Contract assets
At January 1	$ 36,669	$ 24	$ -
Reversal of impairment loss	28,231	-	-
Write-offs	(2,212)	-	-
Effect of	(864)	-	-
At December 31	$ 61,824	$ 24	$ -

For 2024 and 2023, the impairment gains (losses) arising from customers' contracts amounts to $55,644 and $28,231, respectively.

(c) Liquidity risk

The Group's objectives for managing liquidity risk are to maintain cash and deposits needed for operations and adequate borrowing credits to ensure the Group is financially flexible.

The table below analyses the Group's non-derivative financial liabilities into relevant maturity groupings and summarizes the maturity of the Group's financial liabilities based on contractual undiscounted repayments

	December 31, 2024				
	Less than 3 Months	Between 3 Months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
Non-derivative financial liabilities:					
Short-term borrowing	$ 131,321	$ 104,657	$ -	$ -	$ -
Notes payable	37,496	-	-	-	-
Accounts payable	447,444	23,088	-	-	-
Other payables	145,836	240,122	-	-	-
Lease liability	2,809	3,295	6,383	18,676	11,147
Long-term borrowing (including current portion)	2,624	1,308	-	-	-
	$ 767,530	$ 372,470	$ 6,383	$ 18,676	$ 11,147

Derivative financial liabilities:

None.

	December 31, 2023				
	Less than 3 Months	Between 3 Months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
Non-derivative financial liabilities:					
Short-term borrowing	$ 156,276	$ 26,805	$ -	$ -	$ -
Notes payable	128,750	264	-	-	-
Accounts payable	569,861	151,386	-	-	-
Other payables	206,012	150,581	-	-	-
Lease liability	2,597	2,819	5,098	16,196	16,433
Long-term borrowing (including current portion)	7,121	17,908	4,337	-	-
	$ 1,070,617	$ 349,763	$ 9,435	$ 16,196	$ 16,433

Derivative financial liabilities:

None.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of the Group's cash and cash equivalents, financial assets at amortised cost (shown as 'other current assets, other'), notes receivable (including receivables from related parties), accounts receivable (shown as 'other current assets, other'), other receivables (including receivables from related parties), guarantee deposits paid, long-term notes and accounts receivables, short-term borrowings, notes payable, accounts payable, other payables, current portion of long-term liabilities, long-term borrowings and lease liabilities and guarantee deposits received approximate to their fair values.

C. The related information of financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2024 and 2023 are as follows:

	Level 1	Level 2	Level 3	Total
Assets				
Recurrung fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 9,759	$ 9,759

Liabilities: None.

D. For the years ended December 31, 2024 and 2023, there was no transfer into or out from Level 3.

E. For the equity securities whose fair value is classified as Level 3, which are mainly investments in foreign listed companies, the Group adopts the comparable company approach to calculate the fair value of the investment target. The comparable company approach refers to the transaction price of the shares of companies engaged in the same or similar business in the active market and the value multipliers implied by these prices, and considers the liquidity discount to determine the value of the target company.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: None.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 2.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Group's paid-in capital: None.

E. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 3.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 5.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 6.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 7.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

(4) Major shareholders information

Names, number of shares and ownership of shareholders whose equity interest is greater than 5%: Please refer to table 9.

14. Segment Information

(1) General information

Management has determined the reportable operating segments based on reporting information used for normal performance management and strategic decisions reviewed and implemented.

The Group is a professional manufacturer of chiller units for central air-conditioning systems. The product sales targets are mainly ODM and OEM customers and refrigeration and air-conditioning engineering companies in Taiwan. In response to the needs of downstream customers to set up plants overseas and to reach the goal of product internationalisation, the Group subsequently established operation bases in Mainland China and Southeast Asia to directly supply local demand.

There are three segments of the Group, which are operation bases in Taiwan, Mainland China and Vietnam regions.

(2) Measurement of segment information

The Group uses the operating profit as the measurement for operating segment profit and the basis of performance assessment.

Sales and transfers between segments are deemed as transactions with third parties and are measured at present market price. There is no material inconsistency between the accounting policies of each operating segment and those summarised in Note 2.

