Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Financial Statements and Independent Auditor's Report
For the Years Ended 2023 and 2022
(Stock Code: 6982)

Address: No. 83-14, Dapiantou, Sanzhi Dist., New Taipei City
Tel: (02)2636-1123

Walrus Pump Co., Ltd. and Subsidiaries

Consolidated Financial Statements and Independent Auditor's Report for the Years Ended 2023 and 2022

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Independent Auditors' Report

(113) Cai-Shen-Bao-Zi No. 23004800

To the Board of Directors and Shareholders of Walrus Pump Co., Ltd.,

Audit Opinion

We have audited the accompanying consolidated financial statements of Walrus Pump Co., Ltd. and its subsidiaries (the "Group"), which comprise the consolidated balance sheet for the years ended December 31, 2023 and 2022, and the consolidated statements of comprehensive income, changes in equity and cash flows for January 1 to December 31, 2023 and 2022, and notes to the consolidated financial statements (including a summary of significant accounting policies).

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2023 and 2022, and its consolidated financial performance and its consolidated cash flows for January 1 to December 31, 2023 and 2022 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis of Audit Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the R.O.C. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. The auditors of the firm, subject to the independence regulations, have maintained independence from the Group in accordance with the Code of Ethics of the R.O.C. and have fulfilled other obligations under that Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

PricewaterhouseCoopers, Taiwan
27F, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei 110208, Taiwan
T: +886 (2) 2729 6666, F:+ 886 (2) 2729 6686, www.pwc.tw

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the Group for the year 2023. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements for the year 2023 are stated as follows:

Key Audit Matters - Evaluation of allowance for inventory valuation loss

Description

For the description of the accounting policies, accounting estimation, assumptions and accounts of the inventory valuation, please refer to Notes IV (XI), V (II) and VI (IV) of the financial statements.

The main business of the Group is the manufacturing and sale of pumps. Due to the fierce competition in the pump market, the Group has a higher risk of inventory price declines or obsolete and old pumps. The Group's inventories are measured at the lower value of the cost or net realizable value. Inventories with a specific inventory age are recognized as obsolescence losses in accordance with the Company's policies.

As the management's subjective judgment and estimation of the allowance for reduction of inventory to market involve a high level of uncertainty, and based on the consideration that the allowance for inventory valuation loss has a significant impact on the financial statements of the Group, we believe that the evaluation of the allowance for reduction of inventory to market is one of the most important matters for the audit of the current year.

Responding Audit Procedures

We summarize the responsive procedures executed for the aforementioned key audit matters as follows:

1. Understanding and evaluating the reasonableness of the policies for the allowance for reduction of inventory to market adopted by the Group.
2. Understanding the process of warehouse storage management of the Group, reviewing the annual inventory taking plan and participation in the annual inventory taking, in order to evaluate the effectiveness of the classification and control of obsolete inventories implemented by the Group.
3. Verifying the appropriateness of the inventory aging report system logic adopted by the management for valuation purposes, in order to determine the correct inventory age range of the inventory items in the report.
4. Obtaining the inventory net realizable value evaluation report, verifying the consistency of the report calculation logic, sampling and testing the data sources of the net realizable value, and recalculating the accuracy of the allowance for inventory valuation loss.

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Other Matters – Parent Company Only Financial Statements

Walrus Pump Co., Ltd. (the "Company") has prepared the parent company only financial statements for the year ended 2023 and 2022, to which we have also issued an independent auditor's report with unqualified opinion and which is provided for reference.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the R.O.C., and for necessary internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. The term "reasonable assurance" refers to a high level of assurance. Nevertheless, the audit performed according to the Generally Accepted Auditing Standards of R.O.C. cannot guarantee the discovery of material misstatement in the consolidated financial statements. Misstatements can arise from fraud or error. Misstatements are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the R.O.C., we exercise professional judgment and professional skepticism throughout the audit. We also performed the following tasks:

1. Identify and assess the risk of material misstatement of the consolidated financial statements due to fraud or error, design and implement appropriate countermeasures for the risks assessed, and obtain sufficient and appropriate audit evidence in order to serve as the basis for the opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. According to the audit evidence obtained, evaluate appropriateness of the continuous operation accounting basis and whether events or circumstances possibly giving rise to material concerns on the continuous operation ability of the Group have significant uncertainty, and provide conclusion thereto. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. Nevertheless, future events or circumstances may cause the Group to have no ability for continuous operation.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including relevant notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence for the financial information of individual entities of the Group and provide an opinion on the consolidated financial statements. We handle the guidance, supervision and execution of the audit of the Group and are responsible for preparing the opinion on the Group.

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

We also provide the governance units with statements that we have complied with the relevant independence declaration specified in the Code of Ethics for Professional Accountants of the R.O.C. that may reasonably be thought to impair on our independence, and we have also communicated with the governance units on all relationships and other matters (including relevant protective measures) that may be considered to affect the independence of the auditors.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the Group's 2023 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

PwC Taiwan

CPAs	Chin-Chang Chen	Signed	Sealed
	Fu-Min Liao	Signed	Sealed

Financial Supervisory Commission

Approval Certificate No.:	Jin-Guan-Zheng-Shen-Zi No. 1060025060
	Jin-Guan-Zheng-Shen-Zi No. 1090350620

March 15, 2024

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousands

	Assets	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current assets					
1100	Cash and cash equivalents	VI (I)	$ 210,258	11	$ 143,038	9
1136	Financial assets measured at amortized cost - current	VI (II) and VIII	62,105	3	39,937	3
1150	Net notes receivable	VI (III)	54,285	3	38,850	2
1170	Net accounts receivable	VI (III)	184,974	9	204,258	12
1200	Other receivables		2,830	-	4,433	-
130X	Inventories	VI (IV)	333,584	17	372,029	22
1410	Prepayments		9,608	-	14,282	1
1470	Other current assets		728	-	673	-
11XX	**Total current assets**		858,372	43	817,500	49
	Non-current assets					
1600	Property, plant and equipment	VI (V) and VIII	824,912	41	549,172	33
1755	Right-of-use assets	VI (VI), VII and VIII	235,652	12	252,290	15
1780	Intangible assets	VI (VII)	9,603	1	4,946	-
1840	Deferred income tax assets	VI (XXII)	7,870	-	4,149	-
1900	Other non-current assets	VI (VIII) (XII) and VIII	56,125	3	42,540	3
15XX	**Total non-current assets**		1,134,162	57	853,097	51
1XXX	**Total assets**		$ 1,992,534	100	$ 1,670,597	100

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Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Balance Sheet
December 31, 2023 and 2022

Unit: NTD thousands

	Liabilities and equity	Notes	December 31, 2023 Amount	%	December 31, 2022 Amount	%
	Current liabilities					
2100	Short-term borrowings	VI (IX) and VIII	$ 457,000	23	$ 483,000	29
2130	Contract liabilities - current	VI (XVIII)	8,721	-	6,104	-
2150	Notes payable		5,107	-	5,966	-
2170	Accounts payable		123,346	6	100,184	6
2200	Other payables	VI (X)	108,731	5	96,512	6
2230	Current income tax liabilities		2,480	-	10,501	1
2280	Lease liabilities - current	VII	18,731	1	17,591	1
2320	Long-term liabilities due in one year or one operating cycle	VI (XI) and VIII	32,249	2	68,332	4
2399	Other current liabilities - others	VI (XIV)	10,026	1	3,353	-
21XX	**Total current liabilities**		766,391	38	791,543	47
	Non-current liabilities					
2540	Long-term borrowings	VI (XI) and VIII	419,608	21	69,772	4
2550	Liability reserve - non-current	VI (XIV)	8,052	1	6,521	1
2570	Deferred income tax liabilities	VI (XXII)	2	-	1,148	-
2580	Lease liabilities - non-current	VII	161,446	8	180,577	11
2600	Other non-current liabilities		359	-	297	-
25XX	**Total non-current liabilities**		589,467	30	258,315	16
2XXX	**Total liabilities**		1,355,858	68	1,049,858	63
	Equity					
	Share capital	VI (XV)				
3110	Common share capital		353,491	18	353,491	21
	Capital reserve	VI (XVI)				
3200	Capital reserve		181,313	9	181,313	11
	Retained earnings	VI (XVII)				
3310	Legal reserve		13,647	1	5,965	-
3350	Unappropriated earnings		85,782	4	76,823	5
	Other equity					
3400	Other equity		2,443	-	3,147	-
3XXX	**Total equity**		636,676	32	620,739	37
	Significant Contingent Liabilities and Unrecognized Commitments	IX				
	Significant subsequent events	XI				
3X2X	**Total liabilities and equity**		$ 1,992,534	100	$ 1,670,597	100

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: Huang, Ching-Feng   Managerial Officer: Huang, Ching-Yun   Accounting Officer: Teng-Hsi Chang

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Comprehensive Income
January 1 to December 31, 2023 and 2022

Unit: NTD thousands
(Except for earnings per share in NTD)

	Item	Notes	2023 Amount	2023 %	2022 Amount	2022 %
4000	Operating revenue	VI (XVIII) and VII	$ 1,404,797	100	$ 1,393,867	100
5000	Operating cost	VI (IV) (XXI)	(1,015,289)	(72)	(1,019,954)	(73)
5900	Operating gross profit		389,508	28	373,913	27
	Operating expenses	VI (XXI) and VII				
6100	Selling and marketing expenses		(93,385)	(7)	(88,030)	(6)
6200	Administrative expenses		(145,064)	(10)	(141,936)	(10)
6300	R&D expenses		(63,330)	(5)	(47,936)	(4)
6450	Expected credit losses	XII (II)	(2,025)	-	-	-
6000	Total operating expenses		(303,804)	(22)	(277,902)	(20)
6900	Operating profit		85,704	6	96,011	7
	Non-operating income and expenses					
7100	Interest income		1,863	-	331	-
7010	Other income	VI (XIX)	1,019	-	3,282	-
7020	Other gains and losses	VI (XX)	(420)	-	6,870	1
7050	Finance costs	VI (VI) and VII	(11,506)	(1)	(9,342)	(1)
7000	Total non-operating income and expenses		(9,044)	(1)	1,141	-
7900	**Net Income before tax**		76,660	5	97,152	7
7950	Income tax expense	VI (XXII)	(3,460)	-	(20,329)	(1)
8200	**Net income for the period**		$ 73,200	5	$ 76,823	6
	Other comprehensive income					
	Items not reclassified subsequently to profit or loss					
8311	Remeasurement of defined benefit plans	VI (XII)	$ 949	-	$ 2,695	-
	Items that may be reclassified subsequently to profit or loss					
8361	Exchange differences in translation of the financial statements of foreign operations		(1,653)	-	704	-
8300	**Other comprehensive profit and loss (net)**		($ 704)	-	$ 3,399	-
8500	**Total comprehensive income for the period**		$ 72,496	5	$ 80,222	6
	Net income attributable to:					
8610	Owner of the parent company		$ 73,200	5	$ 76,823	6
	Total comprehensive income attributable to:					
8710	Owner of the parent company		$ 72,496	5	$ 80,222	6
	Basic earnings per share	VI (XXIII)				
9750	Basic earnings per share		$	2.07	$	2.55
	Diluted earnings per share	VI (XXIII)				
9850	Diluted earnings per share		$	2.06	$	2.39

