WALRUS PUMP CO., LTD.

PARENT COMPANY ONLY FINANCIAL

STATEMENTS AND INDEPENDENT AUDITORS'

REPORT

DECEMBER 31, 2024 AND 2023

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

INDEPENDENT AUDITORS' REPORT TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of Walrus Pump Co., Ltd. (the "Company") as at December 31, 2024 and 2023, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of material accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2024 and 2023, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for opinion

We conducted our audits in accordance with the Regulations Governing Financial Statement Audit and Attestation Engagements of Certified Public Accountants and Standards on Auditing of the Republic of China. 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. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the Company's 2024 parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matter for the Company's 2024 parent company only financial statements is stated as follows:

Key audit matter - Assessment of allowance for inventory valuation losses

Description

Refer to Notes 4(10), 5(2) and 6(4) for the accounting policy, accounting estimates and assumptions and details of inventories.

The Company is primarily engaged in the manufacture and sales of pumps. As the market of pumps is highly competitive, there is a higher risk of incurring inventory valuation losses or having obsolete inventory. The Company's inventories are measured at the lower of cost and net realisable value. For inventories that are over a certain age, the loss on slow-moving inventories is provided based on the Company's policy.

As the assessment of allowance for inventory valuation losses involves management's subjective judgement and a high degree of estimation uncertainty, and the Company's inventories and allowance for inventory valuation losses are significant to the financial statements, we considered the assessment of allowance for inventory valuation loss as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

1. Obtained an understanding and assessed the reasonableness of provision policies used on allowance for inventory valuation losses.

2. Obtained an understanding of the Company's warehousing management processes, reviewed the annual physical inventory count plan and participated in the annual inventory count in order to evaluate the effectiveness of procedures used by the management to identify and control obsolete inventories.

3. Verified the appropriateness of the system logic in evaluating the ageing of inventories used by management and confirmed whether inventories were classified into the accurate ageing range in the report.

4. Obtained the net realisable value assessment report of inventories to confirm whether the calculation logic was adopted consistently, sampled and tested the data sources of net realisable value, and ascertained the adequacy of provision for allowance for inventory valuation losses.

Responsibilities of management and those charged with governance for the parent company only financial statements

Management is responsible for the preparation and fair presentation of the parent company only financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only financial statements, management is responsible for assessing the Company'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 Company 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 Company's financial reporting process.

Auditors' responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and professional skepticism throughout the audit. We also:

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

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

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

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

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

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the parent company only financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditors' 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.

Chen, Ching Chang   Liao, Fu-Ming

For and on behalf of PricewaterhouseCoopers, Taiwan

February 26, 2025

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

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

WALRUS PUMP CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 209,661	9	$ 165,538	8
1136	Financial assets at amortised cost-current	6(2) and 8	11,031	-	62,105	3
1150	Notes receivable, net	6(3)	51,275	2	54,285	3
1170	Accounts receivable, net	6(3)	180,949	8	167,056	8
1180	Accounts receivable-related parties	7	7,881	-	9,842	1
1200	Other receivables		3,710	-	2,292	-
130X	Inventories	6(4)	393,877	17	313,180	16
1410	Prepayments		12,064	1	9,255	1
1470	Other current assets		30	-	45	-
11XX	**Total current assets**		870,478	37	783,598	40
	Non-current assets					
1550	Investments accounted for using equity method	6(5)	80,044	3	72,155	4
1600	Property, plant and equipment	6(6) and 8	1,115,898	47	820,551	42
1755	Right-of-use assets	6(7), 7 and 8	224,420	10	227,315	11
1780	Intangible assets	6(8)	7,065	-	9,546	-
1840	Deferred tax assets	6(23)	7,464	-	7,870	-
1900	Other non-current assets	6(9)(13) and 8	65,186	3	54,899	3
15XX	**Total non-current assets**		1,500,077	63	1,192,336	60
1XXX	**Total assets**		$ 2,370,555	100	$ 1,975,934	100

(Continued)

WALRUS PUMP CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2024 AMOUNT	%	December 31, 2023 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10) and 8	$ 248,000	11	$ 457,000	23
2130	Contract liabilities-current	6(19)	8,248	-	8,721	-
2150	Notes payable		8,002	-	5,107	-
2170	Accounts payable		204,067	9	117,789	6
2180	Accounts payable-related parties	7	589	-	317	-
2200	Other payables	6(11)	176,388	7	105,585	5
2230	Current tax liabilities		7,065	-	2,479	-
2280	Lease liabilities-current	7	19,250	1	16,489	1
2320	Long-term liabilities, current portion	6(12) and 8	-	-	32,249	2
2399	Other current liabilities	6(15)	18,081	1	9,989	1
21XX	**Total current liabilities**		689,690	29	755,725	38
	Non-current liabilities					
2540	Long-term borrowings	6(12) and 8	563,684	24	419,608	21
2550	Provisions-non-current	6(15)	6,742	-	8,052	1
2570	Deferred tax liabilities	6(23)	683	-	2	-
2580	Lease liabilities-non-current	7	153,644	7	155,871	8
25XX	**Total non-current liabilities**		724,753	31	583,533	30
2XXX	**Total liabilities**		1,414,443	60	1,339,258	68
	Equity					
	Share capital	6(16)				
3110	Comnon share		403,491	17	353,491	18
	Capital surplus	6(17)				
3200	Capital surplus		403,603	17	181,313	9
	Retained earnings	6(18)				
3310	Legal reserve		20,967	1	13,647	1
3350	Unappropriated retained earnings		123,061	5	85,782	4
	Other equity interest					
3400	Other equity interest		4,990	-	2,443	-
3XXX	**Total equity**		956,112	40	636,676	32
	Significant contingent liabilities and unrecognised contract commitments	9				
	Significant events after the balance sheet date	11				
3X2X	**Total liabilities and equity**		$ 2,370,555	100	$ 1,975,934	100

The accompanying notes are an integral part of these parent company only financial statements.

WALRUS PUMP CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except earnings per share amounts)

			Year ended December 31			
			2024		2023	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	Operating revenue	6(15)(19) and 7	$ 1,532,852	100	$ 1,331,727	100
5000	Operating costs	6(4)(22) and 7	(1,089,442)	(71)	(961,876)	(72)
5900	Gross profit		443,410	29	369,851	28
	Operating expenses	6(22) and 7				
6100	Selling expenses		(99,782)	(6)	(90,132)	(7)
6200	Administrative expenses		(176,601)	(12)	(133,855)	(10)
6300	Research and development expenses		(63,580)	(4)	(63,330)	(5)
6450	Excepted credit impairment loss	12(2)	(220)	-	(1,873)	-
6000	Total operating expenses		(340,183)	(22)	(289,190)	(22)
6900	Operating profit		103,227	7	80,661	6
	Non-operating income and expenses					
7100	Interest income	6(2)	3,300	-	1,863	-
7010	Other income	6(20)	2,280	-	946	-
7020	Other gains and losses	6(21)	9,676	1	(11)	-
7050	Finance costs	6(7) and 7	(8,195)	-	(11,136)	(1)
7070	Share of profit of associates and joint ventures accounted for using equity method	6(5)	5,342	-	4,238	-
7000	Total non-operating income and expenses		12,403	1	(4,100)	(1)
7900	**Profit before income tax**		115,630	8	76,561	5
7950	Income tax expense	6(23)	(14,472)	(1)	(3,361)	-
8200	**Profit for the year**		$ 101,158	7	$ 73,200	5
	Other comprehensive income					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Gain on remeasurement of defined benefit plan	6(13)	$ -	-	$ 949	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations		2,547	-	(1,653)	-
8300	**Total other comprehensive income (loss) for the year**		$ 2,547	-	($ 704)	-
8500	**Total comprehensive income for the year**		$ 103,705	7	$ 72,496	5
	Earnings per share (in dollors)	6(24)				
9750	Basic earnings per share		$	2.85	$	2.07
9850	Diluted earnings per share		$	2.83	$	2.06

The accompanying notes are an integral part of these parent company only financial statements.