(3) Information about segment profit or loss, assets and liabilities

The segment information provided to the Chief Operating Decision-Maker for the reportable segments is as follows:

	2024					
	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
Departmental income						
Revenue from external customer	$ 2,489,258	$ 1,045,790	$ 95,955	$ 18,376	$ -	$ 3,649,379
Internal segment revenue	1,205,352	319,074	-	-	(1,524,426)	-
Total segment revenue	$ 3,694,610	$ 1,364,864	$ 95,955	$ 18,376	($ 1,524,426)	$ 3,649,379
Segment profit and loss	$ 361,246	($ 21,530)	$ 17,673	$ 93	$ 4,518	$ 362,000
Segment profits and losses include:						
Depreciation and amortization	$ 30,291	$ 29,838	$ 8,002	$ 480		$ 68,611
Segment assets	$ 2,055,324	$ 1,222,428	$ 190,632	$ 11,237		$ 3,479,621
Segment liabilities	$ 934,056	$ 581,052	$ 48,640	$ 3,475		$ 1,567,223

	2023					
	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (note)	Total
Departmental income						
Revenue from external customer	$ 1,965,783	$ 1,449,804	$ 50,394	$ 10,607	$ -	$ 3,476,588
Internal segment revenue	950,304	730,212	272	-	(1,680,788)	-
Total segment revenue	$ 2,916,087	$ 2,180,016	$ 50,666	$ 10,607	($ 1,680,788)	$ 3,476,588
Segment profit and loss	$ 208,293	$ 106,812	($ 3,260)	$ 653	$ 2,559	$ 315,057
Segment profits and losses include:						
Depreciation and amortization	$ 30,827	$ 30,959	$ 7,447	$ 33		$ 69,266
Segment assets	$ 1,842,273	$ 1,613,445	$ 176,340	$ 15,224		$ 3,647,282
Segment liabilities	$ 886,514	$ 963,664	$ 47,840	$ 8,003		$ 1,906,021

note: It is the elimination of inter-segment revenue.

(4) Reconciliation for segment income (loss)

Sales between segments are carried out at arm's length. The revenue from external parties reported to the Chief Operating Decision-Maker is measured in a manner consistent with that in the statement of comprehensive income.

A reconciliation of reportable segment profit or loss to the profit before tax and discontinued operations for the years ended December 31, 2024 and 2023 is provided as follows:

	2024	2023
Reportable segments profit and loss	$ 362,000	$ 315,057
Non-operating income and expenses	45,839	44,168
Profit before tax and continued operations	$ 407,839	$ 359,225

(5) Information on products and services

Please refer to Note 6(20).

(6) Geographical information

Geographical information for the years ended December 31, 2024 and 2023 is as follows:

	2024		2023	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 2,510,020	$ 456,891	$ 1,978,620	$ 404,946
Mainland China	981,054	178,103	1,165,688	196,104
Others	158,305	104,535	332,280	107,001
	$ 3,649,379	$ 739,529	$ 3,476,588	$ 708,051

(7) Major customer information

The Group has no revenue from transactions with a single external customer accounting for 10% of the Group's revenue

Table 1. Loans to others:

Number	Lender	Counter- party	Account name	Related party	Highest balance for the period	Ending balance	Actual usage amount during the period	Range of interest rates during the period	Purposes of fund financing for the borrower	Transaction amount for business between two parties	Reason for financing	Loss allowance	Collateral Item	Collateral value	Individual funding loan limits	Maximum limit of fund financing
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	Other receivable –related parties	Yes	$19,674	-	-	--	Note 1(2)	-	Working capital	-	-	-	$179,595	$718,382

Note 1: Fund loan code:

(1) Those with business dealings.

(2) Those need short-term financing.

Note 2: According to the Company's operating procedures for loans funds to others, the regulations are as follows:

(1) The total amount of capital loans and business transactions of companies or banks and companies or banks that need short-term financing shall not exceed 40% of the net worth of the Company's most recent financial statements.

(2) If there is a need for short-term financing between companies or with banks, the individual loan amount shall not exceed 10% of the Company's latest financial statement net worth.

Table 2. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures)

Name of security holder	Name of security and type	Relationship with company	Account title	December 31, 2024				Remarks
				Units (shares)	Carrying Value	Percentage of ownership	Fair value	
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Capital contribution-FengHou Enterprise Co., Ltd.	-	Financial assets at FVOCI	Note	5,720	18%	5,720	-
	Stock-KA LING INDUSTRIAL CORP.	-	Financial assets at FVOCI	157,500	4,039	15%	4,039	
	Stock-FULL OCEAN TRADING LIMITED	-	Financial assets at FVOCI	1,000,000	-	9%	-	-

Note: It is a limited company, therefore it is not applicable.

Table 3. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more:

Name of company	Related party	Nature of relationship	Transaction details				Transactions with terms different from others		Notes/ Trade receivables (payables)		Note
			Purchase/Sale	Amount	Percentage of total purchases/sales	Payment terms	Unit price	Payment terms	Ending balance	Percentage of total notes/trade receivables (payables)	
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Subsidiary	Sale	$1,182,416	59%	According to the agreement of both parties	Note	Note	$262,750	52%	
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Fellow subsidiary	Sale	257,282	71%	According to the agreement of both parties	Note	Note	90,042	82%	

Note: It is conducted in accordance with the provisions of both parties, therefore there is no significant difference from ordinary transactions.