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: Huang, Ching-Feng　　Managerial Officer: Huang, Ching-Yun　　Accounting Officer: Teng-Hsi Chang

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Changes in Equity
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

	Notes	Equity attributable to owners of the parent company						
				Retained earnings		Other equity		
	Notes	Common share capital	Capital reserve	Legal reserve	Unappropriated earnings	Exchange differences in translation of the financial statements of foreign operations	Remeasurements of defined benefit plans	Total equity
2022								
Balance on January 1		$ 246,410	$ 26,653	$ -	$ 59,648	$ 1,049	($ 1,301)	$ 332,459
Net income for the period		-	-	-	76,823	-	-	76,823
Other comprehensive income for the period		-	-	-	-	704	2,695	3,399
Total comprehensive income for the period		-	-	-	76,823	704	2,695	80,222
Capital increase in cash	VI (XV)	60,400	132,660	-	-	-	-	193,060
2021 Appropriation and distribution of retained earnings	VI (XVII)							
Legal reserve appropriated		-	-	5,965	(5,965)	-	-	-
Stock Dividends		26,681	-	-	(26,681)	-	-	-
Cash dividends		-	-	-	(27,002)	-	-	(27,002)
Employee stock options exercised	VI (XIII)	20,000	22,000	-	-	-	-	42,000
Balance on December 31		$ 353,491	$ 181,313	$ 5,965	$ 76,823	$ 1,753	$ 1,394	$ 620,739
2023								
Balance on January 1		$ 353,491	$ 181,313	$ 5,965	$ 76,823	$ 1,753	$ 1,394	$ 620,739
Net income for the period		-	-	-	73,200	-	-	73,200
Other comprehensive income for the period		-	-	-	-	(1,653)	949	(704)
Total comprehensive income for the period		-	-	-	73,200	(1,653)	949	72,496
2022 Appropriation and distribution of retained earnings	VI (XVII)							
Appropriation of legal reserve		-	-	7,682	(7,682)	-	-	-
Cash dividends		-	-	-	(56,559)	-	-	(56,559)
Balance on December 31		$ 353,491	$ 181,313	$ 13,647	$ 85,782	$ 100	$ 2,343	$ 636,676

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: Huang, Ching-Feng   Managerial Officer: Huang, Ching-Yun   Accounting Officer: Teng-Hsi Chang

Walrus Pump Co., Ltd. and Subsidiaries
Consolidated Statement of Cash Flows
January 1 to December 31, 2023 and 2022

Unit: NTD thousands

	Notes	January 1 to December 31, 2023	January 1 to December 31, 2022
Cash flow from operating activities			
Net income before tax for the current period		$ 76,660	$ 97,152
Adjustments			
Adjustments to reconcile profit and loss			
Depreciation expense	VI (V) (VI) (XXI)	65,483	51,164
Amortization expenses	VI (VII) (XXI)	2,265	1,855
Interest income		(1,863)	(331)
Interest expenses		11,506	9,342
Gain (loss) on disposal of property, plant and equipment	VI (XX)	(9)	76
Expected credit losses	XII (II)	2,025	-
Changes in assets/liabilities relating to operating activities			
Net changes in assets relating to operating activities			
Net notes receivable		(15,435)	43,822
Net accounts receivable		17,259	(19,954)
Other receivables		1,799	(2,647)
Inventories		38,445	(37,692)
Prepayments		4,674	(1,073)
Other current assets		(55)	(211)
Other non-current assets		(4,496)	(3,308)
Net changes in liabilities relating to operating activities			
Contract liabilities - current		2,617	(2,487)
Notes payable		(859)	(6,051)
Accounts payable		23,162	(131,923)
Other payables		(5,295)	(3,889)
Other current liabilities - others		6,673	1,543
Liability reserve - non-current		1,531	2,548
Other non-current liabilities		1,011	(14,160)
Cash inflow (outflow) from operating activities		227,098	(16,224)
Interest received		1,667	331
Interest paid		(11,026)	(11,251)
Income tax paid		(16,348)	(25,687)
Net cash inflow (outflow) from operating activities		201,391	(52,831)
Cash flow from investing activities			
Increase in financial assets at amortized cost		(22,168)	(30,298)
Acquisition of property, plant and equipment	VI (XXIV)	(317,096)	(292,675)
Disposal of property, plant and equipment		1,465	1,956
Acquisition of intangible assets	VI (VII)	(6,924)	(3,107)
Increase in refundable deposits		(38)	(618)
Net cash outflow from investing activities		(344,761)	(324,742)
Cash flow from financing activities			
Loaning of short-term borrowings	VI (XXV)	1,114,000	498,000
Repayment of short-term borrowings	VI (XXV)	(1,140,000)	(277,600)
Decrease in lease liabilities	VI (XXV)	(19,041)	(21,399)
Loaning of long-term borrowings	VI (XXV)	425,781	85,000
Repayment of long-term borrowings	VI (XXV)	(112,028)	(53,917)
Capital increase in cash	VI (XV)	-	193,060
Cash dividends paid	VI (XVII)	(56,559)	(27,002)
Employee stock options exercised		-	42,000
Net cash inflow from financing activities		212,153	438,142
Exchange rate effects		(1,563)	273
Increase in cash and cash equivalents for the current period		67,220	60,842
Balance of cash and cash equivalents at beginning of the current period		143,038	82,196
Balance of cash and cash equivalents at end of the current period		$ 210,258	$ 143,038

The accompanying notes are an integral part of the consolidated financial statements; please refer to them altogether.

Chairman: Huang, Ching-Feng Managerial Officer: Huang, Ching-Yun Accounting Officer: Teng-Hsi Chang

Walrus Pump Co., Ltd. and Subsidiaries
Notes to Consolidated Financial Statements
For the Years Ended 2023 and 2022

Unit: NTD thousands
(unless otherwise specified)

I. Company History

Walrus Pump Co., Ltd. (the "Company") was established in the Republic of China in April 1978. The main business items of the Company and its subsidiaries (the "Group") are the design, manufacturing and trading of pumps, motors, spraying machines, mechanical parts, pneumatic labor-saving pumps, automated machines and related component parts.

II. Approval Date and Procedures of the Financial Statements

The consolidated financial statements have been approved by the Board of Directors on March 15, 2024 for release.

III. Application of New Standards, Amendments and Interpretations

(I) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed and announced by the Financial Supervisory Commission ("FSC")

The applicable newly promulgated, amended, and revised standards and interpretations of IFRSs endorsed and announced by the FSC in 2023 are as follows:

New, Amended, or Revised Standards and Interpretations	Effective date announced by IASB
Amendments to IAS 1 "Disclosure of Accounting Policy"	January 1, 2023
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023
Amendments to IAS 12 "Deferred Tax Related to Assets and Liabilities Arising from a Single Transaction"	January 1, 2023
Amendments to IAS 12 "International Tax Reform - Pillar Two Model Rules"	May 23, 2023

The Group has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Group's financial position and financial performance.

(II) Effect of not adopting new issuances or amendments to International Financial Reporting Standards ("IFRSs") endorsed by FSC

The applicable new promulgated, amended and revised standards and interpretations of IFRSs endorsed by the FSC in 2024 are summarized in the table below:

New, Amended, or Revised Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 16 "Lease liabilities of after-sale and leaseback"	January 1, 2024
Amendments to IAS 1 "Classification of liabilities as current or non-current"	January 1, 2024
Amendments to IAS 1 "Non-current liabilities with covenants"	January 1, 2024
Amendments to IAS 7 and IFRS 7 "Supplier Finance Arrangements"	January 1, 2024

The Group has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Group's financial position and financial performance.

(III) Effects of the IFRSs issued by IASB but not yet endorsed by the FSC

New standards and interpretations of and amendments to the IFRSs issued by IASB but not yet endorsed by the FSC are as follows:

New, Amended, or Revised Standards and Interpretations	Effective date announced by IASB
Amendments to IFRS 10 and IAS 28 "Sale or Contribution of Assets between an Investor and its Associate or Joint Venture"	Yet to be decided by IASB
IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Insurance Contracts"	January 1, 2023
Amendments to IFRS 17 "Initial application of IFRS 17 and IFRS 9 - Comparative information"	January 1, 2023
Amendments to IAS 21 "Lack of Exchangeability"	January 1, 2025

The Group has assessed the aforementioned standards and interpretations, and concluded that they do not have significant effects on the Group's financial position and financial performance.

IV. Summary of Significant Accounting Policies

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented unless otherwise stated.

(I) Statement of Compliance

These consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (referred to as the "Regulations") and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively referred to as the "IFRSs") endorsed and announced by the FSC.