WALRUS PUMP CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars)

				Retained Earnings		Other equity interest		
	Notes	Common share	Capital surplus	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Gain on remeasurement of defined benefit plan	Total equity
Year ended December 31, 2023								
Balance at January 1, 2023		$ 353,491	$ 181,313	$ 5,965	$ 76,823	$ 1,753	$ 1,394	$ 620,739
Profit for the year		-	-	-	73,200	-	-	73,200
Other comprehensive income (loss) for the year		-	-	-	-	(1,653)	949	(704)
Total comprehensive income (loss) for the year		-	-	-	73,200	(1,653)	949	72,496
Distribution of 2022 earnings	6(18)							
Legal reserve		-	-	7,682	(7,682)	-	-	-
Cash dividends		-	-	-	(56,559)	-	-	(56,559)
Balance at December 31, 2023		$ 353,491	$ 181,313	$ 13,647	$ 85,782	$ 100	$ 2,343	$ 636,676
Year ended December 31, 2024								
Balance at January 1, 2024		$ 353,491	$ 181,313	$ 13,647	$ 85,782	$ 100	$ 2,343	$ 636,676
Profit for the year		-	-	-	101,158	-	-	101,158
Other comprehensive income for the year		-	-	-	-	2,547	-	2,547
Total comprehensive income for the year		-	-	-	101,158	2,547	-	103,705
Issuance of shares	6(16)	50,000	213,882	-	-	-	-	263,882
Share-based payment	6(14)	-	8,408	-	-	-	-	8,408
Distribution of 2023 earnings	6(18)							
Legal reserve		-	-	7,320	(7,320)	-	-	-
Cash dividends		-	-	-	(56,559)	-	-	(56,559)
Balance at December 31, 2024		$ 403,491	$ 403,603	$ 20,967	$ 123,061	$ 2,647	$ 2,343	$ 956,112

The accompanying notes are an integral part of these parent company only financial statements.

WALRUS PUMP CO., LTD.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2024 AND 2023

(Expressed in thousands of New Taiwan dollars)

	Notes	Year ended December 31 2024	2023
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 115,630	$ 76,561
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(6)(7)(22)	67,984	61,624
Amortization	6(8)(22)	4,177	2,246
Expected credit impairment loss	12(2)	220	1,873
Interest income		(3,300)	(1,863)
Interest expense		8,195	11,136
Gain on disposal of property, plant and equipment	6(21)	(106)	(9)
Share of profit of associates and joint ventures accounted for using equity method	6(5)	(5,342)	(4,238)
Share-based payment cost	6(14)	8,408	-
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		3,010	(15,787)
Accounts receivable, net		(14,113)	14,877
Accounts receivable-related parties		1,961	5,037
Other receivables		(1,603)	1,967
Inventories		(80,697)	35,587
Prepayments		(2,809)	4,027
Other current assets		15	(31)
Other non-current assets		8,506	(3,906)
Changes in operating liabilities			
Contract liabilities-current		(473)	3,022
Notes payable		2,895	(859)
Accounts payable		86,278	23,962
Accounts payable-related parties		272	(28)
Other payables		26,329	(6,485)
Other payables-related parties		-	(277)
Other current liabilities		8,092	6,635
Provisions-non-current		(1,310)	1,531
Cash inflow generated from operations		232,219	216,602
Interest paid		(7,873)	(10,656)
Interest received		3,485	1,667
Income tax paid		(8,799)	(16,250)
Net cash flows from operating activities		219,032	191,363
CASH FLOWS FROM INVESTING ACTIVITIES			
Decrease (increase) in financial assets at amortised cost		51,074	(22,168)
Acquisition of investments accounted for using equity method	6(5)	-	(16,137)
Acquisition of property, plant and equipment	6(25)	(315,928)	(310,291)
Proceeds from disposal of property, plant and equipment		114	1,440
Acquisition of intangible assets	6(8)	(1,696)	(6,924)
Increase in deposits received		(827)	(575)
Net cash flows used in investing activities		(267,263)	(354,655)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from short-term borrowings	6(26)	1,088,291	1,114,000
Repayment of short-term borrowings	6(26)	(1,297,291)	(1,140,000)
Decrease in lease liabilities	6(26)	(17,796)	(19,791)
Proceeds from long-term borrowings	6(26)	214,916	425,781
Repayment of long-term borrowings	6(26)	(103,089)	(112,028)
Issuance of shares	6(16)	263,882	-
Payment of cash dividends	6(18)	(56,559)	(56,559)
Net cash flows from financing activities		92,354	211,403
Net increase in cash and cash equivalents		44,123	48,111
Cash and cash equivalents at beginning of year		165,538	117,427
Cash and cash equivalents at end of year		$ 209,661	$ 165,538

The accompanying notes are an integral part of these parent company only financial statements.

WALRUS PUMP CO., LTD.
NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2024 AND 2023
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. History and Organisation

Walrus Pump Co., Ltd. (the “Company”) was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in April 1978. The Company is primarily engaged in design, manufacturing and trading of pumps, motors, sprayers, mechanical parts, hydraulic and pneumatic systems for labor saving, automation machines and their components.

2. The Date of Authorisation for Issuance of the Financial Statements and Procedures for Authorisation

These parent company only financial statements were authorised for issuance by the Board of Directors on February 26, 2025.

3. Application of New Standards, Amendments and Interpretations

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS®”) Accounting Standards that came into effect as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments endorsed by the FSC and became effective from 2024 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 16, ‘Lease liability in a 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 above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(2) Effect of new issuances of or amendments to IFRS Accounting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2025 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 21, ‘Lack of exchangeability’	January 1, 2025

The above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

(3) IFRS Accounting Standards issued by IASB but not yet endorsed by the FSC

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9 and IFRS 7, ‘Amendments to the classification and measurement of financial instruments’	January 1, 2026
Amendments to IFRS 9 and IFRS 7, ‘Contracts referencing nature-dependent electricity’	January 1, 2026
Amendments to IFRS 10 and IAS 28, ‘Sale or contribution of assets between an investor and its associate or joint venture’	To be determined by International Accounting Standards Board
IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendments to IFRS 17, ‘Insurance contracts’	January 1, 2023
Amendment to IFRS 17, ‘Initial application of IFRS 17 and IFRS 9 - comparative information’	January 1, 2023
IFRS 18, ‘Presentation and disclosure in financial statements’	January 1, 2027
IFRS 19, ‘Subsidiaries without public accountability: disclosures’	January 1, 2027
Annual Improvements to IFRS Accounting Standards-Volume 11	January 1, 2026

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessment.

IFRS 18, ‘Presentation and disclosure in financial statements’ replaces IAS 1. The standard introduces a defined structure of the statement of profit or loss, disclosure requirements related to management-defined performance measures, and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes.

4. Summary of Material Accounting Policies

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

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers".