Table 4. Receivables from related parties reaching $100 million or 20% of paid-in capital or more:

Name of company the has the receivables	Counterparty	Relationship	Balance of amount	Turnover ratio	Overdue		Amount collected in the subsequent period	Allowance for doubtful accounts	Remarks
					Amount	Status			
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Subsidiary	$262,750	4.58%	$-	-	$185,095	$-	None

Table 5. Significant inter-company transactions during the reporting periods

This is a summary of the transactions between the parent company and its subsidiaries and between each subsidiary company with an amount of more than $10 million.

No. (Note 1)	**Name of company**	**Related party**	Relationship (Note 2)	Transaction details			
				Subject	Amount	Transaction terms	Ratio of total consolidated revenue or total assets (Note 3)
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Sale	$1,182,416	According to the agreement of both parties	32%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Accounts receivable - related party	262,750	According to the agreement of both parties	8%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Management services revenue	29,986	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	1	Purchase	20,254	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	1	Purchase	21,279	According to the agreement of both parties	1%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO.,LTD.	1	Sale	16,511	According to the agreement of both parties	1%

1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Purchase	257,282	According to the agreement of both parties	7%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts Payable-related party	55,175	According to the agreement of both parties	2%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts note-related party	34,867	According to the agreement of both parties	1%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Obtain right-of-use assets	23,325	According to the agreement of both parties	1%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Lease liability	15,825	According to the agreement of both parties	1%

Note 1: Information on business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the number is as follows:

(1). 0 for the parent company.

(2). Subsidiaries are numbered sequentially starting from 1 according to company number.

Note 2: There are the following 3 types of relationships with related parties, indicated by type (if it is the same transaction between parent and subsidiary companies or between subsidiaries, there is no need to disclose it repeatedly. For example: a transaction between a parent company and a subsidiary company, if the parent company has disclosed, the subsidiary does not need to be disclosed again; subsidiary to subsidiary transactions, if one has disclosed it, the other does not need to disclose it again):

(1). Parent company to subsidiary company.

(2). Subsidiary to parent company.

(3). Subsidiary to subsidiary.

Note 3: The calculation of the ratio of transaction amount to consolidated total revenue or total assets, if it is an asset and liability item, is calculated based on the closing balance to consolidated total assets; if it is a profit or loss item, it is calculated based on the accumulated amount during the period as a share of the total consolidated revenue.

Table 6. Names, locations and other information of investee companies (not including investees in Mainland China)

Name of investor	Name of investee	Location	Business Scope	Original cost of investment		Held at the end of term			Net income (loss) of the Investee	Investment income (less) Recognized	Remarks
				December 31,2024	December 31,2023	Shares owned	Percentage owned	Carrying value			
KUEN LING MACHINERY REFRIGERATING CO., LTD.	CHING CHI INTERNATIONAL LIMITED	British Virgin Islands	Invest in other region	$201,467	$201,467	6,200,000	83	$539,993	($13,301)	($12,683)	Subsidiary, Note 4
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Taiwan	Merchandise sales and trading business	30,000	30,000	3,000,000	100	291,680	201,233	201,233	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	KLEAN AIR ENTERPRISE LTD.	Samoa	Invest in other region	138,046	138,046	4,401,000	100	145,477	14,426	14,426	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Yi Kee Industrial Co., Ltd.	Taiwan	General manufacturing	7,073	7,073	-	70	12,433	3,518	2,473	Subsidiary, Note 1
KUEN LING MACHINERY REFRIGERATING CO., LTD.	AMG HOME Co. Ltd.	Taiwan	General manufacturing	47,000	47,000	2,350,000	23.5	-	-	-	

KLEAN AIR ENTERPRISE LTD.	KUEN LING MACHINERY REFRIGERATING(VIETNAM) CO., LTD.	Vietnam	General manufacturing	89,325	89,325	-	100	141,444	14,089	-	sub-subsidiary, Note 1, Note 2, Note 3
KLEAN AIR ENTERPRISE LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Indonesia	Merchandise sales and trading business	17,279	17,279	-	99	5,047	340	-	sub-subsidiary, Note 1, Note 2, Note 3
KUEN LING MACHINERY REFRIGERATING (VIETNAM) CO., LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Indonesia	Merchandise sales and trading business	175	175	-	1	51	340	-	sub-subsidiary, Note 1, Note 2, Note 3

Note 1: It is a limited company.

Note 2: Converted into New Taiwan Dollars based on the exchange rate on the financial reporting date.

Note 3: It has been incorporated into the Company's profit and loss for the current period evaluated using the equity method, and is calculated and recognized by the Company as investment profit and loss.

Note 4: The difference between the current period’s profit and loss of the invested company and the investment profit and loss recognized by the company is the unrealized profit and loss arising from the company’s internal transactions.