(II) Basis of Preparation

1. Except for the defined benefit assets recognized at the net amount of the pension fund assets less the present value of the defined benefit obligations, these consolidated financial statements are prepared based on historical cost.
2. The preparation of financial statements in conformity with IFRSs requires the use of

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

(III) Basis of Consolidation

1. Principles for preparation of consolidated financial statements
   (1) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries refer to 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 in the financial statements begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.
   (2) 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.
2. Subsidiaries included in the consolidated financial statements:

Investment company	Subsidiaries		Shareholding percentage		
Name	Name	Nature of business	December 31, 2023	December 31, 2022	Explanation
The Company	SUZHOU WALRUS PUMP CO., LTD. (Suzhou Walrus)	Manufacture and sale of water pump	100%	100%	Note

Note: AMBION completed dissolution registration on November 24, 2022, and its registration was updated to state that the Company directly and wholly owns Suzhou Walrus.

3. Subsidiaries not included in the consolidated financial statements: None.
4. Adjustments for subsidiaries with different accounting periods: None.
5. Significant restrictions: None.
6. Subsidiaries that have non-controlling interests that are material to the Group: None.

(IV) Foreign Currency Translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars, which is the Group's functional currency.

1. Foreign currency transaction and balances
   (1) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
   (2) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognized in profit or loss.
   (3) All other foreign exchange gains and losses, depending on the nature of the transactions, are presented in the statement of comprehensive income within "other

gains and losses”.

2. Translation of foreign operations

The results and financial position of entities within the Group, whose functional currency is not the presentation currency, are translated into the presentation currency using the following procedures:

(1) Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

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

(3) All resulting exchange differences are recognized in other comprehensive income.

(V) Classification of Current and Non-current Assets and Liabilities

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

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

(2) Assets held mainly for trading purposes;

(3) Assets that are expected to be realized within 12 months from the balance sheet date;

(4) Cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the balance sheet date.

Assets that do not meet the above criteria are classified as non-current assets by the Group.

2. Liabilities that meet one of the following criteria are classified as current liabilities:

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

(2) Assets held mainly for trading purposes;

(3) Liabilities that are to be settled within 12 months from the balance sheet date.

(4) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Liabilities that do not meet the above criteria are classified as non-current liabilities by the Group.

(VI) Cash equivalents

Cash equivalents are highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value. Time deposits that fit the said definition and are intended to meet short-term operating cash commitments are classified as cash equivalents.

(VII) Financial assets measured at amortized cost

Financial assets at amortized cost are those that meet all of the following criteria:

1. The objective of the Group’s business model is achieved by collecting contractual cash flows.

2. Its contractual terms give rise on specific dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

(VIII) Accounts and notes receivables

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

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

(IX) Impairment of financial assets

At the end of each reporting period, the Group considers accounts receivable and financial assets at amortized cost, and takes into consideration all reasonable and supporting information (including the forward-looking information). For financial assets of which the credit risk does not significantly increase since initial recognition, the Group recognizes an allowance equal to 12-month expected credit losses; for financial assets of which the credit risk significantly increases since initial recognition, the Group recognizes an allowance equal to the lifetime expected credit loss; for accounts receivables that do not contain significant financial components, the Group recognizes an allowance equal to the lifetime expected credit loss.

(X) Derecognition of financial assets

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

(XI) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials, direct labor, other direct costs, and related production overheads (allocated based on normal operating capacity), excluding borrowing costs. The item-by-item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and estimated cost necessary for completion of the sale.

(XII) Property, plant and equipment

1. Property, plant and equipment are initially recorded at cost. Relevant interests during the construction period are capitalized.
2. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are recognized in profit or loss when accrued.
3. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Property, plant, and equipment are depreciated individually if they contain any significant components.
4. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each financial year end. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Houses and buildings	5~55 years
Machinery and equipment	2~10 years
Transportation equipment	3~15 years
Office equipment	2~8 years
Others	2~10 years

(XIII) Lease transactions of a lessee - right-of-use assets/lease liabilities

1. Leases are recognized as a right-of-use asset and a corresponding lease liability at the date at which the leased asset is available for use by the Group. Low-value assets and short-term leases are recognized as expenses on a straight-line basis over the lease period.
2. The Group measures its lease liability at commencement date by discounting future lease payments using its incremental borrowing interest rate, and lease payments include fixed

payments, less any lease incentives receivable.

Lease payments are measured in subsequent periods using the effective interest rate method and amortized over the lease term. When a change in lease payments occurs not due to contract modification, lease liability will be remeasured, with such remeasurements adjusted to right-of-use assets.

3. Right-of-use assets are recognized at cost at the inception of the lease. Cost includes:
   (1) Original measurement amount of lease liabilities;
   (2) Lease payments made before or at the inception of the lease;
   (3) Any initial direct costs incurred; and

   Right-of-use assets are subsequently measured at cost. Depreciation of right-of-use assets is recognized at the earlier of the end of the useful life and the end of the lease term. When a lease liability is remeasured, the Company adjusts the right-of-use asset for any remeasurements.

(XIV) Intangible assets

1. Computer software

   Computer software is measured at the acquisition cost and amortized using the straight-line method over its estimated useful life, which is 2-5 years.
2. Trademark rights (uncertain useful life)

   Trademark is recognized at the cost of acquisition. After evaluation, the trademark is expected to generate net cash inflow in the foreseeable future; therefore, it is regarded as a trademark with an uncertain useful life without amortization, and the trademark is tested for impairment annually.

(XV) Impairment of financial assets

1. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is an asset's fair value less costs of disposition or its value in use, whichever is higher. When the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortized historical cost would have been if the impairment had not been recognized.
2. For intangible assets with an indefinite useful life, their recoverable amount is estimated periodically. Impairment is recognized when the recoverable amount is lower than the carrying amount.

(XVI) Borrowings

Borrowings refer to long-term and short-term loans borrowed from banks. Borrowings are initially recognized at the fair value less any transaction costs, and subsequently at amortized cost using the effective interest rate method. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognized in profit or loss over the borrowing period using the effective interest rate method.

(XVII) Accounts and notes payables

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

(XVIII) Derecognition of financial liabilities

A financial liability is derecognized by the Group when the obligation specified in the contract is either discharged, canceled or expires.

(XIX) Provisions for liabilities

Provisions for liabilities (including warranty and sales discounts) are recognized when the Group has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation on the balance sheet date, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(XX) Employee benefits

1. Short-term employee benefits

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

2. Pension

   (1) Defined contribution plans

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

   (2) Defined benefit plans

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

   B. Remeasurement arising on defined benefit plans is recognized in other comprehensive income in the period in which they arise and are presented as other equity.

   C. Past service costs are recognized immediately in profit or loss.

3. Severance benefits

   Severance benefits refer to benefits provided to employees subject to termination of employment before the normal retirement day or employees deciding to accept benefits offered by the company in exchange for termination of employment. When the Company cannot cancel the offer of severance benefits or recognizes relevant restructuring costs, whichever occurs first, they are recognized as expenses. Benefits not expected to be fully repaid within 12 months after the balance sheet date shall be discounted.

4. Remuneration of employees, and remuneration of directors and supervisors

   Remuneration of employees, and remuneration of directors and supervisors are recognized as expenses and liabilities, provided that such recognition is required under legal or constructive obligations and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(XXI) Employees share-based payments

For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions as of each balance sheet date. And ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

(XXII) Income tax

1. Income tax expense for the period comprises current and deferred tax. Income tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the income tax is recognized in other comprehensive income or equity.
2. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Group operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. Where appropriate, management also estimate income tax liabilities based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings in a shareholders' meeting of the following year.
3. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not recognized for if it arises from initial recognition of goodwill or of an asset or liability in a transaction (excluding a corporate merger) that, at the time of the transaction, affects neither accounting nor taxable profit (loss), and no equivalent taxable and deductible temporary difference arises. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.
4. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each balance sheet date, both unrecognized and recognized deferred income tax assets are reassessed.

(XXIII) Share capital

Common shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are recognized in equity as a deduction from the proceeds.

(XXIV) Dividend distribution

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities. Dividends distributed are recognized as stock dividends to be distributed and are recognized as common stock on the new stock issuance base date.

(XXV) Revenue recognition

The Group manufactures and sells pump-related products. Revenue refers to the fair value of the consideration received or receivable from the sale of products to external customers in the normal business activities, expressed by the net amount of the deductions for business tax, sales returns, quantity discounts and allowances. Revenue is recognized when the goods are delivered to the buyer, the amount of sales can be reliably measured, and the inflow of future economic benefits is likely to occur. When all the material risks and compensations related to the ownership are transferred to the customers, the Group ceases to participate in the management of the products and ceases to maintain effective control while customers accept the product according to the sales contract, or when there is an objective evidence indicating that all acceptance terms have been satisfied.

(XXVI) Government grants

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

V. Significant Accounting Judgments, Estimates and Key Sources of Assumption Uncertainty

When preparing this consolidated financial statement, management has exercised their professional judgment to determine the accounting policies to be applied, and made accounting estimates and assumptions based on reasonable expectation as to how future events will unfold under the circumstances that exist on the balance sheets date. The significant accounting estimates and assumptions made may deviate from the actual outcomes and will be consistently measured and adjusted in accordance with historical experience and for other factors. Such estimates and assumptions may lead to the risk of significant adjustment being made to the carrying amount of the assets and liabilities on the balance sheet. Significant accounting judgments and the uncertainty in accounting estimates and assumptions are stated below:

(I) Significant Judgments in Applying Accounting Policies

No such situation.

(II) Significant Accounting Estimates and Assumptions

Inventory valuation

Since inventory is measured at the lower of costs and the net realizable value, the Group needs to exercise judgment and estimates to determine the net realizable value of inventory at the balance sheet date. The Group evaluates the amount of the inventory due to normal loss, obsolete or without market sales value on the balance sheet date, and also offsets the inventory cost to the net realizable value. The inventory valuation is mainly based on market demand; therefore, material change may still occur.

VI. Details of Significant Accounts

(I) Cash and cash equivalents

	December 31, 2023	December 31, 2022
Cash on hand	$ 387	$ 366
Demand deposits and check deposits	172,536	141,790
Time deposits	37,335	882
	$ 210,258	$ 143,038

1. The Group transacts with a variety of financial institutions with high credit quality to disperse credit risk, so it expects that the probability of a counterparty default is remote.
2. The Group did not pledge any cash and cash equivalents as collateral.