(2) Basis of preparation

A. Except for the defined benefit assets recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the parent company only financial statements have been prepared under the historical cost convention.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC® Interpretations, and SIC® Interpretations that came into effect as endorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

(3) Foreign currency translation

The Company measures using the currency of the primary economic environment in which the Company operates (the "functional currency"). The parent company only financial statements are presented in New Taiwan dollars, which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

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

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

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

B. Translation of foreign operations

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

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

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

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

(4) Classification of current and non-current items

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

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

(b) Assets that are held primarily for the purpose of trading;

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

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

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

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

(b) Liabilities that are held primarily for the purpose of trading;

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

(d) It does not have the right at the end of the reporting period to defer settlement of the liability at least twelve months after the reporting period.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets at amortised cost

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

A. The objective of the Company's business model is achieved by collecting contractual cash flows.

B. The assets' contractual cash flows represent solely payments of principal and interest.

(7) Accounts and notes receivable

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

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

(8) Impairment of financial assets

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

(9) Derecognition of financial assets

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

(10) Inventories

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

(11) Investments accounted for using equity method / subsidiaries

A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries are consistent with the policies adopted by the Company.

C. The Company’s share of its subsidiaries’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

D. Pursuant to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(12) Property, plant and equipment

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

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

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

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

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

Buildings and structures	5 ~ 55 years
Machinery and equipment	1 ~ 14 years
Transportation equipment	1 ~ 15 years
Office equipment	1 ~ 10 years
Molding equipment	1 ~ 5 years
Others	1 ~ 20 years

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

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

B. Lease liabilities include the net present value of the remaining lease payments at the commencement date, discounted using the incremental borrowing interest rate. Lease payments are comprised of fixed payments, less any lease incentives receivable.

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

C. At the commencement date, the right-of-use asset is stated at cost comprising the following:

(a) The amount of the initial measurement of lease liability;

(b) Any lease payments made at or before the commencement date;

(c) Any initial direct costs incurred by the lessee.

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

(14) Intangible assets

A. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 2 to 5 years.

B. Trademark right (indefinite useful life)

Trademark right is stated at cost and regarded as having an indefinite useful life as it was assessed to generate continuous net cash inflow in the foreseeable future. Trademark right is not amortised, but is tested annually for impairment.

(15) Impairment of non-financial assets

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

B. The recoverable amounts of intangible assets with an indefinite useful life are evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount.

(16) Borrowings

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

(17) Accounts and notes payable

A. Accounts payable are liabilities for purchases of raw materials, goods or services and accounts and notes payable are those resulting from operating and non-operating activities.

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

(18) Derecognition of financial liabilities

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

(19) Provisions

Provisions (including warranties and sales discounts and allowances) are recognised when the Company 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 recognised as interest expense. Provisions are not recognised for future operating losses.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

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

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

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

C. Termination benefits

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

D. Employees' compensation and directors' and supervisors' remuneration

Employees' compensation and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(21) Employee share-based payment

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 recognised 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-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 at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

(22) Income tax

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

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

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

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

(23) Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

(24) Dividends

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

(25) Revenue recognition

The Company manufactures and sells a range of products related to pumps. Revenue is measured at the fair value of the consideration received or receivable taking into account of business tax, returns, rebates and discounts for the sale of goods to customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(26) Government grants

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

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

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

(1) Critical judgements in applying the Company's accounting policies

None.

(2) Critical accounting estimates and assumptions

Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. The Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the markets within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. Details of Significant Accounts

(1) Cash and cash equivalents

	December 31, 2024	December 31, 2023
Cash on hand	$ 420	$ 360
Demand and checking accounts deposits	209,241	136,929
Time deposits	-	28,249
	$ 209,661	$ 165,538

A. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Company has no cash and cash equivalents pledged to others.

(2) Fnancial assets at amortised cost

Items	December 31, 2024	December 31, 2023
Current items:		
Restricted demand deposits	$ 3,031	$ 32,752
Restricted time deposits	8,000	14,000
Time deposits with original maturity over three months	-	15,353
	$ 11,031	$ 62,105

A. Amounts recognised in profit or loss in relation to financial assets at amortised cost are listed below:

	2024	2023
Interest income	$ 676	$ 301

B. Details of the Company's financial assets at amortised cost pledged to others as collateral are provided in Note 8.

C. Information relating to credit risk of financial assets at amortised cost is provided in Note 12(2). The counterparties of the Company's investments in certificates of deposits are financial institutions with high credit quality, so the Company expects that the probability of counterparty default is remote.

(3) Notes and accounts receivable

	December 31, 2024	December 31, 2023
Notes receivable	$ 51,275	$ 54,285
Accounts receivable	$ 183,042	$ 168,929
Less: Allowance for uncollectible accounts	(2,093)	(1,873)
	$ 180,949	$ 167,056

A. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2024	December 31, 2023
Not past due	$ 180,931	$ 148,015
Up to 90 days	2,090	20,914
91 to 180 days	21	-
	$ 183,042	$ 168,929

The above ageing analysis was based on past due date.

B. As of December 31, 2024 and 2023, notes and accounts receivable were all from contracts with customers. As of January 1, 2023, the balance of notes and accounts receivable from contracts with customers amounted to $222,304.

C. The Company has no notes receivable or accounts receivable pledged to others as collateral.

D. As at December 31, 2024 and 2023, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Company's accounts and notes receivable was $234,317 and $223,214, respectively.

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

(4) Inventories

	December 31, 2024		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 159,211	($ 14,100)	$ 145,111
Semi-finished goods and work in progress	154,415	(8,962)	145,453
Finished goods and merchandise inventory	104,182	(869)	103,313
	$ 417,808	($ 23,931)	$ 393,877

	December 31, 2023		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 126,125	($ 15,115)	$ 111,010
Semi-finished goods and work in progress	130,776	(10,721)	120,055
Finished goods and merchandise inventory	83,334	(1,219)	82,115
	$ 340,235	($ 27,055)	$ 313,180

The amount recognised as costs of goods sold for the year:

	Year ended December 31	
	2024	2023
Cost of goods sold	$ 1,079,777	$ 957,464
Estimated warranty loss	10,831	2,680
Inventories retirement losses	3,155	636
(Gain on reversal of) loss on decline in market value	(3,124)	5,309
Revenue from sale of scraps	(1,197)	(897)
	$ 1,089,442	$ 961,876

The Company reversed a previous inventory write-down which was accounted for as reduction of cost of goods sold because the Company sold certain inventories which were previously provisioned for loss on decline in market value.

(5) Investments accounted for using equity method

	December 31, 2024	December 31, 2023
Subsidiary:		
Suzhou Walrus Pump Co., Ltd.	$ 80,044	$ 72,155

A. The share of profit or loss of subsidiaries accounted for using equity method is as follows:

	Year ended December 31	
	2024	2023
Subsidiary:		
Suzhou Walrus Pump Co., Ltd.	$ 5,342	$ 4,238

B. In November 2023, the Company increased its capital in the subsidiary in Mainland China, Suzhou Walrus Pump Co., Ltd., by cash in the amount of $16,137, and the shareholding ratio was still 100%.

C. Information relating to the Company's subsidiaries is provided in Note 4(3) of the Company's consolidated financial statements for the year ended December 31, 2024.