Table 7. Information on investments in Mainland China, Basic information

Name of investee	Main businesses and products	Total amount of capital surplus	Method of investment (Note 1)	Accumulated amount invested in Mainland China as of January.1,2024	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of December. 31, 2024	Net income Of investee	The Group's direct or indirect investment ratio	Investment gain (loss) recognized by the Group	Book value of the investment as of December. 31, 2023	Accumulated investment income repatriated to Taiwan as of December. 31, 2023	Remark
					Remittance	Repatriation							
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Manufacturing and sales of ice water machines, etc.	$ 181,713	2	$ 116,068	$ -	$ -	$ 116,068	($ 31,025)	83	($ 25,767)	$ 290,820	$ 52,793	Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	272,443	2	58,649	-	-	58,649	7,153	83	13,150	250,101	-	Note 2, Note 3
Suzhou Chu Mao Technology Co., Ltd.	Precision mold control and other manufacturing and sales businesses	255,459	2	21,173	-	-	21,173	(7,264)	9	-	-	-	-
Fu Feng Sheet Metal (Shanghai) Co., Ltd.	Manufacturing and sales of sheet metal outer boxes, etc.	-	2	11,157	-	-	11,157	-	-	-	-	-	Note 7

Company Name	The accumulated investment amount remitted from Taiwan to the mainland at the end of current period	The investment amount is approved by Department of Investment Review, MOEA	Investment limits in mainland China as stipulated by Department of Investment Review, MOEA	Remark
KUEN LING MACHINERY REFRIGERATING CO., LTD.	$ 207,047	$ 428,301	$ 1,147,439	Note 4, Note 5, Note 6

Note 1: Investment methods are divided into the following 3 types, just indicate the category:

(1) Directly investment in the mainland China

(2) Reinvest in mainland China through a third-region company (please indicate the investment company in the third region): Reinvest in mainland China through CHING CHI INTERNATIONAL LIMITED and FULL OCEAN TRADING LIMITED.

(3) Other methods

Note 2: The difference between the amount of paid-in capital of the company and CHING CHI INTERNATIONAL LIMITED is based on the dividends distributed by KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.; CHING CHI INTERNATIONAL LIMITED was reinvested as the company's capital increase, and KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD's surplus was transferred to capital increase, the Company did not actually remit the amount.

Note 3: Investment gains and losses are recognized based on the financial statements which have been auditing and attestation by the Taiwanese parent company's accountant.

Note 4: Including the Department of Investment Review, MOEA approved the company's mainland invested company's surplus capital increase and the amount of dividends distributed by the mainland investment company that were indirectly reinvested in another mainland invested company.

Note 5: Converted into New Taiwan Dollars based on the exchange rate on the financial reporting date.

Note 6: According to the Department of Investment Review, MOEA stipulates that the investment limit in mainland China is 60% of the Group's net worth.
Note 7: The liquidation of the reinvested company was completed in 2018.

Table 8. Information on investments in Mainland China, Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

	Sales (purchase) goods		property transaction		Accounts receivable (payable)		Endorsement of note guarantees or provides collateral		Financing				
Name of invested company	Amount	%	Amount	%	balance	%	Ending balance	Purpose	Maximum balance	Ending balance	interest rate range	Current interest	other
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	($ 20,254)	2%	$ -	-	$ -	-	$ -	-	$ -	$ -	-	$ -	-
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	(21,279)	2%	-	-	(7,083)	4%	-	-	-	-	-	-	-

Table 9. Major shareholders

	shares	
Shareholder's Name	Shareholding Amount	Percentage
TECO Electric & Machinery Co., Ltd.	10,879,642	14.28%
Wen-Chi Ko	4,414,075	5.79%

Note:

(1) The information on the major shareholders in this table is based on the last business day of the end of each quarter by CCB. The total number of ordinary shares and special shares of the company that have been delivered without physical registration (including treasury shares) is calculated by the shareholders of the company up to 5%. There may be differences due to the calculation basis of the preparation between share capital recorded in the company's financial report and the company's actual non-physical registration of shares.

(2) If the information above belongs to the trust on behalf of the shareholders, it is disclosed by the individual and trustor who opened the trust account by the trustee. As for shareholders to declare shares who hold more than 10% of their shares in accordance with the Securities and Exchange Act, its shareholding includes personal holding of shares plus the shares delivered to the trust with decision right etc.

Please refer to the Public Information Observatory for information on insider shareholding declarations.

(3) The compilation principle of this table is to calculate the distribution of the balance of each credit transaction based on the list of securities owners that have been closed for transfer at the extraordinary meeting of shareholders (securities lending is not covered).

(4) Shareholding ratio (%) = total number of shares held by the shareholder/total number of shares that have been delivered with non-physical registration.

(5) The total number of shares that have been delivered with non-physical registration (including treasury shares) is 76,152,370 shares = 76,152,370 (ordinary shares) + 0 (preferred stock).