

**KUEN LING MACHINERY REFRIGERATING CO., LTD. AND
SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS
with Independent Auditors' Report**

For the 3 Months Ended March 31, 2025 and 2024

Stock Code : 4527

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

Telephone : 886-7-6192345

Notice to readers

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 3 Months Ended March 31, 2025 and 2024

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3. Independent Auditors' Report

To the Board of Directors

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Introduction

We have reviewed the accompanying consolidated balance sheets of KUEN LING MACHINERY REFRIGERATING CO., LTD. and its subsidiaries (the "Group"), as of March 31, 2025 and 2024, the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the 3-month and 9-month periods then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies. Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission. Our responsibility is to express a conclusion on these consolidated financial statements based on our reviews.

Scope of Review

Except as explained in the following paragraph, we conducted our reviews in accordance with the Standard on Review Engagements 2410 "Review of Financial Information Performed by the Independent Auditor of the Entity" of the Republic of China. A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Basis for Qualified Conclusion

As explained in Notes 4(3), relevant information disclosed in the financial statements of some non-significant subsidiaries of the consolidated financial statements for the same period and Note 13 were not reviewed by independent auditors. As of 3 months ended March 31, 2025 and 2024, those statements reflect total assets of \$225,440 thousand and \$209,772 thousand, constituting 7% and 6% of the consolidated total assets, and total liabilities of \$49,530 thousand and \$58,378 thousand, both constituting 3% of the consolidated total liabilities; the total comprehensive income for the 3 months ended March 31, 2025 and 2024, were \$4,329 thousand and \$7,284 thousand, constituting 9% and 11%, respectively.

Qualified Conclusion

Except for the adjustments to the consolidated financial statements, if any, as might have been determined to be necessary had the financial statements of certain consolidated subsidiaries and investments accounted for using the equity method been reviewed by independent auditors, that we might have become aware of had it not been for the situation described above, based on our reviews, nothing has come to our attention that causes us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as of 3 months ended March 31, 2025 and 2024, and of its consolidated financial performance and its consolidated cash flows for the 3 months periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" that came into effect as endorsed by the Financial Supervisory Commission.

(1) Wang, Chun-Kai

(2) Wu, Chien-Chih

For and on behalf of PricewaterhouseCoopers, Taiwan

May 7, 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

For the 3 Months Ended March 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollar)

Assets			March 31, 2025		December 31, 2024		March 31, 2024				
			Note	Amount	%	Amount	%	Amount	%		
Current assets:											
1100	Cash and cash equivalents	6(1)	\$	842,895	26	\$	793,597	23	\$	456,546	13
1140	Contract Assets - Current	6(20)		97,113	3		69,515	2		84,606	2
1150	Net Notes Receivable	6(2)		256,436	8		327,772	9		472,361	13
1160	Notes Receivable - Related Parties, 6(2) and 7										
	Net			25,590	1		12,331	-		21,846	1
1170	Net Accounts Receivable	6(2)		608,300	19		882,196	25		974,638	27
1180	Accounts Receivable - Related Parties, Net	6(2) and 7		2,042	-		16,440	1		12,613	-
130X	Inventory	6(3)		561,170	17		457,461	13		702,710	20
1479	Other Current Assets - Other	6(4) and 8		71,366	2		128,411	4		79,887	2
11XX	Total Current Assets			2,464,912	76		2,687,723	77		2,805,207	78
Non-current assets:											
1517	Financial Assets at Fair Value Through Other Comprehensive Income - Non-current	6(5)		9,759	-		9,759	-		9,759	-
1600	Property, Plant, and Equipment	6(7)(9) and 8		660,948	20		658,835	19		629,184	18
1755	Right-of-Use Assets	6(8) and 8		56,106	2		54,161	2		57,993	2
1780	Intangible Assets			4,056	-		4,680	-		6,580	-
1840	Deferred Tax Assets			31,509	1		31,176	1		31,021	1
1920	Deposits for Guarantees	8		10,590	-		11,434	-		15,441	-
1930	Long-term Notes and Accounts Receivable	6(10)		129	-		258	-		640	-
1990	Other Non-current Assets - Other	8		16,050	1		21,595	1		23,681	1
15XX	Total Non-current Assets			789,147	24		791,898	23		774,299	22
1XXX	Total Assets		\$	3,254,059	100	\$	3,479,621	100	\$	3,579,506	100

KUEN LING MACHINERY REFRIGERATING CO., LTD.

Consolidated Balance Sheets

For the 3 Months Ended March 31, 2025 and 2024

(Expressed in thousands of New Taiwan Dollar)

Liabilities and equity		Note	March 31, 2025		December 31, 2024		March 31, 2024	
			Amount	%	Amount	%	Amount	%
Current liabilities:								
2100	Short-term borrowings	6(11) and 8	\$ 160,654	5	\$ 234,744	7	\$ 241,113	7
2130	Current portion of contract liabilities	6(20)	155,242	5	150,111	4	183,377	5
2150	Accounts payable notes	7	1,592	-	37,496	1	21,356	1
2170	Accounts payable	7	375,973	12	470,532	13	723,546	20
2200	Other payables	6(12)	555,991	17	385,958	11	479,558	13
2230	Current income tax liabilities		76,070	2	57,537	2	47,399	1
2250	Current portion of liabilities	6(13)	63,994	2	63,463	2	62,899	2
2280	Current lease liabilities		5,304	-	4,959	-	4,706	-
2320	Long-term liabilities due within one year or one operating cycle	6(14) and 8	1,301	-	3,874	-	20,126	1
2399	Other current liabilities - Other		2,787	-	1,293	-	8,197	-
21XX	Current Assets		1,398,908	43	1,409,967	40	1,792,277	50
Non-current liabilities:								
2540	Long-term borrowings	6(14) and 8	-	-	-	-	1,276	-
2570	Deferred income tax liabilities		59,696	2	69,108	2	67,261	2
2580	Non-current lease liabilities		32,164	1	32,118	1	34,301	1
2640	Net defined benefit liabilities - Non-current	6(15)	51,493	2	52,410	2	58,401	2
2645	Deposits received for guarantees		3,629	-	3,620	-	3,060	-
25XX	Total non-current liabilities		146,982	5	157,256	5	164,299	5
2XXX	Total liabilities		1,545,890	48	1,567,223	45	1,956,576	55
Equity								
Equity attributable to owners of the parent company								
	Capital	6(16)						
3110	Ordinary shares capital		761,524	23	761,524	22	761,524	21
	Capital surplus	6(17)						
3200	Capital surplus		128,616	4	128,616	4	128,616	4
	Retained earnings	6(18)						
3310	Statutory surplus reserve		293,365	9	293,365	8	267,856	7
3320	Special surplus reserve		94,936	3	94,936	3	81,442	2
3350	Undistributed profits		378,621	12	584,187	17	345,615	10
	Other equity	6(19)						
3400	Other equity		(56,470)	(2)	(66,674)	(2)	(76,655)	(2)
31XX	Total equity attributable to owners of the parent company		1,600,592	49	1,795,954	52	1,508,398	42
36XX	Non-controlling interests	4(3)	107,577	3	116,444	3	114,532	3
3XXX	Total Equity		1,708,169	52	1,912,398	55	1,622,930	45
Significant contingent liabilities and unrecognized contractual commitments		9						
3X2X	Significant subsequent events		\$ 3,254,059	100	\$ 3,479,621	100	\$ 3,579,506	100

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Comprehensive Income
For the 3 Months Ended March 31, 2025 and 2024
(Expressed in thousands of New Taiwan Dollar, except for Per share)