(6) Property, plant and equipment

	2024								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Molding equipment	Others	Unfinished construction	Total
At January 1									
Cost	$ 64,438	$ 114,996	$ 252,862	$ 31,944	$ 58,889	$ 146,679	$ 66,703	$ 522,189	$ 1,258,700
Accumulated depreciation	-	(37,301)	(180,345)	(16,034)	(42,521)	(134,726)	(27,222)	-	(438,149)
	$ 64,438	$ 77,695	$ 72,517	$ 15,910	$ 16,368	$ 11,953	$ 39,481	$ 522,189	$ 820,551
Opening net book amount as at January 1	$ 64,438	$ 77,695	$ 72,517	$ 15,910	$ 16,368	$ 11,953	$ 39,481	$ 522,189	$ 820,551
Additions	-	20,729	18,557	7,281	6,402	5,852	9,303	273,990	342,114
Disposals	-	-	-	-	(8)	-	-	-	(8)
Reclassifications	-	-	-	-	-	-	-	5,280	5,280
Depreciation charge	-	(3,454)	(16,854)	(4,697)	(7,222)	(8,929)	(10,883)	-	(52,039)
Closing net book amount as at December 31	$ 64,438	$ 94,970	$ 74,220	$ 18,494	$ 15,540	$ 8,876	$ 37,901	$ 801,459	$ 1,115,898
At December 31									
Cost	64438	135,724	264,581	38,423	64,183	148,011	75,192	801,459	1,592,011
Accumulated depreciation	-	(40,754)	(190,361)	(19,929)	(48,643)	(139,135)	(37,291)	-	(476,113)
	$ 64,438	$ 94,970	$ 74,220	$ 18,494	$ 15,540	$ 8,876	$ 37,901	$ 801,459	$ 1,115,898

	2023								
	Land	Buildings and structures	Machinery and equipment	Transportation equipment	Office equipment	Molding equipment	Others	Unfinished construction	Total
At January 1									
Cost	$ 64,438	$ 94,148	$ 223,878	$ 27,764	$ 48,248	$ 136,789	$ 57,184	$ 288,010	$ 940,459
Accumulated depreciation	-	(32,916)	(167,418)	(13,384)	(33,648)	(128,922)	(18,482)	-	(394,770)
	$ 64,438	$ 61,232	$ 56,460	$ 14,380	$ 14,600	$ 7,867	$ 38,702	$ 288,010	$ 545,689
Opening net book amount as at January 1	$ 64,438	$ 61,232	$ 56,460	$ 14,380	$ 14,600	$ 7,867	$ 38,702	$ 288,010	$ 545,689
Additions	-	17,686	29,614	5,921	10,977	12,633	9,926	232,202	318,959
Disposals	-	-	(54)	-	-	(1,377)	-	-	(1,431)
Reclassifications	-	-	-	-	-	-	-	5,139	5,139
Transfers	-	3,162	-	-	-	-	-	(3,162)	-
Depreciation charge	-	(4,385)	(13,503)	(4,391)	(9,209)	(7,170)	(9,147)	-	(47,805)
Closing net book amount as at December 31	$ 64,438	$ 77,695	$ 72,517	$ 15,910	$ 16,368	$ 11,953	$ 39,481	$ 522,189	$ 820,551
At December 31									
Cost	$ 64,438	$ 114,996	$ 252,862	$ 31,944	$ 58,889	$ 146,679	$ 66,703	$ 522,189	$ 1,258,700
Accumulated depreciation	-	(37,301)	(180,345)	(16,034)	(42,521)	(134,726)	(27,222)	-	(438,149)
	$ 64,438	$ 77,695	$ 72,517	$ 15,910	$ 16,368	$ 11,953	$ 39,481	$ 522,189	$ 820,551

A. Amount of borrowing costs capitalised as part of property, plant and equipment and the range of the interest rates for such capitalisation are as follows:

	Year ended December 31	
	2024	2023
Amount capitalised	$ 16,043	$ 7,661
Range of the interest rates for capitalisation	2.15%~2.80%	1.50%~2.87%

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

(7) Lease transactions—lessee

A. The Company leases various assets including land, buildings and business vehicles. Rental contracts are made for periods of 2 to 50 years. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions.

B. Short-term leases with a lease term of 12 months or less comprise outdoor advertising walls. Low-value assets comprise multifunction printers.

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

	December 31, 2024	December 31, 2023
	Carrying amount	Carrying amount
Land	$ 177,957	$ 170,182
Buildings	41,709	51,108
Transportation equipment	4,754	6,025
	$ 224,420	$ 227,315

	Year ended December 31	
	2024	2023
	Depreciation charge	Depreciation charge
Land	$ 318	$ 300
Buildings	14,356	12,911
Transportation equipment	1,271	608
	$ 15,945	$ 13,819

D. For the years ended December 31, 2024 and 2023, the additions to right-of-use assets were $18,330 and $5,660, respectively.

E. The information on profit and loss accounts relating to lease contracts is as follows:

	Year ended December 31	
	2024	2023
Items affecting profit or loss		
Interest expense on lease liabilities	$ 1,499	$ 1,143
Expense on short-term lease contracts	1,188	1,070
Expense on leases of low-value assets	513	444
	$ 3,200	$ 2,657

F. For the years ended December 31, 2024 and 2023, the Company's total cash outflow for leases were $20,996 and $22,448, respectively.

G. Information about the Company's right-of-use assets that were pledged to others as collateral is provided in Note 8.

(8) Intangible assets

	2024		
	Trademarks	Computer software	Total
At January 1			
Cost	$ 1,590	$ 11,181	$ 12,771
Accumulated amortisation	-	(3,225)	(3,225)
	$ 1,590	$ 7,956	$ 9,546
Opening net book amount as at January 1	$ 1,590	$ 7,956	$ 9,546
Additions	-	1,696	1,696
Amortisation charge	-	(4,177)	(4,177)
Closing net book amount as at December 31	$ 1,590	$ 5,475	$ 7,065
At December 31			
Cost	$ 1,590	$ 12,877	$ 14,467
Accumulated amortisation	-	(7,402)	(7,402)
	$ 1,590	$ 5,475	$ 7,065

	2023		
	Trademarks	Computer software	Total
At January 1			
Cost	$ 1,590	$ 4,290	$ 5,880
Accumulated amortisation	-	(1,012)	(1,012)
	$ 1,590	$ 3,278	$ 4,868
Opening net book amount as at January 1	$ 1,590	$ 3,278	$ 4,868
Additions	-	6,924	6,924
Amortisation charge	-	(2,246)	(2,246)
Closing net book amount as at December 31	$ 1,590	$ 7,956	$ 9,546
At December 31			
Cost	$ 1,590	$ 11,214	$ 12,804
Accumulated amortisation	-	(3,258)	(3,258)
	$ 1,590	$ 7,956	$ 9,546

(9) Other non-current assets

	December 31, 2024	December 31, 2023
Prepayments for equipment	$ 52,331	$ 34,365
Guarantee deposits paid	8,858	8,031
Net defined benefit asset	-	7,375
Others	3,997	5,128
	$ 65,186	$ 54,899

Information on the Company's guarantee deposits paid that were pledged to others as collateral is provided in Note 8.

(10) Short-term borrowings

Type of borrowings	December 31, 2024	December 31, 2023	Collateral
Bank borrowings			
Secured borrowings	$ 248,000	$ 457,000	Note
Unsecured borrowings	-	-	None
	$ 248,000	$ 457,000	
Interest rate range	2.11%~2.33%	2.06%~2.50%	

Note: Details of endorsements and guarantees provided to related parties are provided in Note 7, and information relating to the collaterals is provided in Note 8.

(11) Other payables

	December 31, 2024	December 31, 2023
Payable on construction and equipment	$ 73,413	$ 29,261
Wages, salaries and bonuses payable	55,703	44,683
Employees' compensation payable	8,876	4,272
Labour and health insurance payable	6,306	5,491
Directors' and supervisors' remuneration payable	2,536	1,110
Pension payable	2,394	2,894
Others	27,160	17,874
	$ 176,388	$ 105,585

(12) Long-term borrowings

Type of borrowings	December 31, 2024	December 31, 2023	Collateral
Long-term bank borrowings			
Secured borrowings	$ 496,684	$ 363,746	Note
Unsecured borrowings	67,000	88,111	None
	563,684	451,857	
Less: Current portion	-	(32,249)	
	$ 563,684	$ 419,608	
Interest rate range	2.15%	2.019%~2.50%	

Note: Details of endorsements and guarantees provided to related parties are provided in Note 7. Except for the collaterals indirectly guaranteed by the Small & Medium Enterprise Credit Guarantee Fund of Taiwan, information relating to other collaterals is provided in Note 8.