(II) Financial assets measured at amortized cost – current

Item	December 31, 2023	December 31, 2022
Current items:		
Restricted demand deposit	$ 32,752	$ 39,937
Restricted time deposits	14,000	-
Time deposits with original maturities exceeding three months from the date of acquisition	15,353	-
	$ 62,105	$ 39,937

1. Details of the financial assets measured at amortized cost recognized under the profit or loss are as follows:

	2023	2022
Interest income	$ 301	$ 39

2. Details of the Group's financial assets at amortized cost pledged to others as collateral are provided in Note 8.
3. Information relating to credit risk of financial assets at amortized cost is provided in Note 12 (2) The transaction counterparties of the Group for the investment of certificates of deposits are financial institutions with high credit quality; therefore, it expects that the probability of counterparty default is extremely low.

(III) Notes and accounts receivable

	December 31, 2023	December 31, 2022
Notes receivable	$ 54,285	$ 38,850
Accounts receivable	$ 186,999	$ 204,258
Less: Allowance for bad debt	(2,025)	-
	$ 184,974	$ 204,258

1. The aging of accounts receivable is as follows:

	December 31, 2023	December 31, 2022
Not overdue	$ 163,275	$ 177,488
Within 90 days	23,724	26,081
91-180 days	-	21
Over 181 years	-	668
	$ 186,999	$ 204,258

The above aging analysis is based on the number of days past the due date.

2. The balance of notes and accounts receivable as of December 31, 2023 and 2022 all came from contracts with customers. The balance of notes and accounts receivable from customer contracts on January 1, 2022 was NT$266,976.
3. The Group did not have notes or accounts receivable pledged as collateral.
4. Under the condition where the increase of collaterals or other credits held was not considered, for the most representing accounts and notes receivable of the Group, the maximum exposure amount of credit risk on December 31, 2023 and 2022 was NT$241,284 and NT$243,108, respectively.
5. Credit risks associated with accounts receivable and notes receivable are stated in Note 12 (2).

(IV) Inventories

	December 31, 2023		
	Cost	Allowance for inventory falling price loss	Carrying amount
Raw materials	$ 137,404	($ 16,365)	$ 121,039
Semi-finished goods and work-in-progress	137,640	(11,567)	126,073
Finished goods and merchandise inventory	88,341	(1,869)	86,472
Total	$ 363,385	($ 29,801)	$ 333,584

	December 31, 2022		
	Cost	Allowance for inventory falling price loss	Carrying amount
Raw materials	$ 164,693	($ 13,103)	$ 151,590
Semi-finished goods and work-in-progress	138,052	(9,811)	128,241
Finished goods and merchandise inventory	93,521	(1,323)	92,198
Total	$ 396,266	($ 24,237)	$ 372,029

Amount recognized as cost of goods sold in the current period by the Group:

	2023	2022
Cost of inventory sold	$ 1,007,306	$ 1,012,561
Inventory falling price loss	5,564	5,240
Estimated loss on warranty	2,680	2,549
Loss on scrapped inventories	636	646
Income from sale of scraps and waste materials	(897)	(1,042)
	$ 1,015,289	$ 1,019,954

(V) Property, plant and equipment

	December 31, 2023								
	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Others	Unfinished construction	Total
January 1									
Cost	$ 64,438	$ 94,148	$ 238,714	$ 30,633	$ 49,031	$ 136,789	$ 58,366	$ 288,010	$ 960,129
Accumulated depreciation	-	(32,916)	(180,389)	(15,340)	(34,357)	(128,922)	(19,033)	-	(410,957)
	$ 64,438	$ 61,232	$ 58,325	$ 15,293	$ 14,674	$ 7,867	$ 39,333	$ 288,010	$ 549,172
January 1	$ 64,438	$ 61,232	$ 58,325	$ 15,293	$ 14,674	$ 7,867	$ 39,333	$ 288,010	$ 549,172
Increase in the current period	-	17,686	30,785	5,922	11,245	12,633	10,152	237,341	325,764
Disposal in the current period	-	-	(56)	(23)	-	(1,377)	-	-	(1,456)
Transfer	-	3,162	-	-	-	-	-	(3,162)	-
Depreciation expense	-	(4,385)	(13,651)	(4,706)	(9,233)	(7,170)	(9,344)	-	(48,489)
Net exchange differences	-	-	(49)	(13)	(5)		(12)	-	(79)
December 31	$ 64,438	$ 77,695	$ 75,354	$ 16,473	$ 16,681	$ 11,953	$ 40,129	$ 522,189	$ 824,912
December 31									
Cost	$ 64,438	$ 114,996	$ 268,569	$ 34,532	$ 59,922	$ 146,679	$ 68,086	$ 522,189	$ 1,279,411
Accumulated depreciation	-	(37,301)	(193,215)	(18,059)	(43,241)	(134,726)	(27,957)	-	(454,499)
	$ 64,438	$ 77,695	$ 75,354	$ 16,473	$ 16,681	$ 11,953	$ 40,129	$ 522,189	$ 824,912

	December 31, 2022								
	Land	Houses and buildings	Machinery and equipment	Transportation equipment	Office equipment	Mold equipment	Others	Unfinished construction	Total
January 1									
Cost	$ 64,438	$ 95,612	$ 224,129	$ 22,653	$ 47,294	$ 130,689	$ 23,989	$ 69,241	$ 678,045
Accumulated depreciation	-	(30,808)	(171,393)	(12,925)	(32,544)	(121,707)	(14,833)	-	(384,210)
	$ 64,438	$ 64,804	$ 52,736	$ 9,728	$ 14,750	$ 8,982	$ 9,156	$ 69,241	$ 293,835
January 1	$ 64,438	$ 64,804	$ 52,736	$ 9,728	$ 14,750	$ 8,982	$ 9,156	$ 69,241	$ 293,835
Increase in the current period	-	-	16,714	8,409	6,309	6,347	34,538	208,702	281,019
Disposal in the current period	-	-	-	-	(1,240)	-	(573)	-	(1,813)
Transfer	-	(1,269)	-	-	-	-	1,269	-	-
Reclassification	-	-	-	-	-	-	-	10,067	10,067
Depreciation expense	-	(2,303)	(11,154)	(2,863)	(5,144)	(7,462)	(5,070)	-	(33,996)
Net exchange differences	-	-	29	19	(1)	-	13	-	60
December 31	$ 64,438	$ 61,232	$ 58,325	$ 15,293	$ 14,674	$ 7,867	$ 39,333	$ 288,010	$ 549,172
December 31									
Cost	$ 64,438	$ 94,148	$ 238,714	$ 30,633	$ 49,031	$ 136,789	$ 58,366	$ 288,010	$ 960,129
Accumulated depreciation	-	(32,916)	(180,389)	(15,340)	(34,357)	(128,922)	(19,033)	-	(410,957)
	$ 64,438	$ 61,232	$ 58,325	$ 15,293	$ 14,674	$ 7,867	$ 39,333	$ 288,010	$ 549,172

1. Capitalization of borrowing costs of property, plant and equipment and interest rate range:

	2023	2022
Capitalization amount	$ 7,661	$ 1,909
Capitalized interest rate range	1.50%~2.87%	1.56%~3.38%

2. For information on the pledge of property, plant and equipment of the Group, please refer to Note 8 for details.

(VI) Lease transactions - lessee

1. The underlying assets of the Group's lease include land, buildings and company vehicles, etc. The lease contract durations are 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.
2. The lease term of the outdoor advertisement walls and employee dormitory rented by the Group does not exceed 12 months, and the subject properties rented by the Group are multifunction office machines.
3. The carrying amount of right-of-use assets and the depreciation charge are as follows:

	December 31, 2023	December 31, 2022
	Carrying value	Carrying value
Land	$ 170,182	$ 176,594
Buildings	59,445	75,696
Transportation equipment	6,025	-
	$ 235,652	$ 252,290

	2023	2022
	Depreciation expense	Depreciation expense
Land	$ 300	$ 230
Buildings	16,086	16,022
Transportation equipment	608	916
	$ 16,994	$ 17,168

4. The Group's right-of-use asset increased by NT$5,660 and NT$47,492 for years ended 2023 and 2022 respectively.
5. The information on profit and loss accounts relating to lease contracts is as follows:

	2023	2022
Items that affect profit or loss		
Interest expense of lease liabilities	$ 1,472	$ 1,345
Expenses attributable to short-term lease contracts	1,070	700
Expenses attributable to low-value assets	444	556
	$ 2,986	$ 2,601

6. The Group's total cash used in lease contracts was NT$22,027 and NT$24,000 for the years ended 2023 and 2022, respectively.

7. For information on the pledge of right-of-use assets of the Group, please refer to Note 8 for details.

(VII) Intangible assets

	Trademarks	Computer software	Total
January 1, 2023			
Cost	$ 1,590	$ 4,632	$ 6,222
Accumulated amortization	-	(1,276)	(1,276)
	$ 1,590	$ 3,356	$ 4,946
January 1	$ 1,590	$ 3,356	$ 4,946
Addition	-	6,924	6,924
Amortization expenses	-	(2,265)	(2,265)
Net exchange differences	-	(2)	(2)
December 31	$ 1,590	$ 8,013	$ 9,603
December 31, 2023			
Cost	$ 1,590	$ 11,257	$ 12,847
Accumulated amortization	-	(3,244)	(3,244)
	$ 1,590	$ 8,013	$ 9,603

	Trademarks	Computer software	Total
January 1, 2022			
Cost	$ 1,590	$ 4,016	$ 5,606
Accumulated amortization	-	(1,912)	(1,912)
	$ 1,590	$ 2,104	$ 3,694
January 1	$ 1,590	$ 2,104	$ 3,694
Addition	-	3,107	3,107
Amortization expenses	-	(1,855)	(1,855)
December 31	$ 1,590	$ 3,356	$ 4,946
December 31, 2022			
Cost	$ 1,590	$ 4,632	$ 6,222
Accumulated amortization	-	(1,276)	(1,276)
	$ 1,590	$ 3,356	$ 4,946

(VIII) Other non-current assets

	December 31, 2023	December 31, 2022
Prepayment for equipment	$ 34,365	$ 25,999
Refundable deposits	8,031	7,993
Net defined benefit assets	7,375	6,473
Others	6,354	2,075
	$ 56,125	$ 42,540

For the information on the pledge of refundable deposits of the Group, please refer to Note 8 for details.