Assets		Note	3 Months Ended March 31, 2025		3 Months Ended March 31, 2024	
			Amount	%	Amount	%
4000	Operating revenues	6(20) and 7	\$ 606,013	100	\$ 728,491	100
5000	Operating costs	6(3)(23)(24) and 7	(455,289)	(75)	(561,743)	(77)
5900	Gross profit from operations		150,724	25	166,748	23
	Operating expenses	6(23)(24)				
6100	Selling expenses		(46,022)	(8)	(49,234)	(7)
6200	General and administrative expenses		(40,620)	(7)	(40,490)	(6)
6300	Research and development expenses		(20,322)	(3)	(15,670)	(2)
6450	Expected credit impairment loss	12(2)	(7,935)	(1)	(9,154)	(1)
6000	Total operating expenses		(114,899)	(19)	(114,548)	(16)
6900	Net operating income		35,825	6	52,200	7
	Non-operating income and expenses					
7100	Interest income		1,740	-	395	-
7010	Other income	6(9)(21)	9,177	2	7,603	1
7020	Other gains and losses	6(22)	471	-	2,075	-
7050	Finance costs	6(8)(11)(14)	(1,584)	-	(1,922)	-
7000	Total non-operating income and expenses		9,804	2	8,151	1
7900	Profit before income tax from continuing operations		45,629	8	60,351	8
7950	Income tax expense	6(25)	(9,937)	(2)	(14,978)	(2)
8200	Net Profit		\$ 35,692	6	\$ 45,373	6
	Other comprehensive income					
	Items that will be reclassified to profit or loss:					
8361	Foreign Exchange Differences on Translation of Financial Statements of Foreign Operations		\$ 12,236	2	\$ 21,022	3
8300	Other comprehensive income, net		\$ 12,236	2	\$ 21,022	3
8500	Comprehensive income		\$ 47,928	8	\$ 66,395	9
	Net Profit (Loss) Attributable to:					
8610	Parent Company Owners		\$ 38,122	6	\$ 47,268	6
8620	Non-controlling Interests		(2,430)	-	(1,895)	-
	Total		\$ 35,692	6	\$ 45,373	6
	Total Comprehensive Income (Loss) Attributable to:					
8710	Parent Company Owners		\$ 48,326	8	\$ 65,549	9
8720	Non-controlling Interests		(398)	-	846	-
	Total		\$ 47,928	8	\$ 66,395	9
	Earnings Per Share:	6(26)				
9750	Basic		\$ 0.50		\$ 0.62	
9850	Diluted		\$ 0.50		\$ 0.62	

KUEI LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Changes in Equity
For the 3 Months Ended March 31, 2025 and 2024
(expressed in thousands of New Taiwan Dollar)

		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	
For the 3 Months Ended March 31, 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	-	-	-	-	47,268	-	-	47,268	(1,895)	45,373
6(19)	Current Period Other Comprehensive Income	-	-	-	-	-	18,281	-	18,281	2,741	21,022
	Total Comprehensive Income for the Period	-	-	-	-	47,268	18,281	-	65,549	846	66,395
	Appropriation and distribution of retained earnings of 2023										
6(18)	Cash Dividends	-	-	-	-	(182,766)	-	-	(182,766)	-	(182,766)
	Cash dividends distribute to non-controlling interests	-	-	-	-	-	-	-	-	(1,960)	(1,960)
	Balance as of March 31, 2024	\$ 761,524	\$ 128,616	\$ 267,856	\$ 81,442	\$ 345,615	(\$ 43,337)	(\$ 33,318)	\$ 1,508,398	\$ 114,532	\$ 1,622,930
For the 3 Months Ended March 31, 2025											
	Balance at January 1, 2025	\$ 761,524	\$ 128,616	\$ 293,365	\$ 94,936	\$ 584,187	(\$ 33,356)	(\$ 33,318)	\$ 1,795,954	\$ 116,444	\$ 1,912,398
	Current Period Net Profit	-	-	-	-	38,122	-	-	38,122	(2,430)	35,692
6(19)	Current Period Other Comprehensive Income	-	-	-	-	-	10,204	-	10,204	2,032	12,236
	Total Comprehensive Income for the Period	-	-	-	-	38,122	10,204	-	48,326	(398)	47,928
	Appropriation and distribution of retained earnings of 2024										
	Cash Dividends	-	-	-	-	(243,688)	-	-	(243,688)	-	(243,688)
	Cash dividends distribute to non-controlling interests	-	-	-	-	-	-	-	-	(8,469)	(8,469)
	Balance as of March 31, 2025	\$ 761,524	\$ 128,616	\$ 293,365	\$ 94,936	\$ 378,621	(\$ 23,152)	(\$ 33,318)	\$ 1,600,592	\$ 107,577	\$ 1,708,169

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 3 Months Ended March 31, 2025 and 2024
(expressed in thousands of New Taiwan Dollar)

	Note	3 Months Ended March 31, 2025	3 Months Ended March 31, 2024
<u>Operating Cash Flows:</u>			
Current Period Pre-tax Net Profit		\$ 45,629	\$ 60,351
Adjustments:			
Items of Income and Expense			
Expected Credit Impairment Loss (Gain)	12(2)	7,935	9,154
Depreciation Expense (including	6(7)(8)(23)		
Amortization of Right-of-Use Assets)		17,320	16,280
Amortization Expense	6(23)	705	712
Interest Expense	6(8)(11)(14)	1,584	1,922
Interest Income		(1,740)	(395)
Gain on Disposal of Property, Plant, and	6(22)		
Equipment		(95)	(572)
Net Changes in Assets/Liabilities Related to			
Operating Activities			
Net Change in Assets Related to Operating			
Activities			
Contract Assets - Current		(27,598)	1,249
Notes Receivable		74,240	(141,136)
Notes Receivable - Related Parties		(12,613)	5,190
Accounts Receivable (including Long-			
term Notes and Accounts Receivable)		271,688	262,001
Accounts Receivable - Related Parties		16,387	4,586
Inventory		(100,778)	(45,587)
Other Current Assets - Other		57,206	5,950
Current portion of Contract Liabilities			
Contract liabilities-Current		4,199	17,000
Accounts Payable Notes		(35,904)	(107,658)
Accounts Payable		(100,911)	(13,991)
Other Payables		(83,508)	(67,392)
Current Provision-Current		47	194
Other Current Liabilities - Other		1,489	(33,700)
Net Defined Benefit Liabilities - Non-			
current		(917)	(5,676)
Cash Inflows Generated from Operations:		134,365	(31,518)
Interest Received		1,740	395
Interest Paid		(1,611)	(1,885)
Income Tax Paid		(176)	(14,310)
Net Cash Inflow from Operating Activities		134,318	(47,318)

KUEN LING MACHINERY REFRIGERATING CO., LTD.
Consolidated Statements of Cash Flows
For the 3 Months Ended March 31, 2025 and 2024
(expressed in thousands of New Taiwan Dollar)

	Note	3 Months Ended March 31, 2025	3 Months Ended March 31, 2024
<u>Investing Cash Flows:</u>			
Purchase of Property, Plant, and Equipment	6(27)	(\$ 9,255)	(\$ 6,568)
Increase in Prepayments for Equipment		(2,457)	(4,628)
Proceeds from Disposal of Property, Plant, and Equipment		95	572
Purchase of Intangible Assets		(19)	(55)
Decrease (Increase) in Deposits for Guarantees		843	(258)
Increase in Other Non-current Assets - Other		-	600
Net Cash Outflow from Investing Activities		(10,793)	(10,337)
<u>Financing Cash Flows:</u>			
Proceeds from Short-term Borrowings	6(28)	100,288	157,094
Repayment of Short-term Borrowings	6(28)	(174,897)	(100,327)
Repayment of Long-term Borrowings	6(28)	(2,582)	(7,531)
Repayment of Lease Principal	6(28)	(2,550)	(2,470)
Cash Dividends allocated to minority interests		-	(1,960)
Net Cash flow from Financing Activities		(79,741)	44,806
Effect of Exchange Rate Changes		5,514	(2,663)
Net Increase (Decrease) in Cash and Cash Equivalents			
for the Period		49,298	(15,512)
Beginning Cash and Cash Equivalents Balance	6(1)	793,597	472,058
Ending Cash and Cash Equivalents Balance	6(1)	\$ 842,895	\$ 456,546

KUEN LING MACHINERY REFRIGERATING CO., LTD. AND SUBSIDIARIES

Notes to the Consolidated Financial Statements

For the 3 Month ended March 31, 2025 and 2024

(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, 2000.