The Company entered into a contract for a syndicated borrowing of banks including First Commercial Bank in April 2023, and the contract period was 7 years. Key contents of the contract are as follows:

(a) The credit line of Tranche A is $640,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.

(b) The credit line of Tranche B is $48,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.

(c) The credit line of Tranche C is $84,000, and the credit period is seven years from the date of first drawdown, which is non-revolving.

(d) The total credit line of Tranche D and Tranche E amounted to $300,000. The credit period of Tranche D is seven years from the date of first drawdown, which is non-revolving. The credit period of Tranche E is five years from the date of first drawdown, which is revolving during the credit period. The credit line shall be reduced from three years after the date of first drawdown and each subsequent year, totaling in three installments. The first and second installment shall be 10%, and the third installment shall be 80% or all of the remaining credit line.

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

i. The Company should provide six parcels of land, including 1st Subsection, Sinyuan Section, Luzhu District, Kaohsiung City, along with the constructed plants and ancillary facilities on the land and eight pieces of machinery and equipment, as collaterals for the credit of Tranche A and Tranche C.

ii. The Company on the semi-annual and annual consolidated financial statements is required to maintain the following restrictions on financial ratios: The current ratio (current assets divided by current liabilities) should not be less than 100%; the debt ratio (total financial liabilities divided by total equity) should not be higher than 300%; the interest coverage ratio [(profit before tax + interest expense + depreciation + amortisation) divided by interest expense] should not be less than 200%; the net tangible assets (total equity - intangible assets) should not be less than NT$300 million.

The Company calculated the abovementioned financial ratios and amounts based on the consolidated financial statements audited by the independent auditors on December 31, 2024 and 2023, which were not in violation of the requirements of the syndicated borrowing contract.

(f) On December 31, 2024, the drawdown of the abovementioned credit line amounted to $563,684.

(13) Pensions

A. (a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Labor Standards Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The 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 would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

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

	December 31, 2024	December 31, 2023
Present value of defined benefit obligations	$ -	$ -
Fair value of plan assets	-	(7,375)
Net defined benefit asset	$ -	($ 7,375)

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

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit asset
At January 1	$ -	($ 7,375)	($ 7,375)
Recovered cash from settled accounts	-	7,375	7,375
At December 31	$ -	$ -	$ -

	2024		
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
At January 1	$ 618	($ 7,091)	($ 6,473)
Past service cost	181	-	181
Interest expense (income)	10	(109)	(99)
	809	(7,200)	(6,391)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(167)	(167)
Experience adjustments	(782)	-	(782)
	(782)	(167)	(949)
Pension fund contribution	-	(35)	(35)
Paid pension	(27)	27	-
At December 31	$ -	($ 7,375)	($ 7,375)

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

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

	Year ended December 31, 2023
Discount rate	1.09%
Future salary increases	0.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

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

	Discount rate		Future salary increases	
	Increase 0.5%	Decrease 0.5%	Increase 0.5%	Decrease 0.5%
December 31, 2023				
Effect on present value of defined benefit obligation	($ 31)	$ 38	$ 43	($ 35)

(f) There were no employees who were subject to the old work seniority plan on December 31, 2023. The balance in the pension reserve account had been withdrawn in April 2024.

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

(b) The pension costs under the defined contribution pension plans of the Company for the years ended December 31, 2024 and 2023 were $13,276 and $12,279, respectively.

(14) Share-based payment

A. For the year ended December 31, 2024, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Vesting conditions
Cash capital increase reserved for employee preemption	2024.12.17	750,000 shares	Vested immediately

B. Movements in the number (share) of the Company's stock options outstanding at January 1, 2024 and December 31, 2024 are as follows:

	Year ended December 31, 2024
At January 1	-
Options granted	750,000
Options exercised	(750,000)
At December 31	-

C. The fair value of stock options granted is measured using the Black-Scholes option-pricing model and the Company recognized salary expenses amounting to $8,408 based on the fair value of stock options at $11.21 (in dollars) per unit. Relevant information is as follows:

Type of arrangement	Grant date	Equity value (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee reemption	2024.12.17	$ 62.21	$ 51	14.14%	0.02	1.29%	$ 11.21

D. The Company had no share-based payment for the year ended December 31, 2023.

(15) Provisions

	2024		
	Warranty	Sales discounts and allowances	Total
At January 1	$ 9,202	$ 6,572	$ 15,774
Additional provisions	10,831	8,648	19,479
Used during the year	(6,645)	(6,572)	(13,217)
At December 31	$ 13,388	$ 8,648	$ 22,036

	2023		
	Warranty	Sales discounts and allowances	Total
At January 1	$ 6,521	$ -	$ 6,521
Additional provisions	3,996	6,572	10,568
Used during the year	(1,315)	-	(1,315)
At December 31	$ 9,202	$ 6,572	$ 15,774

Analysis of total provisions:

	December 31, 2024	December 31, 2023
Current (shown as other current liabilities, others)	$ 15,294	$ 7,722
Non-current	$ 6,742	$ 8,052

(16) Share capital

A. As of December 31, 2024, the Company's authorised capital was $600,000, consisting of 60,000 thousand shares of ordinary share, and the paid-in capital was $403,491 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares outstanding (shares in thousands) for the years ended December 31, 2024 and 2023 are as follows:

	2024	2023
At January 1	35,349	35,349
Issuance of shares	5,000	-
At December 31	40,349	35,349

C. On November 8, 2024, the Company's Board of Directors resolved to increase its capital by issuing 5,000 thousand ordinary shares with a par value of $10 (in dollars) per share to cooperate with the listing on the stock exchange. The effective date was set on December 17, 2024. The competitive auction was that the one who bid for the shares with the higher bid price could preferably win the bid. Each one who won the bid should acquire the shares based on its bid price. The price of each winning bid and its volume-weighted average price was $53.64 (in dollars) per share and the public subscription offering price was $51 (in dollars) per share. The registration for the change had been completed.

(17) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(18) Retained earnings / Events after the balance sheets date

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and recover prior year's losses and then 10% of the remaining amount shall be appropriate as legal reserve unless legal reserve amounts to the total paid-in capital. In addition, special reserve that has been appropriated or reversed in accordance with related regulations along with the accumulated unappropriated earnings shall be proposed by the Board of Directors for earnings appropriation of dividends and be approved to be appropriated as dividends and bonus or to be retained by the shareholders.

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

C. The appropriations of 2022 earnings as resolved by the shareholders on May 19, 2023 are as follows:

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

D. The appropriations of 2023 earnings as resolved by the shareholders on June 3, 2024 are as follows:

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

E. Events after the balance sheet date

The appropriations of 2024 earnings as proposed by the Board of Directors on February 26, 2025 are as follows:

	2024	
	Amount	Dividends per share (in dollars)
Legal reserve	$ 10,116	
Cash dividends	84,733	$ 2.1
	$ 94,849	

(19) Operating revenue

	Year ended December 31	
	2024	2023
Revenue from contracts with customers	$ 1,532,852	$ 1,331,727

A. Revenue from contracts with customers is disaggregated into the following geographical regions:

	Sales regions			
2024	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with customers	$ 1,086,466	$ 41,302	$ 405,084	$ 1,532,852

	Sales regions			
2023	Taiwan	Mainland China	Other regions	Total
Revenue from contracts with customers	$ 953,223	$ 39,173	$ 339,331	$ 1,331,727

B. The Company has recognised the following sales revenue-related contract liabilities:

	December 31, 2024	December 31, 2023	January 1, 2023
Current contract liabilities	$ 8,248	$ 8,721	$ 5,699

C. The revenue recognised that was included in the contract liability balance at the beginning of the years ended December 31, 2024 and 2023 was $8,720 and $5,699, respectively.