(IX) Short-term borrowings

Nature of borrowings	December 31, 2023		December 31, 2022		Collaterals
Bank loans					
Secured loans	$	457,000	$	453,000	Note
Credit loans		-		30,000	None
	$	457,000	$	483,000	
Interest rate interval	2.06%~2.50%		1.94%~2.88%		

Note: For information on endorsement and guarantee provided by related parties, please refer to Note 7, and for the collateral information, please refer to Note 8 for details.

(X) Other payables

	December 31, 2023		December 31, 2022	
Salaries payable	$	48,105	$	44,907
Equipment payments payable		29,261		12,227
Labor, health and insurances payable		5,491		4,212
Remuneration of employees		4,272		5,399
Pensions payable		2,894		5,000
Remunerations of directors and supervisors payable		1,110		2,091
Others		17,598		22,676
	$	108,731	$	96,512

(XI) Long-term borrowings

Nature of borrowings	December 31, 2023		December 31, 2022		Collaterals
Long-term bank loans					
Secured loans	$	363,746	$	73,326	Note
Credit loans		88,111		64,778	None
		451,857		138,104	
Less: Long-term borrowings due in one year	(	32,249)	(	68,332)	
	$	419,608	$	69,772	
Interest rate interval	2.019%~2.50%		2.22%~2.875%		

Note: For information on endorsement and guarantee provided by related parties, please refer to Note 7. Except for the indirect guarantee of the SME credit guarantee fund, please refer to Note 8 for information on other collaterals.

The Company signed a syndicated loan contract with the syndicated bank group consisting of First Commercial Bank and other banks in April 2023. The contract period is 7 years, and the main contract terms are as follows:

(1) The credit line of Item A is NT$640,000, and the loan period is 7 years from the date of the first drawdown, and it cannot be drawn on a revolving basis.
(2) The credit line of Item B is NT$48,000, and the loan period is 7 years from the date of the first drawdown, and it cannot be drawn on a revolving basis.
(3) The credit line of Item C is NT$84,000, and the loan period is 7 years from the date of the first drawdown, and it cannot be drawn on a revolving basis.
(4) The total loan amount of Items D and E is NT$300,000. The loan period of Item D is 7 years from the date of the first drawdown, and it cannot be drawn on a revolving basis. The loan period of Item E is 5 years from the date of the first drawdown, and it can be drawn on a revolving basis. The credit line shall be reduced in three sessions on the first

drawdown date and each subsequent date after a period of one year from the first drawdown date, among which for the first and second sessions, the amount shall be reduced by 10% each, and for the third session, the amount shall be reduced by 80% or the entire remaining credit line.

(5) The Company's main commitments are as follows:

a. The Company shall provide six lots of lands, the construction plants, and auxiliary facilities on the lands located at Xinyuan Section, Luchu District, Kaohsiung City and eight machines and equipment as collaterals for the loan Items A and C.

b. The Company's interim and annual consolidated financial statements must maintain the following limitation of financial ratios: current ratio (current assets divided by current liabilities) shall not be less than 100%; financial liability ratio (total financial liabilities divided by total equity) shall not be higher than 300%; interest coverage ratio (net income before tax + interest expenses + depreciation + amortization) shall not be less than 200%; and the tangible net value (total equity - intangible assets) shall not be less than NT$300 million.

The above financial ratios and amounts were calculated based on the consolidated financial statements of the Company as of December 31, 2023, audited by the CPAs, and did not violate the provisions of the syndicated loan contract.

(6) As of December 31, 2023, the aforementioned amount of the loan drawn down was NT$411,288.

(XII) Pension

1. (1) By adhering to the requirements set forth in the “Labor Standards Act”, the Company has established its own defined retirement benefits plan, which is applicable both to the service years of all regular employees rendered before the enforcement of the “Labor Pension Act” on July 1, 2005, and to the service years of all employees who elected to continue applying the Labor Standards Act after the implementation of the “Labor Pension Act”. Pensions for employees qualified for retirement are calculated based on their years of service and their average salary during the 6 months prior to their retirement. Two bases are given for each full year of service rendered within 15 years. For service years beyond 15, one base is given for each full year. The total number of bases shall be no more than 45. The Company contributes monthly an amount equal to 2% 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. Also, the Company subsidiaries would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method, to the employees expected to be qualified for retirement in the following year, the Company and its domestic subsidiaries will make contributions for the deficit by next March.

(2) The amounts recognized in the balance sheet are determined as follows:

	December 31, 2023	December 31, 2022
Present value of defined benefit obligation	$ -	$ 618
Fair value of plan assets	(7,375)	(7,091)
Net defined benefit assets	($ 7,375)	($ 6,473)

(3) Movements in net defined benefit assets and liabilities are as follows:

	2023		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit assets
January 1	$ 618	($ 7,091)	($ 6,473)
Current service costs	181	-	181
Interest expense (income)	10	(109)	(99)
	809	(7,200)	(6,391)
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(167)	(167)
Experience adjustments	(782)	-	(782)
	(782)	(167)	(949)
Pension fund appropriated	-	(35)	(35)
Pension paid	(27)	27	-
December 31	$ -	($ 7,375)	($ 7,375)

	2022		
	Present value of defined benefit obligation	Fair value of plan assets	Net defined benefit liabilities (assets)
January 1	$ 37,988	($ 36,462)	$ 1,526
Current service costs	22,090		22,090
Interest expense (income)	285	(274)	11
	60,363	(36,736)	23,627
Remeasurement:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(2,600)	(2,600)
Changes in demographic assumptions	39	-	39
Changes in financial assumptions	(134)	-	(134)
	(95)	(2,600)	(2,695)
Pension fund appropriated	-	(27,405)	(27,405)
Pension paid	(59,650)	59,650	-
December 31	$ 618	($ 7,091)	($ 6,473)

(4) The Bank of Taiwan was commissioned to manage the Company's defined benefit pension plan fund assets in accordance with the fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilization of the Fund, its minimum earnings in the annual distributions in the final financial statements shall be no less than the earnings attainable from two-year time deposits at interest rates offered by local banks. If the earnings are less than the aforementioned rates, the government shall make payments for the deficit after being authorized by the competent authority. The Company has no right to participate in managing and operating that fund and hence it is unable to disclose the classification of plan asset fair value in accordance with IAS 19 Paragraph 142. The composition of fair value of plan assets as of December 31, 2023 and 2022 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

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

	2023	2022
Discount rate	1.09%	1.53%
Future salary increase rate	0.00%	1.75%

The assumptions on the future mortality rate are made based on the statistical numbers announced locally by each country and according to the past experience. Due to the change of the main actuarial assumption, the present value of defined benefit obligation is affected. The analysis is as follows:

	Discount rate		Future salary increase rate	
	Increase by 0.5%	Decrease by 0.5%	Increase by 0.5%	Decrease by 0.5%
December 31, 2023				
Impact on present value of defined benefit obligation	($ 31)	$ 38	$ 43	($ 35)
December 31, 2022				
Impact on present value of defined benefit obligation	($ 74)	$ 89	$ 88	($ 74)

(6) The Company is expected to settle the years of service of employees who had reserved their years of service under the old system in 2022, and the pension was settled in accordance with relevant regulations. The recognized pension cost was NT$5,958.

(7) As of December 31, 2023, the Company had no employees to which the year of service under the old system was applied. In addition, the balance of the labor pension reserve account was applied for on January 3, 2024.

2. (1) Since July 1, 2005, the Company has established the pension regulations applicable to Taiwanese nationals in accordance with the "Labor Pension Act". Under the New Plan, the Company contributes monthly an amount not less than 6% of the employees' monthly salaries and wages for depositing in 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.

(2) The subsidiaries in China included in the consolidated financial statements are subject to the pension plan system stipulated by the People's Republic of China (PRC) government. Under the regulations of the PRC government, a certain percentage of the total salary of the local employees is appropriated as a pension fund on a monthly basis. The government manages and arranges the pension fund for each employee. Except for the monthly contributions, the Group has no further obligations.

(3) The pension costs of the Group recognized under the aforementioned pension regulations for the years ended 2023 and 2022 were NT$13,629 and NT$12,010, respectively.

(XIII) Share-based payments

1. The Company's share-based payment arrangements for 2022 were as follows:

Type of arrangements	Grant date	Quantity granted	Vesting conditions
Employee share option program	October 6, 2021	2,000,000 shares	Immediate vesting

2. The outstanding stock options (thousand shares) at the beginning and end of the period of 2022 were adjusted as follows:

	2022
January 1	2,000
Stock options granted in the current period	-
Stock options exercised in the current period	(2,000)
December 31	-

3. On June 13, 2022, the Company's Board of Directors resolved to adjust the subscription price of employee stock options. The performance price was adjusted from NT$22 per share to NT$21 per share.
4. There was no share-based payment made by the Company in 2023.

(XIV) Provisions for liabilities

	2023		
	Warranty	Sales allowance	Total
January 1	$ 6,521	$ -	$ 6,521
Newly added provision for liabilities in the current period	3,996	6,572	10,568
Provisions for liabilities used in the current period	(1,315)	-	(1,315)
December 31	$ 9,202	$ 6,572	$ 15,774

	2022	
	Warranty	Total
January 1	$ 3,973	$ 3,973
Newly added provision for liabilities in the current period	3,986	3,986
Provisions for liabilities used in the current period	(1,438)	(1,438)
December 31	$ 6,521	$ 6,521

Analysis of provisions is as follows:

	December 31, 2023	December 31, 2022
Current (recognized as Other current liabilities - others)	$ 7,722	$ -
Non-current	$ 8,052	$ 6,521

(XV) Share capital

1. As of December 31, 2023, the Company's authorized capital was NT$ 600,000, divided into 60,000 thousand shares, and the paid-in capital was NT$353,491, at par value of NT$10 per share. All proceeds for share subscription were collected in full.
2. The outstanding ordinary shares (thousand shares) at the beginning and end of the period of 2023 and 2022 were adjusted as follows:

	2023	2022
January 1	35,349	24,641
Capital increase in cash	-	6,040
Stock Dividends	-	2,668
Employee stock options exercised	-	2,000
December 31	35,349	35,349

3. The Company's Board of Directors approved the capital increase proposal on April 19, 2022, and with May 3, 2022 as the capital increase base date, 2,040 thousand shares were increased, which were issued at a premium of NT$30 per share.
4. The Company's Board of Directors approved the capital increase proposal on September 22, 2022, and with October 5, 2022 as the capital increase base date, 4,000 thousand shares were increased, which were issued at a premium of NT$30 per share.