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 May 7, 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, 2025 :

- Amendments to IAS 21 "Lack of Exchangeability"

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, 2026, will not have a significant impact on its financial condition and financial performance:

- Amendments to IFRS 9 and IFRS 7 - "Amendments to the Classification and Measurement of Financial Instruments"

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

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

<u>New, Amended and Revised Standards and Interpretations</u>	<u>Effective Date Issued by IASB</u>
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) <u>Amendments to IFRS 9 and IFRS 7 – “Amendments to the Classification and Measurement of Financial Instruments”</u>	
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) <u>IFRS 18 “Presentation and Disclosure in Financial Statements”</u>	
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

Except for the following statements on compliance, basis of preparation, basis of consolidation and the newly added explanations, the remaining significant accounting policies are the same as Note 4 to the Consolidated Financial Statements for 2024. Unless otherwise noted, these policies applied consistently throughout the presented periods in the financial statements.

- (1) Statement of compliance
 - A. The consolidated financial statements of the Group have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Accounting Standard 34, “Interim financial reporting” that came into effect as endorsed by the FSC.

B. The consolidated financial statements should be read together with the consolidated financial statements for the year ended December 31, 2024.

(2) Basis of preparation

- A. Except for the following items, the consolidated financial statements have been prepared under the historical cost convention:
- Financial assets at fair value through profit or loss.
 - 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

- (1) The basis for the preparation of consolidated financial statements is as follows:
- 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.
 - 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.
 - 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
			March 31, 2025	December 31, 2024	March 31, 2024	
The Company	CHING CHI INTERNATIONAL LIMITED	Invest in other region	83	83	83	
The Company	KLEAN AIR ENTERPRISE LTD.	Invest in other region	100	100	100	note 1
The Company	ECHEN LIANCHI ENTERPRISES CO., LTD.	General manufacturing	70	70	70	note 1

The Company	COZY AIR- CONDITIONING CO., LTD.	Merchandise sales and trading business	100	100	100	
CHING CHI INTERNATI ONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Engaged in the manufacturin g and sales of ice water machines, etc.	100	100	100	
CHING CHI INTERNATI ONAL LIMITED	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturin g	100	100	100	
KLEAN AIR ENTERPRIS E LTD.	KUEN LING MACHINERY REFRIGERATING(VIETN AM) CO.,LTD.	General manufacturin g	100	100	100	note1
KLEAN AIR ENTERPRIS E LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	99	99	99	note1&2
KUEN LING MACHINER Y REFRIGERA TING(VIETN AM) CO.,LTD.	KUENLING MACHINERY REFRIGERATING (INDONESIA) CO., LTD.	Merchandise sales and trading business	1	1	1	note1&2

note 1: Due to does not meet the definition of an important subsidiary, its financial reports as of March 31, 2025 and 2024 have not been reviewed.

note 2: 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 March 31, 2025, December 31, 2024, and March 31, 2024 were \$107,577, \$116,444 and \$114,532, respectively. The following is information about the non-controlling interests that are significant to the Group and its subsidiaries:

Name of subsidiaries	Primary business locations	Non-controlling interests						Explanation
		March 31, 2025	%	December 31, 2024	%	March 31, 2024	%	
CHING CHI INTERNATIONAL LIMITED	China	<u>\$102,166</u>	17	<u>\$111,120</u>	17	<u>\$109,839</u>	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			
	March 31, 2025	December 31, 2024	March 31, 2024
Current assets	\$ 1,085,985	\$ 1,145,729	\$ 1,483,162
Non-current assets	192,088	195,601	194,868
Current liabilities	(641,907)	(650,728)	(1,001,777)
Non-current liabilities	(35,188)	(36,957)	(30,142)
Total net assets	<u>\$ 600,978</u>	<u>\$ 653,645</u>	<u>\$ 646,111</u>

Consolidated Profit and Loss Statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries			
	3 Month ended March 31,2025	3 Month ended March 31,2024	
Revenue	<u>\$ 236,107</u>	<u>\$ 249,974</u>	
Profit(loss) before income tax	(\$ 14,779)	(\$ 11,600)	
Income tax expense	<u>-</u>	<u>(200)</u>	
Profit (loss) for the year	(14,779)	(11,800)	
Other comprehensive income(loss)	<u>(29,110)</u>	<u>(27,825)</u>	
Total comprehensive income(loss)	<u>(\$ 43,889)</u>	<u>(\$ 39,625)</u>	

Cash flow statement

CHING CHI INTERNATIONAL LIMITED and its Subsidiaries			
	3 Month ended March 31,		3 Month ended March 31,
	2025		2024
Net cash provided by (used in) operating activities	\$	7,275	(\$ 15,424)
Net cash flows from investing activities:	(2,259)	189
Net cash flows from (used in) financing activities.	(2,107)	(15,915)
Effect of exchange rate changes on cash		7,865	553
Net increase (decrease) in cash and cash equivalents		10,774	(30,597)
Cash and cash equivalents at beginning of period		423,309	184,675
Cash and cash equivalents at end of period	\$	434,083	\$ 154,078

(4) Employee benefits

Defined benefit plans

Pension cost for the interim period is calculated on a year-to-date basis by using the pension cost rate derived from the actuarial valuation at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events. Also, the related information is disclosed accordingly

(5) Income tax

The interim period income tax expense is recognized based on the estimated average annual effective income tax rate expected for the full financial year applied to the pretax income of the interim period, and the related information is disclosed accordingly

5. Significant Accounting Assumptions and Judgments, and Major Sources of Estimation Uncertainty

There have been no significant changes as of March 31, 2025. Please refer to Note 5 in the consolidated financial statements for the year ended December 31, 2024.

6. Explanation of significant accounts

(1) Cash and cash equivalents

	March 31, 2025	December 31, 2024	March 31, 2024
Cash on hand and revolving fund	\$ 961	\$ 1,179	\$ 1,172
Checking account and demand deposits	<u>841,934</u>	<u>792,418</u>	<u>455,374</u>
	<u>\$ 842,895</u>	<u>\$ 793,597</u>	<u>\$ 456,546</u>

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

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

	March 31, 2025	December 31, 2024	March 31, 2024
Note receivable	\$ 256,460	\$ 327,796	\$ 472,385
Less: Allowance for uncollectable accounts	<u>(24)</u>	<u>(24)</u>	<u>(24)</u>
	256,436	327,772	472,361
Note receivable from related parties (Note7)	<u>25,590</u>	<u>12,331</u>	<u>21,846</u>
	<u>\$ 282,026</u>	<u>\$ 340,103</u>	<u>\$ 494,207</u>
 Note receivable	 \$ 734,138	 \$ 998,425	 \$ 1,046,640
Less: Allowance for uncollectable accounts	<u>(125,838)</u>	<u>(116,229)</u>	<u>(72,002)</u>
	608,300	882,196	974,638
Note receivable from related parties (Note7)	<u>2,042</u>	<u>16,440</u>	<u>12,613</u>
	<u>\$ 610,342</u>	<u>\$ 898,636</u>	<u>\$ 987,251</u>

	March 31, 2025		December 31, 2024		March 31, 2024	
	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable	Notes receivable	Accounts receivable
Not past due	\$282,050	\$ 499,527	\$340,127	\$ 847,584	\$494,231	\$ 942,719
Past due :						
Up to 30 days	-	17,120	-	36,255	-	30,820
31 to 90 days	-	130,442	-	53,094	-	26,509
91 to 180 days	-	28,396	-	9,685	-	23,298
181 days to 1 years	-	32,196	-	41,184	-	22,968
1 to 2 years	-	21,597	-	20,581	-	8,604
Over 2 years	-	6,902	-	6,482	-	4,335
	<u>\$282,050</u>	<u>\$ 736,180</u>	<u>\$340,127</u>	<u>\$1,014,865</u>	<u>\$494,231</u>	<u>\$1,059,253</u>

The above ageing analysis was based on past due date.

- B. As of March 31, 2025, December 31, 2024 and March 31, 2024, notes receivable and accounts receivable were all from contracts with customers. And as of January 1, 2024, the balance of receivables from contracts with customers amounted to \$1,653,362.
- C. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group does not hold any collateral as security for accounts receivable.
- D. As of March 31, 2025, December 31, 2024 and March 31, 2024, 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 \$892,368, \$1,238,739 and \$1,481,458, respectively.
- E. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).
- F. March 31, 2025, December 31, 2024 and March 31, 2024, the Group transferred the bank acceptance to suppliers as payment in the same amount. The notes receivable derecognized but not yet matured amounted to \$48,695 (RMB 10,647 thousand), \$43,204 (RMB 9,621 thousand) and \$63,737 (RMB 14,387 thousand), respectively.
- G. Please refer to Note 6(10) for the information of long-term receivables.