(20) Other income

	Year ended December 31	
	2024	2023
Government grants revenue	$ 517	$ 169
Other income	1,763	777
	$ 2,280	$ 946

(21) Other gains and losses

	Year ended December 31	
	2024	2023
Net currency exchange gains	$ 9,577	$ 714
Gain on disposal of property, plant and equipment	106	9
Other losses	(7)	(734)
	$ 9,676	($ 11)

(22) Expenses by nature / Events after the balance sheets date

	2024		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 121,399	$ 163,502	$ 284,901
Labour and health insurance fees	13,518	14,563	28,081
Pension costs	6,091	7,185	13,276
Directors' remuneration	-	7,541	7,541
Other personnel expenses	8,614	10,443	19,057
	$ 149,622	$ 203,234	$ 352,856
Depreciation charge	$ 38,329	$ 29,655	$ 67,984
Amortisation charge	$ 137	$ 4,040	$ 4,177

	2023		
	Classified as operating costs	Classified as operating expenses	Total
Employee benefit expense			
Wages and salaries	$ 97,698	$ 132,075	$ 229,773
Labour and health insurance fees	12,291	13,697	25,988
Pension costs	5,511	6,850	12,361
Directors' and supervisors' remuneration	-	1,200	1,200
Other personnel expenses	6,641	9,797	16,438
	$ 122,141	$ 163,619	$ 285,760
Depreciation charge	$ 34,174	$ 27,450	$ 61,624
Amortisation charge	$ 22	$ 2,224	$ 2,246

Note: As at December 31, 2024 and 2023, the Company had 448 and 384 employees, both including 5 non-employee directors, respectively.

A. According to the Articles of Incorporation of the Company, the current year's earnings, if any, shall be used to distribute 3%~10% as employees' compensation and shall not be higher than 2% as directors' and supervisors' remuneration. However, if the Company has accumulated deficit, the current year's earnings shall first be reserved to cover the deficit.

B. For the years ended December 31, 2024 and 2023, employees' compensation and directors' and supervisors' remuneration were accrued as follows:

	Year ended December 31	
	2024	2023
Employees' compensation	$ 8,876	$ 4,272
Directors' and supervisors' remuneration	2,536	1,110
	$ 11,412	$ 5,382

The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' remuneration resolved by the Board of Directors on February 26, 2025 were $8,876 and $2,536, respectively, and the employees' compensation will be distributed in the form of cash.

Employees' compensation of $4,272 and directors' and supervisors' remuneration of $1,110 for 2023 as resolved by the Board of Directors were in agreement with those amounts recognised in the 2023 financial statements. The employees' compensation and directors' and supervisors' remuneration will be distributed in the form of cash.

Employees' compensation and directors' and supervisors' remuneration for 2022 as resolved by the Board of Directors amounted to $5,350 and $2,091, respectively. The difference of ($49) between the amounts resolved by the Board of Directors and the amounts recognised in the 2022 financial statements, had been adjusted in the profit or loss of 2023.

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

(23) Income tax

A. Income tax expense

	Year ended December 31	
	2024	2023
Current tax:		
Current tax on profits for the year	$ 15,436	$ 12,454
Prior year income tax overestimation	(2,051)	(4,226)
Total current tax	13,385	8,228
Deferred tax:		
Origination and reversal of temporary differences	1,087	(4,867)
Income tax expense	$ 14,472	$ 3,361

B. Reconciliation between income tax expense and accounting profit

	Year ended December 31	
	2024	2023
Tax calculated based on profit before tax and statutory tax rate	$ 23,126	$ 15,312
Expenses disallowed by tax regulation	2	13
Tax exempt income by tax regulation	(1,091)	(1,070)
Change in assessment of realisation of deferred tax assets	10	(935)
Prior year income tax overestimation	(2,051)	(4,226)
Effect from investment tax credits	(6,999)	(5,733)
Recovered cash from settled accounts plus revenue	1,475	-
Income tax expense	$ 14,472	$ 3,361

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

	2024		
	January 1	Recognised in profit or loss	December 31
—Deferred tax assets:			
Temporary differences:			
Inventory valuation loss	$ 5,411	($ 625)	$ 4,786
Unrealised exchange loss	608	(607)	1
Unrealised warranty cost	536	2,141	2,677
Unrealised discounts and allowances from sales	1,315	(1,315)	-
	7,870	(406)	7,464
—Deferred tax liabilities:			
Unrealised exchange gain	(2)	(681)	(683)
	$ 7,868	($ 1,087)	$ 6,781

	2023		
	January 1	Recognised in profit or loss	December 31
—Deferred tax assets:			
Temporary differences:			
Inventory valuation loss	$ 4,149	$ 1,262	$ 5,411
Unrealised exchange loss	-	608	608
Unrealised warranty cost	-	536	536
Unrealised discounts and allowances from sales	-	1,315	1,315
	4,149	3,721	7,870
—Deferred tax liabilities:			
Gain on investments accounted for using equity method	(935)	935	-
Unrealised exchange gain	(213)	211	(2)
	(1,148)	1,146	(2)
	$ 3,001	$ 4,867	$ 7,868

D. The Company's income tax returns through 2022 have been assessed and approved by the Tax Authority.

(24) Earnings per share

	Year ended December 31, 2024		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 101,158	35,555	$ 2.85
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	127	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 101,158	35,682	$ 2.83

	Year ended December 31, 2023		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 73,200	35,349	$ 2.07
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares			
Employees' compensation	-	184	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 73,200	35,533	$ 2.06

(25) Supplemental cash flow information

Investing activities with partial cash payments

	Year ended December 31	
	2024	2023
Purchase of property, plant and equipment	$ 342,114	$ 318,959
Add: Ending balance of prepayments for equipment	52,331	34,365
Opening balance of payable on construction and equipment	29,261	12,227
Less: Ending balance of payable on construction and equipment	(73,413)	(29,261)
Opening balance of prepayments for equipment	(34,365)	(25,999)
Cash paid during the year	$ 315,928	$ 310,291

(26) Changes in liabilities from financing activities

	2024			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 457,000	$ 451,857	$ 172,360	$ 1,081,217
Changes in cash flow from financing activities	(209,000)	111,827	(17,796)	(114,969)
Changes in other non-cash items	-	-	18,330	18,330
At December 31	$ 248,000	$ 563,684	$ 172,894	$ 984,578

	2023			
	Short-term borrowings	Long-term borrowings	Lease liabilities	Liabilities from financing activities-gross
At January 1	$ 483,000	$ 138,104	$ 186,491	$ 807,595
Changes in cash flow from financing activities	(26,000)	313,753	(19,791)	267,962
Changes in other non-cash items	-	-	5,660	5,660
At December 31	$ 457,000	$ 451,857	$ 172,360	$ 1,081,217

7. Related Party Transactions

(1) Names of related parties and relationship

Company name	Relationship with the Company
Raymond Huang	The Company's chairman
Amy Huang	The Company's general manager
Suzhou Walrus Pump Co., Ltd. (Suzhou Walrus)	Subsidiary
You Chang Investment Co., Ltd. (You Chang Investment)	The Company's director

(2) Significant related party transactions

A. Operating revenue:

	Year ended December 31	
	2024	2023
Sales of goods:		
Suzhou Walrus	$ 25,949	$ 28,080

Goods are sold based on the price lists in force and terms that would be available to third parties.