(XVI) Capital reserve

Under the Company Act, capital surplus arising from shares issued at premium or from donation may be used for offsetting deficit. Furthermore, if the Company has no accumulated losses, capital surplus may be used for issuing new shares or distributing cash in proportion to shareholders' original shareholding percentage. The Company may use capital surplus to offset loss only when the amount of reserves is insufficient to offset the loss.

(XVII) Retained Earnings/Subsequent Events

1. According to the Articles of Incorporation of the Company, if there are surplus earnings after the final account of a fiscal year, in addition to the payment of all taxes according to the law, the Company shall also make up the losses of previous years first, followed by setting aside 10% of the earnings as a legal reserve. The remaining amount shall be distributed as dividends, and if there are still remaining earnings, the Board of Directors shall prepare a proposal for distribution and submit it to the shareholders' meeting for resolution to distribute dividends to shareholders.
2. Except for being used to make up previous deficits or appropriate shares or cash to shareholders in proportion to their shareholding percentage, the legal reserve shall not be used. However, the amount of legal reserves used to appropriate new shares or cash shall be limited to the portion exceeding 25% of the paid-in capital.

3. The Company's 2021 earnings distribution proposal was approved by the shareholders' meeting on June 6, 2022, as follows:

	2021			
	Amount		Dividends per share (NTD)	
Legal reserve	$	5,965		
Stock Dividends		26,681	$	1.0828
Cash dividends		27,002		1.0958
	$	59,648		

4. The Company's 2022 earnings distribution proposal was approved by the shareholders' meeting on May 19, 2023, as follows:

	2022			
	Amount		Dividends per share (NTD)	
Legal reserve	$	7,682		
Cash dividends		56,559	$	1.6
	$	64,241		

5. Subsequent events
The Company's 2023 earnings distribution proposal was approved by the Board of Directors' meeting on March 15, 2024, as follows:

	2023			
	Amount		Dividends per share (NTD)	
Legal reserve	$	7,320		
Cash dividends		56,559	$	1.6
	$	63,879		

(XVIII) Operating revenue

	2023		2022	
Revenue from contracts with customers	$	1,404,797	$	1,393,867

1. The revenue from contracts with customers can be classified into the following geographical areas:

	Sales area							
2023	Taiwan		China		Other regions		Total	
Revenue from contracts with customers	$	953,223	$	112,243	$	339,331	$	1,404,797

	Sales area							
2022	Taiwan		China		Other regions		Total	
Revenue from contracts with customers	$	939,755	$	114,521	$	339,591	$	1,393,867

2. The Group has recognized the following sales revenue related contract liabilities:

	December 31, 2023	December 31, 2022	January 1, 2022
Contract liabilities - current	$ 8,721	$ 6,104	$ 8,591

3. The Group's contract liabilities recognized as current revenue at the beginning of 2023 and 2022 were NT$6,104 and NT$8,591, respectively.

(XIX) Other income

	2023	2022
Income from government grants	$ 169	$ 1,852
Other income	850	1,430
	$ 1,019	$ 3,282

(XX) Other gains and losses

	2023	2022
Net foreign currency exchange gain	$ 714	$ 8,016
Gain (loss) on disposal of property, plant and equipment	9	(76)
Other losses	(1,143)	(1,070)
	($ 420)	$ 6,870

(XXI) Additional information on the nature of expenses

	2023		
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	$ 103,826	$ 138,784	$ 242,610
Labor and health insurance expense	12,291	13,697	25,988
Pension expense	6,323	7,388	13,711
Other personnel expenses	7,398	11,699	19,097
	$ 129,838	$ 171,568	$ 301,406
Depreciation expense	$ 36,958	$ 28,525	$ 65,483
Amortization expenses	$ 22	$ 2,243	$ 2,265

	2022		
	Attributable to operating cost	Attributable to operating expense	Total
Employee benefits expense			
Salary expense	$ 100,305	$ 136,752	$ 237,057
Labor and health insurance expense	10,838	12,658	23,496
Pension expense	6,585	11,394	17,979
Other personnel expenses	6,697	10,371	17,068
	$ 124,425	$ 171,175	$ 295,600
Depreciation expense	$ 35,153	$ 16,011	$ 51,164
Amortization expenses	$ -	$ 1,855	$ 1,855

1. According to the Articles of Incorporation of the Company, if the Company makes a profit in a year, it shall allocate 3% to 10% of the profit as remuneration of employees, and no more than 2% as remuneration of directors and supervisors. However, if the Company still has accumulated losses, it shall first reserve an amount to compensate for the losses.
2. The Company's estimated amounts of remuneration of employees and remuneration of directors and supervisors for 2023 and 2022 are as follows:

	2023	2022
Remuneration of employees	$ 4,272	$ 5,399
Remuneration of directors and supervisors	1,110	2,091
	$ 5,382	$ 7,490

The aforementioned amounts are recognized as salary expense. The difference between the remuneration of employees of NT$5,350 and the remuneration of directors/supervisors of NT$2,091 for 2022 approved by the Board of Directors and the amount recognized in the 2022 financial statements was NT$(49), which has been adjusted in the profit or loss of 2023. The remuneration of employees is to be distributed in cash.

(XXII) Income tax

1. Income tax expense

	2023	2022
Current income tax:		
Tax attributable to taxable income of the period	$ 12,579	$ 20,319
Over-estimate of income tax of the previous period	(4,252)	(231)
Total current income tax	8,327	20,088
Deferred income tax:		
Deferred income tax on temporary differences originated and reversed	(4,867)	241
Income tax expense	$ 3,460	$ 20,329

2. Reconciliation between income tax expense and accounting profit

	2023	2022
Income tax of net profit before tax calculated at the statutory rate	$ 15,437	$ 19,482
Expenses to be eliminated according to tax law	13	1,517
Income exempted from taxation under the tax laws	(1,070)	(439)
Realizability evaluation change of deferred income tax liabilities	(935)	-
Over-estimate of income tax of the previous period	(4,252)	(231)
Income tax effects of investment tax credit	(5,733)	-
Income tax expense	$ 3,460	$ 20,329

3. Amounts of deferred income tax assets and liabilities as a result of temporary difference are as follows:

	2023		
	January 1	Recognized in profit or loss	December 31
- Deferred tax income assets:			
Temporary differences:			
Inventory falling price loss	$ 4,149	$ 1,262	$ 5,411
Unrealized foreign exchange loss	-	608	608
Unrealized warranty cost	-	536	536
Unrealized sales allowance	-	1,315	1,315
Subtotal	4,149	3,721	7,870
- Deferred income tax liabilities:			
Investment gain recognized under equity method	(935)	935	-
Unrealized foreign exchange gain	(213)	211	(2)
Subtotal	(1,148)	1,146	(2)
Total	$ 3,001	$ 4,867	$ 7,868

	2022		
	January 1	Recognized in profit or loss	December 31
- Deferred tax income assets:			
Temporary differences:			
Inventory falling price loss	$ 3,432	$ 717	$ 4,149
- Deferred income tax liabilities:			
Investment gain recognized under equity method	(119)	(816)	(935)
Unrealized foreign exchange gain	(71)	(142)	(213)
Subtotal	(190)	(958)	(1,148)
Total	$ 3,242	($ 241)	($ 3,001

4. The Company's profit-seeking income tax has been approved by the taxation authority through 2021.

(XXIII) Earnings per share

	2023		
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 73,200	$ 35,349	$ 2.07
Diluted earnings per share			
Dilutive effects of the potential common shares			
Remuneration of employees	-	184	
Effects of profit attributable to shareholders of common shares of the parent plus potential common shares	$ 73,200	$ 35,533	$ 2.06

	2022		
	After-tax amount	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (NTD)
Basic earnings per share			
Profit attributable to shareholders of common shares of the parent	$ 76,823	$ 30,153	$ 2.55
Diluted earnings per share			
Dilutive effects of the potential common shares			
Remuneration of employees	-	429	
Employee share options	-	1,593	
Effects of profit attributable to shareholders of common shares of the parent plus potential common shares	$ 76,823	32,175	$ 2.39

(XXIV) Additional Information on cash flows

Investing activities with partial cash payments:

	2023	2022
Acquisition of property, plant, and equipment	$ 325,764	$ 281,019
Add: Payables on equipment at the beginning of the period	12,227	8,153
Prepayments for equipment at the end of the period	34,365	25,999
Less: Payables on equipment at the end of the period	(29,261)	(12,227)
Prepayments for equipment at the beginning of the period	(25,999)	(10,269)
Cash paid in the current period	$ 317,096	$ 292,675

(XXV) Changes in liabilities arising from financing activities

	2023			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 483,000	$ 138,104	$ 198,168	$ 819,272
Changes in cash flow from financing activities	(26,000)	313,753	(19,041)	268,712
Other non-monetary changes	-	-	1,206	1,206
Net exchange loss	-	-	(156)	(156)
December 31	$ 457,000	$ 451,857	$ 180,177	$ 1,089,034

	2022			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Total liabilities from financing activities
January 1	$ 262,600	$ 107,021	$ 168,962	$ 538,583
Changes in cash flow from financing activities	220,400	31,083	(21,399)	230,084
Other non-monetary changes	-	-	50,502	50,502
Net exchange loss	-	-	103	103
December 31	$ 483,000	$ 138,104	$ 198,168	$ 819,272

VII. Related Party Transactions

(I) Names and relationship with related parties

Company name	Relationship with the Company
Huang, Ching-Feng	Chairman of the Company
Huang, Ching-Yun	General Manager of the Company
You Chang Investment Co., Ltd. (You Chang Investment)	Director of the Company
Walrus International Marketing Co., Ltd. (Walrus International Marketing)	Other related parties

(II) Significant transactions with related parties

1. Operating revenue

	2023	2022
Sale of goods:		
Walrus International Marketing	$ -	$ 689

The transaction price of product sales has no material difference from the payment collection terms and non-related parties.