(3) Inventories

March 31, 2025			
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 366,198	(\$ 41,151)	\$ 325,047
Work in progress	67,954	-	67,954
Finished goods	179,946	(12,080)	167,866
Merchandise	2,472	(2,169)	303
	<u>\$ 616,570</u>	<u>(\$ 55,400)</u>	<u>\$ 561,170</u>
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
	<u>\$ 512,201</u>	<u>(\$ 54,740)</u>	<u>\$ 457,461</u>
March 31, 2024			
	Cost	Allowance for valuation loss	Note book value
Materials and supplies	\$ 305,897	(\$ 38,565)	\$ 267,332
Work in progress	119,695	-	119,695
Finished goods	322,855	(18,311)	304,544
Merchandise	10,141	(2,250)	7,891
Materials and supplies in transit	3,248	-	3,248
	<u>\$ 761,836</u>	<u>(\$ 59,126)</u>	<u>\$ 702,710</u>

The cost of inventories recognised as expense for the year:

	3 months ended March 31, 2025	3 months ended March 31, 2024
Cost of goods sold	\$ 391,154	\$ 466,711
Loss on decline in market value	1,036	(2,541)
Others	63,099	97,573
	<u>\$ 455,289</u>	<u>\$ 561,743</u>

From January 1 to March 31, 2024, the Group recognized the decrease in cost of sales due to the recovery in the net realizable value of inventory due to inventory reduction; from January 1 to March 31, 2025, there was no such situation.

(4) Other assets-current

	March 31, 2024	December 31, 2023	March 31, 2023
Prepayment	\$ 55,621	\$ 119,839	\$ 57,011
Other receivables	4,586	3,880	2,589
Guarantee deposits paid-current	1,934	2,039	5,799
Office supplies	1,491	1,491	1,539
Current financial asset at amortised	600	600	600
Retained tax credit	6,711	374	11,791
Other	423	188	558
	<u>\$ 71,366</u>	<u>\$ 128,411</u>	<u>\$ 79,887</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group pledged time deposits maturing over three months as collateral and classified it as 'financial assets at amortised cost' all in the amount of \$600; refer to Notes 8 for details.

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

Items	March 31, 2024	December 31, 2023	March 31, 2023
Non-current items :			
Equity instruments			
Unlisted stocks			
Feng-Hou Crporation	\$ 5,720	\$ 5,720	\$ 5,720
KA LING INDUSTRIAL CORP.	4,039	4,039	4,039
	9,759	9,759	9,759
Valuation adjustment	-	-	-
	<u>\$ 9,759</u>	<u>\$ 9,759</u>	<u>\$ 9,759</u>

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 of March 31, 2025, December 31, 2024 and March 31, 2024.

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

	Buildings and structures				Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment	Unfinished construction and equipment under acceptance	Total
	Lang	Owner occupied	Lease	Subtotal							
<u>January 1, 2025</u>											
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	<u>-</u>	<u>(298,174)</u>	<u>(26,074)</u>	<u>(324,248)</u>	<u>(258,870)</u>	<u>(45,955)</u>	<u>(20,025)</u>	<u>(3,786)</u>	<u>(11,906)</u>	<u>-</u>	<u>(664,790)</u>
	<u>\$137,865</u>	<u>\$254,978</u>	<u>\$ 64,718</u>	<u>\$319,696</u>	<u>\$ 97,512</u>	<u>\$ 16,914</u>	<u>\$ 10,556</u>	<u>\$ 3,080</u>	<u>\$ 8,717</u>	<u>\$ 64,495</u>	<u>\$ 658,835</u>
<u>2025</u>											
January 1	\$137,865	\$254,978	\$ 64,718	\$319,696	\$ 97,512	\$ 16,914	\$ 10,556	\$ 3,080	\$ 8,717	\$ 64,495	\$ 658,835
Additions	-	1,693	-	1,693	4,013	220	250	-	949	121	7,246
Transfers from prepayment for business facilities	-	41,868	-	41,868	15,325	374	-	-	315	(49,922)	7,960
Depreciation charge	-	(6,561)	(1,163)	(7,724)	(5,221)	(1,309)	(764)	(145)	(599)	-	(15,762)
Disposals-cost	-	(826)	-	(826)	(1,043)	(878)	(68)	-	(86)	-	(2,901)
Disposals- accumulated depreciation	-	826	-	826	1,043	878	68	-	86	-	2,901
Net exchange differences	<u>-</u>	<u>1,631</u>	<u>144</u>	<u>1,775</u>	<u>804</u>	<u>50</u>	<u>40</u>	<u>-</u>	<u>(1)</u>	<u>1</u>	<u>2,669</u>
March 31	<u>\$137,865</u>	<u>\$293,609</u>	<u>\$ 63,699</u>	<u>\$357,308</u>	<u>\$112,433</u>	<u>\$ 16,249</u>	<u>\$ 10,082</u>	<u>\$ 2,935</u>	<u>\$ 9,381</u>	<u>\$ 14,695</u>	<u>\$ 660,948</u>
<u>March 31, 2025</u>											
Cost	\$137,865	\$599,626	\$ 90,999	\$690,625	\$377,136	\$ 62,838	\$ 31,063	\$ 6,866	\$ 21,839	\$ 14,695	\$ 1,342,927
Accumulated depreciation and impairment	<u>-</u>	<u>(306,017)</u>	<u>(27,300)</u>	<u>(333,317)</u>	<u>(264,703)</u>	<u>(46,589)</u>	<u>(20,981)</u>	<u>(3,931)</u>	<u>(12,458)</u>	<u>-</u>	<u>(681,979)</u>
	<u>\$137,865</u>	<u>\$293,609</u>	<u>\$ 63,699</u>	<u>\$357,308</u>	<u>\$112,433</u>	<u>\$ 16,249</u>	<u>\$ 10,082</u>	<u>\$ 2,935</u>	<u>\$ 9,381</u>	<u>\$ 14,695</u>	<u>\$ 660,948</u>

		Buildings and structures								Unfinished construction and equipment under acceptance	
	Lang	Owner occupied	Lease	Subtotal	Machinery and equipment	Transportation equipment	Office equipment	Leasehold improvements	Other equipment		Total
<u>January 1, 2024</u>											
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	<u>-</u>	<u>(278,167)</u>	<u>(20,254)</u>	<u>(298,421)</u>	<u>(236,786)</u>	<u>(45,103)</u>	<u>(16,659)</u>	<u>(3,130)</u>	<u>(10,257)</u>	<u>-</u>	<u>(610,356)</u>
	<u>\$137,865</u>	<u>\$272,548</u>	<u>\$ 65,625</u>	<u>\$338,173</u>	<u>\$ 92,818</u>	<u>\$ 16,433</u>	<u>\$ 11,869</u>	<u>\$ 3,494</u>	<u>\$ 4,529</u>	<u>\$ 19,443</u>	<u>\$ 624,624</u>
<u>2025</u>											
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	-	519	-	519	794	561	127	-	152	8,308	10,461
Transfers from prepayment for business facilities	-	-	-	-	1,555	-	-	-	-	-	1,555
Depreciation charge	-	(6,130)	(1,126)	(7,256)	(4,969)	(1,267)	(742)	(157)	(345)	-	(14,736)
Disposals-cost	-	(9,474)	-	(9,474)	(981)	(2,666)	(67)	-	-	-	(13,188)
Disposals-accumulated depreciation	-	9,474	-	9,474	981	2,666	67	-	-	-	13,188
Net exchange differences	<u>-</u>	<u>3,071</u>	<u>2,540</u>	<u>5,611</u>	<u>1,494</u>	<u>106</u>	<u>66</u>	<u>-</u>	<u>3</u>	<u>-</u>	<u>7,280</u>
March 31	<u>\$137,865</u>	<u>\$270,008</u>	<u>\$ 67,039</u>	<u>\$337,047</u>	<u>\$ 91,692</u>	<u>\$ 15,833</u>	<u>\$ 11,320</u>	<u>\$ 3,337</u>	<u>\$ 4,339</u>	<u>\$ 27,751</u>	<u>\$ 629,184</u>
<u>March 31, 2024</u>											
Cost	\$137,865	\$548,015	\$ 89,227	637,242	\$334,950	\$ 59,948	\$ 28,972	\$ 6,624	\$ 14,993	\$ 27,751	\$ 1,248,345
Accumulated depreciation and impairment	<u>-</u>	<u>(278,007)</u>	<u>(22,188)</u>	<u>(300,195)</u>	<u>(243,258)</u>	<u>(44,115)</u>	<u>(17,652)</u>	<u>(3,287)</u>	<u>(10,654)</u>	<u>-</u>	<u>(619,161)</u>
	<u>\$137,865</u>	<u>\$270,008</u>	<u>\$ 67,039</u>	<u>\$337,047</u>	<u>\$ 91,692</u>	<u>\$ 15,833</u>	<u>\$ 11,320</u>	<u>\$ 3,337</u>	<u>\$ 4,339</u>	<u>\$ 27,751</u>	<u>\$ 629,184</u>