B. Purchases:

	Year ended December 31	
	2024	2023
Purchases of goods:		
Suzhou Walrus	$ 1,431	$ 1,647

Goods are purchased from related parties on normal commercial terms and conditions.

C. Receivables from related parties:

	December 31, 2024	December 31, 2023
Accounts receivable:		
Suzhou Walrus	$ 7,881	$ 9,842

The receivables from related parties arise mainly from sale transactions. The receivables are unsecured in nature and bear no interest.

D. Payables to related parties:

	December 31, 2024	December 31, 2023
Accounts payable:		
Suzhou Walrus	$ 589	$ 317

The payables to related parties arise mainly from purchase transactions. The payables bear no interest.

E. Other related party transactions:

	Year ended December 31	
	2024	2023
Selling expenses		
Suzhou Walrus	$ 41	$ 1,083

F. Lease transactions－lessee

(a) The Company leases buildings from You Chang Investment. Rental contracts are typically made for periods from January 1, 2021 to December 31, 2027. Rents are paid before the 5th day of each month.

(b) Ending balance of right-of-use assets

	December 31, 2024	December 31, 2023
You Chang Investment	$ 33,941	$ 45,255

(c) Lease liabilities

(i) Outstanding balance:

	December 31, 2024	December 31, 2023
You Chang Investment	$ 35,084	$ 46,391

(ii) Interest expense

	Year ended December 31	
	2024	2023
You Chang Investment	$ 693	$ 881

G. Endorsements and guarantees provided to related parties:

	December 31, 2024	December 31, 2023
Raymond Huang and Amy Huang	$ 811,684	$ 908,857

(3) Key management compensation

	Year ended December 31	
	2024	2023
Short-term employee benefits	$ 54,039	$ 43,970
Post-employment benefits	2,332	1,797
Other long-term benefits	2,629	1,560
Share-based payments	3,464	-
	$ 62,464	$ 47,327

8. Pledged Assets

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

Pledged asset	Book value December 31, 2024	Book value December 31, 2023	Purpose
Financial assets at amortised cost-current	$ 11,031	$ 46,752	Guarantee for short-term borrowings
Land	64,438	64,438	Guarantee for long term and short-term borrowings
Buildings and structures	94,970	77,695	Guarantee for long term and short-term borrowings
Unfinished construction	597,899	353,333	Guarantee for long-term borrowings
Right-of-use assets	211,766	214,986	Guarantee for long term and short-term borrowings
Guarantee deposits paid (shown as other non-current assets)	8,858	8,031	Performance guarantee
	$ 988,962	$ 765,235	

9. Significant Contingent Liabilities and Unrecognised Contract Commitments

Capital expenditure contracted for at the balance sheet date but not yet incurred is as follows:

	December 31, 2024	December 31, 2023
Property, plant and equipment	$ 268,950	$ 436,133

To line with the increase in order volume and production capacity of products, the Company plans to build the plant in Luzhu District, Kaohsiung City. The Company has entered into the construction contracts.

10. Significant Disaster Loss

None.

11. Significant Events after the Balance Sheet Date

A. The distribution of the 2024 earnings, along with the proposed employees' compensation and directors' remuneration, is detailed in Notes 6(18) and 6(22).

B. On February 26, 2025, the Company's Board of Directors resolved to issue employee restricted shares. The Company plans to issue 300 thousand ordinary shares with a par value of $10 per share for no consideration. The issuance period is effective within two years of receipt of approval by the Authority. The shares may be issued in full or in several times if the Company considers it necessary due to objective facts. The actual issuance date and the relevant working matters will be set by the Board of Directors or the chairman as authorised by the Board.

12. Others

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders and issue new shares to reduce debt.

(2) Financial instruments

A. Financial instruments by category

	December 31, 2024	December 31, 2023
Financial assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 209,661	$ 165,538
Financial assets at amortised cost	11,031	62,105
Notes receivable	51,275	54,285
Accounts receivable (including related parties)	188,830	176,898
Other receivables	3,710	2,292
Guarantee deposits paid (shown as other non-current assets)	8,858	8,031
	$ 473,365	$ 469,149

	December 31, 2024	December 31, 2023
Financial liabilities		
Financial liabilities at amortised cost		
Short-term borrowings	$ 248,000	$ 457,000
Notes payable	8,002	5,107
Accounts payable (including related parties)	204,656	118,106
Other accounts payable (including related parties)	176,388	105,585
Long-term borrowings (including current portion)	563,684	451,857
	$ 1,200,730	$ 1,137,655
Lease liability	$ 172,894	$ 172,360

B. Financial risk management policies

(a) The Company'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 Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close co-operation with the Company's operating units. The Board 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 investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire company's concern. According to the Company's credit policy, the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. In line with credit risk management procedure, when the counterparty experiences financial difficulties or dishonors the check, the default has occurred.

iv. The Company adopts following assumptions under IFRS 9 to assess whether there has been a significant increase in credit risk or default on that instrument since initial recognition:

If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition.

v. The Company classifies customer's accounts receivable in accordance with credit rating of customer and customer types. The Company applies the modified approach using a provision matrix to estimate the expected credit loss.

vi. The Company had no significant loss allowance for notes receivable. The Company used the forecastability to adjust historical and timely information to assess the default possibility of accounts receivable. On December 31, 2024 and 2023, the provision matrix is as follows:

	Not past due	Up to 90 days past due	Over 91 days past due	Total
At December 31, 2024				
Expected loss rate	1.00%	5.36%-42.08%	100%	
Total book value	$ 180,931	$ 2,090	$ 21	$ 183,042
Loss allowance	(1,809)	(263)	(21)	(2,093)
At December 31, 2023				
Expected loss rate	0.67%	3.79%-21.26%	100%	
Total book value	$ 148,015	$ 20,914	$ -	$ 168,929
Loss allowance	(992)	(881)	-	(1,873)

vii. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable are as follows:

	2024	2023
	Accounts receivable	Accounts receivable
At January 1	$ 1,873	$ -
Provision for impairment	220	1,873
At December 31	$ 2,093	$ 1,873

viii. The Company did not accrue loss allowance for notes receivable since the Company had no significant expected credit losses of notes receivable.

(b) Liquidity risk

i. Cash flow forecasting is prepared by Company treasury. Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities.

ii. The Company has the following undrawn borrowing facilities:

	December 31, 2024	December 31, 2023
Expiring within one year	$ 485,000	$ 174,150
Expiring beyond one year	538,316	713,098
	$ 1,023,316	$ 887,248

iii. Except for those listed in the table below, the Company's non-derivative financial liabilities will expire within 1 year. As of December 31, 2024 and 2023, the cash flows within 1 year of notes payable, accounts payable (including related parties) and other payables (including related parties) are in agreement with the balance of each account in the balance sheets.

December 31, 2024	Within one year	Beyond one year	Total
Non-derivative financial liabilities:			
Short-term borrowings	$ 248,800	$ -	$ 248,800
Lease liability	$ 22,598	$ 201,051	$ 223,649
Long-term borrowings (including current portion)	$ 12,790	$ 618,253	$ 631,043

December 31, 2023	Within one year	Beyond one year	Total
Non-derivative financial liabilities:			
Short-term borrowings	$ 458,767	$ -	$ 458,767
Lease liability	$ 19,283	$ 199,562	$ 218,845
Long-term borrowings (including current portion)	$ 33,945	$ 474,916	$ 508,861

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

B. Financial instruments not measured at fair value:

The carrying amounts of the Company's cash and cash equivalents, financial assets at amortised cost, notes receivable, accounts receivable, other receivables, guarantee deposits paid, short-term borrowings, notes payable, accounts payable, other payables and long-term borrowings (including current portion) are approximate to their fair values.