2. Transactions with other related parties

	2023	2022
Sales expense		
Walrus International Marketing	$ -	$ 909

3. Lease transactions - lessee

(1) The Company has leased buildings from You Chang Investment, and the lease contract period is from January 1, 2021 to December 31, 2024. The rent is paid before the 5th day of each month. In addition, if either party fails to issue a written notice for non-renewal of the contract, the lease contract will be automatically renewed for three years, limited to one time of renewal only.

(2) Balance of right-of-use assets at the end of the period

	December 31, 2023	December 31, 2022
You Chang Investment	$ 45,255	$ 56,569

(3) Lease liabilities

A. Balance at the end of the period:

	December 31, 2023	December 31, 2022
You Chang Investment	$ 46,391	$ 57,511

B. Interest expenses

	2023	2022
You Chang Investment	$ 881	$ 1,066

4. Status of endorsements and guarantees provided by related parties

	December 31, 2023	December 31, 2022
Huang, Ching-Feng and Huang, Chin-Yun	$ 908,857	$ 601,104

(III) Information on Remuneration to Key Management

	2023	2022
Short-term employee benefits	$ 44,986	$ 46,872
Post-retirement benefits	1,851	4,531
Other long-term employee benefits	1,601	1,374
	$ 48,438	$ 52,777

VIII. Pledged Assets

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

	Carrying value		
Asset item	December 31, 2023	December 31, 2022	Purpose of collateral
Financial assets measured at amortized cost - current	$ 46,752	$ 39,937	Collaterals for short-term borrowings
Land	64,438	64,438	Collaterals for long-term and short-term borrowings
Houses and buildings	77,695	61,232	Collaterals for long-term and short-term borrowings
Unfinished construction	353,333	-	Collaterals for long-term borrowings
Right-of-use assets	214,986	56,569	Collaterals for long-term and short-term borrowings
Refundable deposits (recognized as other non-current assets)	8,031	7,993	Performance guarantee
	$ 765,235	$ 230,169	

IX. Significant Contingent Liabilities and Unrecognized Commitments

	December 31, 2023	December 31, 2022
Property, plant and equipment	$ 436,133	$ 579,467

In order to meet the needs for orders and to expand production capacity, the Group plans to build a plant in Luchu District, Kaohsiung City, and has signed a construction work contract.

X. Significant Disaster Losses

No such situation.

XI. Significant Subsequent Events

1. Please refer to Note 6(17) for details.
2. For the Company's business needs, on March 15, 2024, the Board of Directors approved the proposal for the private placement of a maximum of 8,000 thousand shares. However, this private placement must be resolved by the 2024 general shareholders' meeting in order to execute the private placement within one year from the resolution date of this proposal.

XII. Others

(I) Capital management

The purposes of the Group's capital management are to ensure that the company continues as a going concern, to maintain an optimal capital structure to lower financing costs, and to provide returns of investment to shareholders. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, return share capital to shareholders, or issue new shares, in order to reduce the debt.

(II) Financial Instruments

1. Categories of financial instruments

	December 31, 2023	December 31, 2022
Financial assets		
Financial assets and cash and cash equivalents measured at amortized cost	$ 210,258	$ 143,038
Financial assets measured at amortized cost - current	62,105	39,937
Notes receivable	54,285	38,850
Accounts receivable	184,974	204,258
Other receivables	2,830	4,433
Refundable deposits (recognized as other non-current assets)	8,031	7,993
	$ 522,483	$ 438,509

	December 31, 2023		December 31, 2022	
Financial liabilities				
Financial liabilities measured at amortized cost				
Short-term borrowings	$	457,000	$	483,000
Notes payable		5,107		5,966
Accounts payable		123,346		100,184
Other payables		108,731		96,512
Long-term borrowings (including the portion due in one year)		451,857		138,103
	$	1,146,041	$	823,765
Lease liabilities	$	180,177	$	198,168

2. Risk management policy
   (1) The Group’s activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group’s risk management policy focuses on unpredictable market events in order to minimize their potentially adverse impacts on the Group’s financial position and financial performance.
   (2) The risk management of the Group is executed by the financial unit according to the policies approved by the board of directors. The financial unit of the Group cooperates with all operating units of the company closely in order to identify, assess and hedge financial risks. The Board of Directors provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and the investment of excess liquidity.
3. Significant financial risks and degrees of financial risks
   (1) Market risk

   <u>Cash flow and fair value interest rate risk</u>

   A. The Group’s interest rate risks mainly come from long-term borrowings issued at floating interest rates, causing the Group to be exposed to cash flow interest rate risk. For 2023 and 2022, the borrowing of the Group at floating interest rate was mainly denominated in NTD.
   B. The borrowing of the Group was measured at amortized cost, and re-pricing was performed according to the annual interest rate specified in the contract. Therefore, the Group is exposed to the risk of future market interest rate change.
   C. When the loan interest rate was increased or decreased by 5% with the other factors maintained unchanged, then the net profit after tax for 2023 and 2022 would be decreased or increased by NT$439 and NT$108 respectively, which was mainly due to borrowing at the floating interest rate such that the interest expense changed along with the rate.

   (2) Credit risk

   A. The Group’s credit risk refers to the risk of financial loss to the Group arising from default by the clients or transaction counterparties of financial instruments on the contract obligations. Such risk is mainly due to the counterparties being unable to repay the accounts payable according to the payment terms.
   B. The Group establishes management of credit risk from the company's perspective. According to the internally specified credit extension policy, before the internal department and each new customer of the company establishes the terms for payment and goods delivery, it is necessary to perform management

and credit risk analysis. Internal risk control is achieved by evaluating a client's credit quality against the client's financial position, credit records, and other factors. The limit on individual risk is set by the Board of Directors by referring to internal or external ratings. The status of utilization of credit lines is regularly monitored.

C. According to the credit risk management procedure, the Group deems it a breach of contract when the counterparty is under the condition of financial difficulties or bounced check.

D. The Group adopts IFRS 9 to provide the following preliminary assumption, in order to use it as the basis for determining whether the credit risk of a financial instrument has increased significantly or whether a breach has occurred since the original recognition:
If the contract payments are past due over 90 days based on the terms, it is deemed that there has been a significant increase in credit risk on that instrument since initial recognition.

E. The Group classifies accounts receivable due from clients by the characteristics of client ratings and client type, and adopts the simplified approach that measures expected credit losses based on the preparation matrix.

F. Based on the forward-looking consideration, the Group adjusts the expected credit loss rate that was established based on historical or present information, so as to estimate the preparation matrices, as of December 31, 2023 and 2022, of the loss allowance for the accounts receivable as follows:

December 31, 2023	Not overdue	Overdue 90 days	Overdue more than 91 days	Total
Expected loss ratio	0.50%~0.67%	2.62%~23.47%	100.00%	
Total carrying amount	$ 163,275	$ 23,724	$ -	$186,999
Allowance for loss	(1,069)	(956)	-	(2,025)

December 31, 2022	Not overdue	Overdue 90 days	Overdue more than 91 days	Total
Expected loss ratio	0.06%	0.17%	72.22%-100%	
Total carrying amount	$ 177,488	$ 26,081	$ 689	$204,258
Allowance for loss	-	-	-	-

G. The accounts receivable allowance loss change table under the simplified approach of the Group is as follows:

	2023
	Accounts receivable
January 1	$ -
Impairment losses recognized	2,025
December 31	$ 2,025

The Group's accounts receivable loss allowance as of December 31, 2022 was NT$0.

H. As there is no significant expected credit loss, the Group has not estimated the notes receivable loss allowance.

(3) Liquidity risk

A. The cash flow forecast is prepared by the Company's financial unit. The Company's financial unit monitors rolling forecasts of the Company's liquidity requirements to ensure that it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times, in order to prevent the Company from breaching relevant borrowing limits or terms.

B. The loan credit not yet drawn by the Group is as follows:

	December 31, 2023	December 31, 2022
Due in one year	$ 174,150	$ 149,423
Due in more than one year	713,098	128,296
	$ 887,248	$ 277,719

C. Except for those listed in the table below, the Group's non-derivative financial liabilities are all due in one year. The amount of cash flows of the notes payable, accounts payable, and other payables due in one year for December 31, 2023 and 2022, are consistent with the balances of each item on the balance sheet.

December 31, 2023	Within 1 year	More than 1 year	Total
Non-derivative financial liabilities:			
Short-term borrowings	$ 458,767	$ -	$ 458,767
Lease liabilities	$ 21,751	$ 201,396	$ 223,147
Long-term borrowings (including the portion due in one year)	$ 33,945	$ 474,916	$ 508,861

December 31, 2022	Within 1 year	More than 1 year	Total
Non-derivative financial liabilities:			
Short-term borrowings	$ 486,203	$ -	$ 486,203
Lease liabilities	$ 21,312	$ 230,718	$ 252,030
Long-term borrowings (including the portion due in one year)	$ 68,485	$ 77,484	$ 145,969

(III)Fair value information

1. The definition of each level of the valuation technique adopted for measuring the fair value of financial and non-financial instruments is 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 if 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.

2. Financial instruments not measured at fair values:
The carrying amounts of the Group's cash and cash equivalents, financial assets measured at amortized cost, notes receivable, accounts receivable, other receivables, refundable deposits, short-term borrowings, notes payable, accounts payable, other payables, long-term borrowings (including the portion due in one year) and lease liabilities refer to the reasonable approximations of their fair values.

XIII. Additional Disclosures

(I) Information on Significant Transactions

1. Lending funds to others: Please refer to Table 1.
2. Endorsements/guarantees for others: None.
3. Marketable securities held at the end of the period (excluding investment in subsidiaries, affiliated companies, and the control portion in a joint venture): None.
4. Acquisition or sale of the same security with the accumulated cost exceeding NT$300 million or 20% of the paid-in capital: None.
5. Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: Please refer to Table 2.
6. Disposal of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
7. Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: None.
8. Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more: None.
9. Engagement in derivatives trading: None.
10. Business relationship, significant transactions, and significant transaction amount between parent and subsidiaries, or among subsidiaries: None.