- A. For the years ended December 31, 2025 and 2024, 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 assets leased by the Group include specific land use rights and buildings obtained by subsidiaries in Mainland China and Vietnam from local governments. 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:

	<u>March 31, 2025</u>	<u>December 31, 2024</u>	<u>March 31, 2024</u>
	<u>Carrying amount</u>	<u>Carrying amount</u>	<u>Carrying amount</u>
Land	\$ 18,768	\$ 18,781	\$ 18,918
Buildings	37,338	35,380	39,075
	<u>\$ 56,106</u>	<u>\$ 54,161</u>	<u>\$ 57,993</u>

	<u>3 Month ended March 31, 2025</u>	<u>3 Month ended March 31, 2024</u>
	<u>Depreciation charge</u>	<u>Depreciation charge</u>
Land	\$ 149	\$ 144
Buildings	1,409	1,400
	<u>\$ 1,558</u>	<u>\$ 1,544</u>

C. As of March 31, 2025 and 2024, the Group has increases in right-of-use assets of \$2,330 and \$3,701, respectively.

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

	<u>3 Month ended March 31, 2025</u>	<u>3 Month ended March 31, 2024</u>
<u>Items affecting profit or loss</u>		
Interest expense on lease liabilities	\$ 375	\$ 399
Expense on leases of low value assets	270	116

E. As of March 31, 2025 and 2024, the Group's total cash outflow for leases were \$3,195 and \$2,985, 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. As of March 31, 2025 and 2024, the Group recognised rent income in the amounts of \$6,287 and \$5,164, 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:

	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 21,463	\$ 21,191	\$ 22,957
Later than 1 year but not later than 3 years	43,683	42,972	48,023
More than 3 years	188,251	191,327	119,282
	<u>\$ 253,397</u>	<u>\$ 255,490</u>	<u>\$ 190,262</u>

(10) Long-term receivables

	March 31, 2025	December 31, 2024	March 31, 2024
Total long term account receivable	\$ 130	\$ 261	\$ 654
Less: unrealized interest revenue	(1)	(3)	(14)
	<u>\$ 129</u>	<u>\$ 258</u>	<u>\$ 640</u>

As of March 31, 2025, December 31, 2024 and March 31, 2024, 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:

<u>Term</u>	March 31, 2025	December 31, 2024	March 31, 2024
Within 1 year	\$ 129	\$ 258	\$ 511
Later than 1 year but not later than 2 years	-	-	129
	<u>\$ 129</u>	<u>\$ 258</u>	<u>\$ 640</u>

- A. As of March 31, 2025, December 31, 2024 and March 31, 2024, the Group does not hold any collateral as security for long-term accounts receivable.
- B. As of March 31, 2025, December 31, 2024 and March 31, 2024, 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 \$129, \$258 and \$640, respectively.
- C. Information relating to credit risk of long-term receivables is provided in Note 12(2).

(11) Short-term borrowings

<u>Type of borrowing</u>	<u>March 31, 2025</u>	<u>Range of Interest Rate</u>	<u>Collateral</u>
Bank Loans			
Unsecured			
Loans: None	\$ 105,456	1.83%~3.10%	—
Letter of Credit for Material Purchases	29,656	5.29%~5.54%	—
Secured Loans	<u>25,542</u>	5.35%	Land use rights and buildings
	<u>\$ 160,654</u>		

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

<u>Type of borrowing</u>	<u>March 31, 2024</u>	<u>Range of Interest Rate</u>	<u>Collateral</u>
Bank Loans			
Unsecured			
Loans: None	\$ 191,818	1.60%~3.50%	—
Letter of Credit for Material Purchases	18,037	6.29%~6.67%	—
Secured Loans	<u>31,258</u>	6.30%~7.00%	Land use rights and buildings
	<u>\$ 241,113</u>		

- A. Interest expense recognised in profit or loss amounted to \$1,174 and \$1,272 for the 3 Month ended March 31, 2025 and 2024, respectively.
- B. Please refer to Note 8 for the details of collateral for the credit line for short-term borrowings.
- C. As of December 31, 2024 and March 31, 2024, 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; As of March 31, 2025, there was no such situation.

(12) Other payables

	March 31, 2025	December 31, 2024	March 31, 2024
Dividends Payable	\$ 243,688	\$ -	\$ 182,766
Payable on technical service expense	80,690	86,261	98,211
Salaries and wages and year-end bonuses payable	70,905	123,190	55,925
Employees' compensation payable	45,835	51,705	38,121
Directors' remuneration payable	16,200	14,378	13,770
Commodity tax payable	10,822	22,918	14,169
Business tax payable	9,006	17,083	10,494
Payable on construction	7,270	5,220	7,366
Payable on equipment	4,285	6,294	9,038
Others	67,290	58,909	49,698
	<u>\$ 555,991</u>	<u>\$ 385,958</u>	<u>\$ 479,558</u>

(13) Current provisions

Warranty	2025	2024
January 1	\$ 63,463	\$ 62,051
Additional provisions for the current period	7,965	8,166
Used in the period	(7,918)	(7,972)
Net exchange differences	484	654
March 31	<u>\$ 63,994</u>	<u>\$ 62,899</u>

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	March 31, 2025
Long-term bank borrowings				
Secured borrowings	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	8.25%-8.40%	Right-of-use assets	\$ 1,301
Less: current portion				(1,301)
				<u>\$ -</u>

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)
				<u>\$ -</u>

Type of borrowing	Borrowing period and repayment term	Interest rate range	Collateral	March 31, 2024
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	\$ 10,000
	From April 2020 to April 2025; principal is repayable in installments in accordance with the mutual agreement.	7.00%-7.20%	Right-of-use assets	
				<u>11,402</u>
				21,402
Less: current portion				(20,126)
				<u>\$ 1,276</u>

A. Interest expense recognized in profit or loss amounted to \$35 and \$251 for the 3 Month ended March 31, 2025 and 2024, 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) From January 1 to March 31, 2025 and 2024, the Group's pension costs recognized in accordance with the above-mentioned method were \$286 and \$321, respectively.
 - (c) The Group expects to make provision for retirement plans with \$9,699 for the upcoming 1 year.
- 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 3 Month ended March 31, 2025 and 2024, were \$6,508 and \$6,238, respectively.

(16) Share capital

- A. As of March 31, 2025, 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 3 Month ended March 31, 2025 and 2024, the number of the Group's ordinary shares outstanding at the beginning and end was both 76,152 shares.

(17) Capital surplus

A.Movements on the capital surplus for the 3 Month ended March 31,2025 and 2024 are as follows:

	Share premium	Treasury share transactions	Total
Balance at January 1 (at December 31)	<u>\$ 128,615</u>	<u>\$ 1</u>	<u>\$ 128,616</u>

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 maximise 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 March 31, 2025, December 31, 2024 and March 31, 2024 were all \$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.
- (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, it is expected to be reported during the shareholders' meeting on May 26, 2025.

(19) Other equity items

	2025		
	Currency translation	Unrealized gains (loses) on valuation	Total
January 1	(\$ 33,356)	(\$ 33,318)	(\$ 66,674)
Currency translation differences			
–Group	10,204	-	10,204
March 31	(\$ 23,152)	(\$ 33,318)	(\$ 56,470)

	2024		
	Currency translation	Unrealized gains (loses) on valuation	Total
January 1	(\$ 61,618)	(\$ 33,318)	(\$ 94,936)
Currency translation differences			
–Group	18,281	-	18,281
March 31	(\$ 43,337)	(\$ 33,318)	(\$ 76,655)

(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:

3 Month ended March 31,2025				
	Taiwan	Mainland China	Vietnam	Total
Equipment unit	\$ 319,397	\$ 158,396	\$ 23,577	\$ 501,370
System integration	52,342	-	-	52,342
construction				
Repair and maintenance	<u>37,721</u>	<u>13,352</u>	<u>1,228</u>	<u>52,301</u>
	<u>\$ 409,460</u>	<u>\$ 171,748</u>	<u>\$ 24,805</u>	<u>\$ 606,013</u>
Timing of revenue recognition				
At appoint in time	\$ 319,397	\$ 158,396	\$ 23,577	\$ 501,370
Over time	<u>90,063</u>	<u>13,352</u>	<u>1,228</u>	<u>104,643</u>
	<u>\$ 409,460</u>	<u>\$ 171,748</u>	<u>\$ 24,805</u>	<u>\$ 606,013</u>

3 Month ended March 31,2024					
	Taiwan	Mainland China	Vietnam	Other	Total
Equipment unit	\$ 382,752	\$ 178,636	\$ 29,009	\$ 1,207	\$ 591,604
System integration	90,749	-	-	-	90,749
construction					
Repair and maintenance	<u>35,241</u>	<u>8,485</u>	<u>1,292</u>	<u>1,120</u>	<u>46,138</u>
	<u>\$ 508,742</u>	<u>\$ 187,121</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>\$ 728,491</u>
Timing of revenue recognition					
At appoint in time	\$ 382,752	\$ 178,636	\$ 29,009	\$ 1,207	\$ 591,604
Over time	<u>125,990</u>	<u>8,485</u>	<u>1,292</u>	<u>1,120</u>	<u>136,887</u>
	<u>\$ 508,742</u>	<u>\$ 187,121</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>\$ 728,491</u>

B. Contract assets and liabilities

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

	March 31,2025	December 31, 2024	March 31,2024	January 1, 2024
Contract asset :				
System integration construction contract	\$ 97,113	\$ 69,515	\$ 84,606	\$ 85,855
Contract liabilities :				
Equipment unit contract	\$ 141,595	\$ 124,879	\$ 174,176	\$ 153,987
System integration construction contract	13,647	25,232	9,201	9,736
	<u>\$ 155,242</u>	<u>\$ 150,111</u>	<u>\$ 183,377</u>	<u>\$ 163,723</u>

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

	3 Month ended March 31,2025	3 Month ended March 31,2024
Equipment unit contract	\$ 60,311	\$ 60,300
System integration construction contract	11,056	6,980
	<u>\$ 71,367</u>	<u>\$ 67,280</u>

(c) As of March 31, 2025, the total transaction price allocated to unfulfilled performance obligations amounted to \$153,900. 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

	3 Month ended March 31,2025	3 Month ended March 31,2024
Rental income	\$ 6,287	\$ 5,164
Gains on doubtful debt recoveries	1,252	546
Other income	1,638	1,893
	<u>\$ 9,177</u>	<u>\$ 7,603</u>

(22) Other gains and losses

	3 Month ended March 31,2025	3 Month ended March 31,2024
Profit from exchange	\$ 737	\$ 1,704
Gains (losses)on disposals of property, plants and equipment	95	572
Other loss	(361)	(201)
	<u>\$ 471</u>	<u>\$ 2,075</u>

(23) Expenses by nature

	3 Month ended March 31,2025	3 Month ended March 31,2024
Employee benefits expenses	\$ 112,558	\$ 108,500
Depreciation charge	17,320	16,280
Amortization charge	705	712
	<u>\$ 130,583</u>	<u>\$ 125,492</u>

(24) Employee benefit expense

	3 Month ended March 31,2025	3 Month ended March 31,2024
Wages and salaries	\$ 87,176	\$ 85,478
Labor and health insurance fees	11,010	10,044
Pension costs	6,794	6,559
Directors' emoluments	2,426	2,495
Other personnel expenses	5,152	3,924
	<u>\$ 112,558</u>	<u>\$ 108,500</u>

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 3 Month ended March 31,2025 and 2024, employees' compensation was accrued at \$3,338 and \$3,980, respectively; while directors' remuneration was accrued at \$1,430 and \$1,706, 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, 2025. 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.

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

	3 Month ended March 31,2025	3 Month ended March 31,2024
Current income tax:		
Income tax on profits	\$ 19,682	\$ 14,620
Prior year income tax underestimation	-	207
Total income tax for the current portion	19,682	14,827
Deferred tax:		
Origination and reversal of temporary differences	(9,745)	151
Income tax expense	\$ 9,937	\$ 14,978

B. The Group's income tax returns through 2023 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

	3 Month ended March 31,2025		
	Weighted average number of shares outstanding (in thousands)		Earning per share
Earnings per share			
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 38,122	76,152	\$ 0.50
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 38,122	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	497	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	\$ 38,122	76,649	\$ 0.50

3 Month ended March 31,2024			
	Earnings per share	Weighted average number of shares outstanding (in thousands)	Earning per share
<u>Basic Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 47,268	76,152	\$ 0.62
<u>Diluted Earnings Per Share</u>			
Net income attributable to ordinary shareholders of the parent company	\$ 47,268	76,152	
Effect of potentially dilutive ordinary shares:			
Employee compensation	-	560	
Net income attributable to ordinary shareholders of the parent company			
The effect of potential ordinary shares	\$ 47,268	76,712	\$ 0.62

(27) Supplemental cash flow information

A. Investing activities with partial cash payments:

	3 Month ended March 31,2025	3 Month ended March 31,2024
Purchase of property, plant and equipment	\$ 7,246	\$ 10,461
Add: Opening balance of payable on Equipment	6,294	5,145
Less: Ending balance of payable on Equipment	(4,285)	(9,038)
Cash paid	\$ 9,255	\$ 6,568

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

	3 Month ended March 31,2025	3 Month ended March 31,2024
Prepayment for equipment transferred to property and plant and equipment	\$ 7,960	\$ 1,555
Increase in right-of-use assets	\$ 2,330	\$ 3,701
Less: Increase in lease liabilities	(2,330)	(3,701)
	\$ -	\$ -
Long-term loans due within one year	\$ 1,301	\$ 20,126
Cash dividends declared but not yet distribute	\$ 243,688	\$ 182,766

(28) Changes in liabilities from financing activities

	January 1,2025	Changes in cash flow from financing activities	Changes in non- cash	March 31,2025
Short-term borrowing	\$ 234,744	(\$ 74,609)	\$ 519	\$ 160,654
Long-term borrowings (Note 1)	3,874	(2,582)	9	1,301
Lease liabilities (Note 2)	<u>37,077</u>	<u>(2,550)</u>	<u>2,941</u>	<u>37,468</u>
Liabilities from financing activities-gross	<u>\$ 275,695</u>	<u>(\$ 79,741)</u>	<u>\$ 3,469</u>	<u>\$ 199,423</u>

	January 1,2024	Changes in cash flow from financing activities	Changes in non- cash	March 31,2024
Short-term borrowing	\$ 182,529	\$ 56,767	\$ 1,817	\$ 241,113
Long-term borrowings (Note 1)	28,411	(7,531)	522	21,402
Lease liabilities (Note 2)	<u>36,900</u>	<u>(2,470)</u>	<u>4,577</u>	<u>39,007</u>
Liabilities from financing activities-gross	<u>\$ 247,840</u>	<u>\$ 46,766</u>	<u>\$ 6,916</u>	<u>\$ 301,522</u>

Note 1: Including current portion.