(II) Information on investees

Name and location of investees (excluding those in China): None.

(III) Information on investment in China

1. Basic information: Refer to Table 3.
2. Significant transactions, either directly or indirectly through a third area, with investees in China: None.

(IV) Information on Major Shareholders

Information on major shareholders: Please refer to Table 4.

XIV. Segment Information

(I) General Information

The Group management has determined the operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions.
The Group's business segments are mainly divided into the home business segment, industrial business segment, Greater China region, and international business segment.

(II) Information on segment profit or loss, assets and liabilities

Information on reportable segment provided to the main operating decision makers:

2023	Taiwan: Home business segment	Taiwan: Industrial business segment	Taiwan: Others	Greater China region	International business segment	Total
Segment income	$ 766,074	$ 187,149	$ -	$ 112,243	$ 339,331	$ 1,404,797
Segment profit or loss	$ 60,334	($ 28,222)	($ 10,792)	$ 7,272	$ 57,112	$ 85,704
Interest income and other income						2,882
Other gains and losses						(420)
Finance costs						(11,506)
Net Income before tax						76,660
Income tax expense						(3,460)
Net income after tax						$ 73,200

2022	Taiwan: Home business segment	Taiwan: Industrial business segment	Taiwan: Others	Greater China region	International business segment	Total
Segment income	$ 714,552	$ 225,203	$ -	$ 114,521	$ 339,591	$ 1,393,867
Segment profit or loss	$ 78,097	($ 19,489)	($ 3,754)	$ 1,653	$ 39,504	$ 96,011
Interest income and other income						3,613
Other gains and losses						6,870
Finance costs						(9,342)
Net Income before tax						97,152
Income tax expense						(20,329)
Net income after tax						$ 76,823

(III) Reconciliation of segment profit or loss

Sales between segments are conducted in accordance with the fair-trade principle. The revenue from external parties and segment profit or loss reported to the main operation decision maker are measured in a manner consistent with the income indicated in the income statement.

(IV) Information on Product Type

The revenue from external customers mainly refers to the revenue from home products and industrial products. The breakdown of revenue is as follows:

	2023	2022
Home products	$ 1,014,106	$ 964,570
Industrial products	334,028	385,469
Parts and others	56,663	43,828
	$ 1,404,797	$ 1,393,867

(V) Information by region

The information by regions of the Group for 2023 and 2022 is as follows:

	December 31, 2023		December 31, 2022	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 953,223	$ 1,096,905	$ 939,755	$ 817,659
China	112,243	13,981	114,521	16,823
Cambodia	73,203	-	74,034	-
Thailand	62,910	-	64,752	-
Others	203,218	-	200,805	-
	$ 1,404,797	$ 1,110,886	$ 1,393,867	$ 834,482

Note: Revenue is classified by the countries where the customers are located.

(VI) Information on major customers

The Group's sales amount to one single external customer in 2023 and 2022 did not reach 10% of the consolidated operating revenue.

Walrus Pump Co., Ltd. and Subsidiaries
Lending of funds to others
January 1 to December 31, 2023

Table 1

Unit: NTD thousand
(unless otherwise specified)

No. (Note 1)	Lending company	Borrowing party	Transaction item	Whether it is a related party	Current maximum amount (Note 2)	Balance at the end of the period (Note 4)	Amount actually disbursed	Interest rate range (%)	Nature of lending	Transaction amount	Reason for short-term financing needs	Appropriation of allowance for loss	Collaterals Name	Collaterals Value	Limit of lending to individual borrower (Note 3)	Total limit of lending of funds to others (Note 3)
0	The Company	Suzhou Walrus	Other receivables	Yes	$ 10,000	$ -	$ -	-	Short-term financing fund	$ -	Business revolving fund	$ -	None	-	$ 254,670	$ 254,670

Note 1: The description of the number column is as follows:
(1) Fill in 0 for the issuer.
(2) The investees are numbered sequentially starting from 1 by each company.

Note 2: The maximum balance of the loan provided to others in the current year.

Note 3: The total amount of the Company's lending of funds to others shall not exceed 40% of the net worth at the end of the most recent financial statements audited (reviewed) by CPAs; the limit for one single borrower shall not exceed 40% of the net worth at the end of the period.

Note 4: If a public company submits its lending of funds to the Board of Directors for resolution one by one according to Paragraph 1 of Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, even if no loan amount is provided, the amount resolved by the Board of Directors shall still be included in the announced balance, in order to disclose its risk of undertaking. Furthermore, if the lending fund is repaid later, the balance after the repayment shall be disclosed, in order to reflect the adjusted risk. If a public company authorizes its Chairman, according to Paragraph 2 of Article 14 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, to provide loans in installments or to make a revolving credit line to draw down within a certain limit and within a period of one year, the amount of the lending and limit approved by the Board of Directors shall still be used as the balance for announcement and filing. If the lending fund is repaid subsequently, based on the consideration that the lending fund may still be provided again, the amount of the lending fund and limit approved by the Board of Directors shall still be used as the balance for announcement and filing.

Walrus Pump Co., Ltd. and Subsidiaries
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more: None.
December 31, 2023

Table 2

Unit: NTD thousand
(unless otherwise specified)

Company acquiring real estate	Asset name	Date of occurrence (Note 2)	Transaction amount	Payment status	Transaction counterparty	Relationship	Transaction counterparty as a related party, Information on previous transfer				Reference for price determination	Purpose of acquisition and status of use	Other agreements
							Owner	Relationship with the issuer	Date of transfer	Amount			
The Company	Kaohsiung Luchu Plant	2022.7.3	$ 706,667	The payment was made in proportion to the construction completion ratio. As of December 31, 2023, the Company has paid the construction payment an amount of NT$353,333 thousand.	VERIZON CONSTRUCTION CO., LTD.	Non-related party	Not applicable				Construction contract price negotiation	To cope with the expansion of the scale of operation	None
The Company	Kaohsiung Luchu Plant	2023.9.28	$ 100,000	The payment was made in proportion to the construction completion ratio. As of December 31, 2023, the Company has paid the construction payment an amount of NT$17,200 thousand.	GuoGuan Electro-Mechanical CO., LTD.	Non-related party	Not applicable				Construction contract price negotiation	To cope with the expansion of the scale of operation	None

Note 1: Paid-in capital refers to the paid-in capital of the parent company. In the case where the issuer's shares have no par value or a par value other than NT$10, for the calculation of transaction amounts of 20% of paid-in capital, 10% of equity attributable to owners of the parent shall be used for calculation.

Note 2: The date of occurrence refers to the date of contract signing, date of payment, date of consignment trade, date of transfer, dates of Board of Directors resolutions, or another date that can confirm the counterpart and monetary amount of the transaction, whichever date is earlier;

Walrus Pump Co., Ltd. and Subsidiaries
Information on Investments in China - Basic Information
January 1 to December 31, 2023

Table 3

Unit: NTD thousand
(unless otherwise specified)

Name of investee in China	Main business item	Paid-in capital	Investment method (Note 1)	Accumulated outward remittance for investment from Taiwan at beginning of the current period	Outward remittance or repatriation of investment amount at beginning of the current period: Outward remittance	Outward remittance or repatriation of investment amount at beginning of the current period: Repatriation	Accumulated outward remittance for investment from Taiwan at end of the current period	Current profit/loss of investee	Shareholding percentage of direct or indirect investment of the Company	Current Investment profit/loss recognized (Note 2)	Carrying amount at end of the period	Accumulated repatriation of investment income as of end of current period	Note
Suzhou Walrus	Manufacture and sale of water pump	$ 76,775 (USD 2,500 thousand)	(1)	$ 24,568 (USD 800 thousand)	$ 16,137 (USD 500 thousand)	$ -	$ 40,705 (USD 1,300 thousand)	$ 4,238	100%	$ 4,238	$ 72,155	$ -	

Company name	Accumulated outward remittance for investment in China region at end of the period	Investment amount approved by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA
Suzhou Walrus	$ 40,705 (USD 1,300 thousand)	$ 76,775 (USD 2,500 thousand)	$ 382,006

Note 1: The investment types are classified into three types as follows:

(1). Direct investment in China
(2). Indirect investment in China through a company in a third region (please indicate the investing company in the third region)
(3). Other methods

Note 2: Investment in profit or loss in accordance with reports audited by the CPAs from the parent company.

Note 3: The relevant figures in this table are expressed in NTD. If foreign currencies are involved, they are converted at the USD to NTD exchange rate of 30.71 on the balance sheet date.

Walrus Pump Co., Ltd. and Subsidiaries
Information on Major Shareholders
December 31, 2023

Table 4

Name of major shareholder	Shares	
	Number of shares held	Shareholding ratio
You Chang Investment Co., Ltd.	9,680,000	27.38%
Jing Zhi Investment Co., Ltd.	2,530,000	7.16%
Wen hua Investment Co., Ltd.	2,530,000	7.16%
Jing Yu Investment Co., Ltd.	2,530,000	7.16%

Taipei CPA Association Membership Seal Certificate

Taipei-Cai-Zheng-Zi No. 1130096

Member Names:	(1) Chin-Chang Chen (2) Fu-Min Liao	
Name of Accounting Firm:	PwC Taiwan	
Address of Accounting Firm:	27F, No. 333, Section 1, Keelung Road, Xinyi District, Taipei City	Accounting Firm's Uniform Business No.: 03932533
Accounting Firm's Telephone No.:	(02)27296666	Principal's Uniform Business No.: 04481037
Membership Certificate No.:	(1) Taipei-Hui-Zheng-Zi No. 4018 (2) Taipei-Hui-Zheng-Zi No. 4263	
Seal Certificate Usage:	For audit and certification of the financial statements of Walrus Pump Co., Ltd. from January 1, 2023 to December 31, 2023.	

Signature (I)	Signed	Seal Registered at the Association (I)	Sealed
Signature (II)	Signed	Seal Registered at the Association (II)	Sealed

Chairperson: Sealed

Verifier: Sealed

January 3, 2024