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

7. Transaction with Related Parties

(1) Names of related parties and relationship

<u>Name of related party</u>	<u>Relationship with the Group</u>
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
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

3 Month ended March 31, 2025 3 Month ended March 31, 2024

Sales of goods:

Individuals with significant influence

TECO Electric & Machinery	\$ 7,177	\$ 12,470
Others	<u>1,054</u>	<u>2,092</u>
	<u>\$ 8,231</u>	<u>\$ 14,562</u>

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

3 Month ended March 31, 2025 3 Month ended March 31, 2024

Purchases of goods:

Individuals with significant influence	<u>\$ 135</u>	<u>\$ 79</u>
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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

	March 31,2025	December 31, 2024	March 31,2024
Notes receivable:			
Entities with significant influence			
TECO Electric & Machinery	<u>\$ 25,590</u>	<u>\$ 12,331</u>	<u>\$ 21,846</u>
Accounts receivable:			
Entities with significant influence			
TECO Electric & Machinery	56	8,943	10,382
Others	<u>1,986</u>	<u>7,497</u>	<u>2,231</u>
	<u>2,042</u>	<u>16,440</u>	<u>12,613</u>
Total	<u>\$ 27,632</u>	<u>\$ 28,771</u>	<u>\$ 34,459</u>

D. Payables

	March 31,2025	December 31, 2024	March 31,2024
Notes payable:			
Entities with significant influence	\$ -	\$ 41	\$ 56
Accounts payable:			
Entities with significant influence	<u>139</u>	<u>150</u>	<u>-</u>
Total	<u>\$ 139</u>	<u>\$ 191</u>	<u>\$ 56</u>

(3) Key management compensation

	3 Month ended March 31,2024	3 Month ended March 31,2023
Salaries and other short-term employee benefits	\$ 13,288	\$ 13,300
Post-employment benefits	<u>62</u>	<u>61</u>
	<u>\$ 13,350</u>	<u>\$ 13,361</u>

8. Pledged Assets

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

Pledged asset	Book value			Purpose
	March 31,2025	December 31, 2024	March 31,2024	
Pledged time deposits (Note 1)	\$ 600	\$ 600	\$ 600	Advance payment bonds issued by banks
Guarantee deposits paid - current (Note 2)	1,934	2,039	5,799	Guarantee for bids
Land	96,150	96,150	96,150	Line of credit for long-term and short-term borrowing
Buildings and structure, net	181,526	141,237	124,793	Line of credit for long-term and short-term borrowing
Right-of-use assets, net	12,918	12,994	13,080	Line of credit for long-term and short-term borrowing
Guarantee deposits paid	10,590	11,434	15,441	Construction performance bond or maintenance bond
	<u>\$ 303,718</u>	<u>\$ 264,454</u>	<u>\$ 255,863</u>	

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:

	March 31,2025	December 31, 2024	March 31,2024
Performance guarantee	\$ 72,030	\$ 76,510	\$ 70,288

- (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:

	March 31,2025	December 31, 2024	March 31,2024
Guaranteed amount provided by the bank	\$ 21,614	\$ 28,696	\$ 28,395

- (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:

	March 31,2025	December 31, 2024	March 31,2024
Outsourcing construction	\$ 57,897	\$ 90,899	\$ 149,318
Property, plant and equipment	8,903	10,270	40,362
	\$ 66,800	\$ 101,169	\$ 189,680

- (5) As of December 31, 2024 and March 31,2024, the Group's unused letters of credit for the import of raw materials were USD 197 thousand and USD 457 thousand, respectively; as of March 31,2025, there was no such situation.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

None.

12. Others

(1) Capital management

There are no major changes in this period. Please refer to Note 12 of the consolidated financial statements for the year 2024.

(2) Financial instruments

A. Financial instruments by category

	March 31,2025	December 31, 2024	March 31,2024
<u>Financial assets</u>			
Financial assets at fair value through other comprehensive income			
Designation of equity instrument	\$ 9,759	\$ 9,759	\$ 9,759
Financial assets at amortised cost			
Cash and cash equivalents	\$ 842,895	\$ 793,597	\$ 456,546
Financial assets at amortised cost (Note 1)	600	600	600
Notes receivable (including related parties)	282,026	340,103	494,207
Accounts receivable (including related parties)	610,342	898,636	987,251
Other receivables (Note 1)	4,586	3,880	2,589
Guarantee deposits paid (including current) (Note 1)	12,524	13,473	21,240
Long-term accounts receivable	129	258	640
	<u>\$ 1,753,102</u>	<u>\$ 2,050,547</u>	<u>\$ 1,963,073</u>
<u>Financial liabilities</u>			
Financial liabilities at amortised cost			
Short-term borrowings	\$ 160,654	\$ 234,744	\$ 241,113
Notes payable	1,592	37,496	21,356
Accounts payable	375,973	470,532	723,546
Other payables	555,991	385,958	479,558
Long-term borrowings (including current portion)	1,301	3,874	21,402
Guarantee deposits received (including current portion) (Note 2)	3,923	3,909	10,438
	<u>\$ 1,099,434</u>	<u>\$ 1,136,513</u>	<u>\$ 1,497,413</u>
Lease liability (including non-current)	\$ 37,468	\$ 37,077	\$ 39,007

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 minimise 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:

March 31,2025				
	Foreign			
	currency amount		Exchange rate	Book
	(In thousands)			value(NTD)
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:RMB	\$	5,352	7.26	\$ 177,740
USD:NTD		217	33.21	7,207
Non-monetary items (Note)				
USD:NTD		19,520	33.21	652,623
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		913	33.21	30,321
USD:VND		823	24,119	27,332

December 31, 2024				
	Foreign currency amount		Book	
	(In thousands)	Exchange rate	value(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
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
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		733	32.79	24,035
USD:VND		895	23,868	29,347

March 31, 2024				
	Foreign currency amount		Book	
	(In thousands)	Exchange rate	value(NTD)	
(Foreign currency: functional currency)				
<u>Financial assets</u>				
<u>Monetary items</u>				
USD:RMB	\$	7,083	7.22	\$ 226,656
USD:NTD		987	32.00	31,584
Non-monetary items (Note)				
USD:NTD		21,164	32.00	670,321
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD		608	32.00	19,456
USD:VND		493	23,702	15,776

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 3 months ended March 31, 2025 and 2024, amounted to \$737 and \$1,704, respectively.

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

3 Month ended March 31,2025				
	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%	\$ 1,777	\$	-
USD:NTD	1%	72		-
Non-monetary items (Note)				
USD:NTD	1%	-		6,526
<u>Financial liabilities</u>				
<u>Monetary items</u>				
USD:NTD	1%	303		-
USD:VND	1%	273		-

3 Month ended March 31,2024				
	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%	\$ 2,267		-
USD:NTD	1%	316	\$	-
Non-monetary items (Note)				
USD:NTD	1%	-		6,703
<u>Financial liabilities</u>				
<u>Monetary items</u>				
				-
USD:VND	1%	195		-
USD:NTD	1%	158		-

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 March 31, 2025, December 31, 2024 and March 31, 2024, the Group's written-off financial assets that are still under recourse procedures amounted to \$41,552, \$42,704 and \$40,537, 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 reorganisation;
- (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 March 31, 2025, December 31, 2024 and March 31, 2024 is as follows:

	Past due						
	Not past due	Up to 30 days	31 to 90 days	91 to 180 days	181 days to 1 year	1 to 2 year(s)	Over 2 years
March 31, 2025	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, 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%
March 31, 2024	0.31%~ 3.33%	0.67%~ 10.49%	0.99%~ 43.76%	4.74%~ 64.61%	8.75%~ 75.89%	13.75%~ 81.70%	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:

	2025		
	Account receivable	Note receivable	Contract assets
At January 1	\$ 116,229	\$ 24	\$ -
Reversal of impairment loss	7,935	-	-
Write-offs	(181)	-	-
Effect of	1,855	-	-
At March 31	<u>\$ 125,838</u>	<u>\$ 24</u>	<u>\$ -</u>
	2024		
	Account receivable	Note receivable	Contract assets
At January 1	\$ 61,824	\$ 24	\$ -
Reversal of impairment loss	9,154	-	-
Write-offs	(228)	-	-
Effect of	1,252	-	-
At March 31	<u>\$ 72,002</u>	<u>\$ 24</u>	<u>\$ -</u>

For the 3 Month ended March 31, 2025 and 2024, the impairment gains (losses) arising from customers' contracts amounts to \$7,935 and \$9,154, 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 summarises the maturity of the Group's financial liabilities based on contractual undiscounted repayments

	March 31, 2025				
	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 63,036	\$ 98,491		\$ -	\$ -
Notes payable	1,592	-	-	-	-
Accounts payable	335,449	40,524	-	-	-
Other payables	364,779	191,212	-	-	-
Lease liability	343	6,407	6,891	20,188	8,746
Long-term borrowing (including current portion)	1,311	-	-	-	-
	<u>\$ 766,510</u>	<u>\$ 336,634</u>	<u>\$ 6,891</u>	<u>\$20,188</u>	<u>\$ 8,746</u>

Derivative financial liabilities: None.

	December 31, 2024				
	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
<u>Non-derivative financial liabilities:</u>					
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	-	-	-
	<u>\$ 767,530</u>	<u>\$ 372,470</u>	<u>\$ 6,383</u>	<u>\$18,676</u>	<u>\$11,147</u>

Derivative financial liabilities: None.

March 31, 2024					
	Less than 3 months	Between 3 months and 1 years	Between 1 and 2 years	Between 2 and 5 years	Over 5years
<u>Non-derivative financial liabilities:</u>					
Short-term borrowing	\$ 183,789	\$ 58,467	\$ -	\$ -	\$ -
Notes payable	21,224	132	-	-	-
Accounts payable	562,904	160,642	-	-	-
Other payables	305,845	173,713	-	-	-
Lease liability	318	5,906	6,138	18,375	13,965
Long-term borrowing (including current portion)	7,738	12,849	1,283	-	-
	<u>\$1,081,818</u>	<u>\$ 411,709</u>	<u>\$ 7,421</u>	<u>\$18,375</u>	<u>\$13,965</u>
<u>Derivative financial liabilities:</u> 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 March 31, 2025, December 31, 2024 and March 31, 2024 are as follows:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through other comprehensive income				
Equity securities	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 9,759</u>	<u>\$ 9,759</u>

Liabilities: None.

- D. For the 3 months ended March 31, 2025 and 2024, 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) Information on significant transactions

- A. Loans to others: None.
- 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 1.
- D. 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 2.
- E. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.
- F. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

- A. Basic information: Please refer to table 6.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 7.

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:

3 Month ended March 31,2025						
	Taiwan	Mainland China	Vietnam	Other	Adjustments and elimination (Note)	Total
<u>Departmental income</u>						
Revenue from external customer	\$ 409,460	\$ 171,748	\$ 24,805	\$ -	\$ -	\$ 606,013
Internal segment revenue	<u>220,055</u>	<u>64,359</u>	<u>-</u>	<u>-</u>	<u>(284,414)</u>	<u>-</u>
Total segment revenue	<u>\$ 629,515</u>	<u>\$ 236,107</u>	<u>\$ 24,805</u>	<u>\$ -</u>	<u>(\$ 284,414)</u>	<u>\$ 606,013</u>
Segment profit and loss	<u>\$ 52,972</u>	<u>(\$ 18,511)</u>	<u>\$ 5,825</u>	<u>\$ -</u>	<u>(\$ 4,461)</u>	<u>\$ 35,825</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 8,588</u>	<u>\$ 7,402</u>	<u>\$ 2,035</u>	<u>\$ -</u>		<u>\$ 18,025</u>
Segment assets	<u>\$ 1,887,554</u>	<u>\$ 1,163,994</u>	<u>\$ 194,041</u>	<u>\$ 8,470</u>		<u>\$ 3,254,059</u>
Segment liabilities	<u>\$ 1,000,226</u>	<u>\$ 501,027</u>	<u>\$ 41,209</u>	<u>\$ 3,428</u>		<u>\$ 1,545,890</u>

3 Month ended March 31,2024

					Adjustments and elimination (Note)	Total
	Taiwan	Mainland China	Vietnam	Other		
<u>Departmental income</u>						
Revenue from external customer	\$ 508,742	\$ 187,121	\$ 30,301	\$ 2,327	\$ -	\$ 728,491
Internal segment revenue	<u>266,782</u>	<u>62,853</u>	<u>-</u>	<u>-</u>	<u>(329,635)</u>	<u>-</u>
Total segment revenue	<u>\$ 775,524</u>	<u>\$ 249,974</u>	<u>\$ 30,301</u>	<u>\$ 2,327</u>	<u>(\$ 329,635)</u>	<u>\$ 728,491</u>
Segment profit and loss	<u>\$ 69,505</u>	<u>(\$ 19,208)</u>	<u>\$ 3,953</u>	<u>(\$ 1,089)</u>	<u>(\$ 961)</u>	<u>\$ 52,200</u>
Segment profits and losses include:						
Depreciation and amortization	<u>\$ 7,548</u>	<u>\$ 7,459</u>	<u>\$ 1,958</u>	<u>\$ 27</u>		<u>\$ 16,992</u>
Segment assets	<u>\$ 1,889,287</u>	<u>\$ 1,500,341</u>	<u>\$ 172,771</u>	<u>\$ 17,107</u>		<u>\$ 3,579,506</u>
Segment liabilities	<u>\$ 1,045,749</u>	<u>\$ 856,699</u>	<u>\$ 43,248</u>	<u>\$ 10,880</u>		<u>\$ 1,956,576</u>

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 is provided as follows:

	3 Month ended March 31	
	2025	2024
Reportable segments profit and loss	\$ 35,825	\$ 52,200
Non-operating income and expenses	<u>9,804</u>	<u>8,151</u>
Profit before tax and continued operations	<u>\$ 45,629</u>	<u>\$ 60,351</u>

Table 1. 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	March 31, 2025				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	

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

Table 2. 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	\$206,317	63%	According to the agreement of both parties	Note	Note	\$216,633	62%	

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

Table 3. 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	\$216,633	3.44%	\$-	-	\$60,621	\$-	None

Table 4. 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	\$206,317	According to the agreement of both parties	34%
0	KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	1	Accounts receivable - related party	216,633	According to the agreement of both parties	7%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Purchase	59,927	According to the agreement of both parties	10%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Accounts payable - related party	83,698	According to the agreement of both parties	3%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Notes payable - related party	27,540	According to the agreement of both parties	1%
1	KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	3	Lease liability	16,245	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 5. 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
				March 31, 2025	December 31, 2024	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	\$497,657	(\$ 14,779)	(\$ 10,888)	Subsidiary, Note 4
KUEN LING MACHINERY REFRIGERATING CO., LTD.	COZY AIR-CONDITIONING CO., LTD.	Taiwan	Merchandise sales and trading business	30,000	30,000	6,000,000	100	136,203	30,496	30,496	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	KLEAN AIR ENTERPRISE LTD.	Samoa	Invest in other region	138,046	138,046	4,401,000	100	150,927	4,358	4,358	Subsidiary
KUEN LING MACHINERY REFRIGERATING CO., LTD.	Yi Kee Industrial Co., Ltd.	Taiwan	General manufacturing	7,073	7,073	-	70	12,625	275	193	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	137,835	4,356	-	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	4,991	11	-	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	50	11	-	sub- subsidiary, Note 1, Note 2, Note 3
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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 6. 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.1,2025	Invested capital remitted from or repatriated to Taiwan		Accumulated amount invested in Mainland China as of March 31, 2025	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 March 31, 2025	Accumulated investment income repatriated to Taiwan as of March 31, 2025	Remark
					Remittance	Repatriation							
KUENLING MACHINERY REFRIGERATING (SHANGHAI) CO., LTD.	Manufacturing and sales of ice water machines, etc.	\$ 181,713	2	\$ 116,068	\$ -	\$ -	\$ 116,068	(\$ 7,380)	83	(\$ 6,121)	\$ 221,683	\$ 52,793	Note 2, Note 3
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	General manufacturing	272,443	2	58,649	-	-	58,649	(7,783)	83	(4,748)	248,540	-	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	426	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	\$ 433,779	\$ 1,024,901	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 7. Information on investments in Mainland China, Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area

Name of invested company	Sales (purchase) goods		property transaction		Accounts receivable (payable)		Endorsement of note guarantees or provides collateral		Financing				other
	Amount	%	Amount	%	balance	%	Ending balance	Purpose	Maximum balance	Ending balance	interest rate range	Current interest	
KUENLING MACHINERY REFRIGERATING (SUZHOU) CO., LTD.	(\$ 1,934)	1%	\$ -	-	\$ -	-	\$ -	-	\$ -	\$ -	-	\$ -	-