13. Supplementary Disclosures

(1) Significant transactions information

A. Loans to others: None.

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

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: Please refer to table 1.

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

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: None.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: None.

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

J. Significant inter-company transactions during the reporting periods: None.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): None.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 2.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: None.

(4) Major shareholders information

Major shareholders information: Please refer to table 3.

14. Segment Information

In accordance with the Article 22 of Regulations Governing the Preparation of Financial Reports by Securities Issuers, the Company is not required to prepare segment information within the scope of IFRS 8 in its parent company only financial statements.

Walrus Pump Co., Ltd.
Acquisition of real estate reaching NT$300 million or 20% of paid-in capital or more
December 31, 2024

Table 1

Expressed In thousands of NTD
(Except as otherwise indicated)

Real estate acquired by	Real estate acquired	Date of the event (Note 2)	Transaction amount	Status of payment	Counterparty	Relationship with the counterparty	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Basis or reference used in setting the price	Reason for acquisition of real estate and status of the real estate	Other commitments
							Original owner who sold the real estate to the counterparty	Relationship between the original owner and the acquirer	Date of the original transaction	Amount			
The Company	Plant in Luzhu District, Kaohsiung City	2022.7.3	$ 706,667	Paid in accordance with the stage of completion. As of December 31, 2024, the Company had paid the construction expenses amounting to $459,333 thousand.	Verizon Construction Co., Ltd.	Non-related party		Not applicable			Negotiation for construction contract	To meet the requirements of expanding operating scales	None
The Company	Plant in Luzhu District, Kaohsiung City	2023.9.28	$ 100,000	Paid in accordance with the stage of completion. As of December 31, 2024, the Company had paid the construction expenses amounting to $72,100 thousand.	Kuo Kuan Electromechanical Co., Ltd.	Non-related party		Not applicable			Negotiation for construction contract	To meet the requirements of expanding operating scales	None

Note 1: Paid-in capital referred to herein is the paid-in capital of parent company. In the case that shares were issued with no par value or a par value other than NT$10 per share, the 20 % of paid-in capital shall be replaced by 10% of equity attributable to owners of the parent in the calculation.
Note 2: Date of the event referred to herein is the date of contract signing date, date of payment, date of execution of a trading order, date of title transfer, date of board resolution, or other date that can confirm the counterparty and the monetary amount of the transaction, whichever is earlier.

Walrus Pump Co., Ltd.

Information on investments in Mainland China

Year ended December 31, 2024

Table 2

Expressed In thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2024	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended December 31, 2024		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Net income of investee for the year ended December 31, 2024	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2024 (Note 2)	Book value of investments in Mainland China as of December 31, 2024	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2024	Footnote
					Mainland China	to Taiwan							
Suzhou Walrus	Manufcture and sales of water-pump	$ 81,963 (USD 2,500 thousand)	(1)	$ 42,621 (USD 1,300 thousand)	$ -	$ -	$ 42,621 (USD 1,300 thousand)	$ 5,342	100%	$ 5,342	$ 80,044	$ -	

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2024	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
Suzhou Walrus	$ 42,621 (USD 1,300 thousand)	$ 81,963 (USD 2,500 thousand)	$ 573,667

Note 1: Investment methods are classified into the following three categories; fill in the number of category each case belongs to:
(1) Directly invest in a company in Mainland China.
(2) Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
(3) Others

Note 2: Investment income (loss) was recognised based on the financial statements audited by the parent company's CPA.

Note 3: The numbers in this table are expressed in New Taiwan dollars. Where foreign currencies are involved, they are translated into New Taiwan dollars using the U.S. dollar exchange rate of $32.785 as of the balance sheet date.

Walrus Pump Co., Ltd.

Major shareholders information

December 31, 2024

Table 3

Name of major shareholders	Shares	
	Number of shares held	Ownership (%)
You chang Investment Co., Ltd.	9,680,000	23.99%
Jing zhi Investment Co., Ltd.	2,455,000	6.08%
Wen hua Investment Co., Ltd.	2,455,000	6.08%
Jing yu Investment Co., Ltd.	2,455,000	6.08%

WALRUS PUMP CO., LTD.
CASH AND CASH EQUIVALENTS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 1

Item	Description	Amount
Cash on hand		$ 420
Checking account deposits		5,372
Demand deposits		
- NTD		137,046
- Foreign currency	(USD 1,912 thousand, exchange rate 32.785)	62,688
	(RMB 621 thousand, exchange rate 4.478)	2,781
	(EUR 37 thousand, exchange rate 34.14)	1,281
	(JPY 348 thousand, exchange rate 0.21)	73
		$ 209,661

WALRUS PUMP CO., LTD.
ACCOUNTS RECEIVABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 2

Customer Name	Amount	Note
Non-related parties:		
Customer A	$ 15,405	
Others	167,637	Balance of each customer has not exceeded 5% of total account balance.
	183,042	
Less: Allowance for uncollectible accounts	(2,093)	
	$ 180,949	

WALRUS PUMP CO., LTD.
INVENTORIES
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 3

Item	Amount: Cost	Amount: Net Realisable Value	Note
Raw materials	$ 159,211	$ 158,534	Based on net realisable value
Semi-finished goods and work in progress	154,415	153,665	"
Finished goods and merchandise inventory	104,182	147,532	"
	417,808		
Less: Allowance for inventory valuation losses	(23,931)		
	$ 393,877		

WALRUS PUMP CO., LTD.
CHANGES IN RIGHT-OF-USE ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 4

Item	Beginning Balance	Addition	Depreciation Charge	Reclassification	Ending Balance	Note
Land	$ 170,182	$ 13,373	($ 318)	($ 5,280)	$ 177,957	
Buildings	51,108	4,957	(14,356)	-	41,709	
Transportation equipment	6,025	-	(1,271)	-	4,754	
	$ 227,315	$ 18,330	($ 15,945)	($ 5,280)	$ 224,420	

WALRUS PUMP CO., LTD.
CHANGES IN INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 5

	Beginning Balance		Addition		Decrease		Exchange Differences on Translation of Foreign Financial Statements	Ending Balance			Market Value or Net Assets Value			
Investee	Shares (in thousands)	Amount	Shares (in thousands)	Amount (Note 1)	Shares (in thousands)	Amount (Note 2)		Shares (in thousands)	Percentage of Ownership	Amount	Unit Price	Total Amount	Collateral	Note
Suzhou Walrus	-	$ 72,155	-	$ 5,342	-	$ -	$ 2,547	-	100%	$ 80,044	-	$ 80,044	None	

Note 1: The addition pertained to the Company’s share of profit of subsidiaries accounted for using equity method of $5,342.

WALRUS PUMP CO., LTD.
SHORT-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 6

Creditor	Amount	Contract Period	Range of Interest Rate	Pledge or Collateral
Chang Hwa Commercial Bank	$ 110,000	Expiring within one year	Note	Collateral
First Commercial Bank	88,000	"	"	"
The Export-Import Bank of the Republic of China	50,000	"	"	"
	$ 248,000			

Note: The interest rate range was 2.11% ~2.33%.

WALRUS PUMP CO., LTD.
ACCOUNTS PAYABLE
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 7

Supplier Name	Amount		Note
Non-related parties:			
Company A	$	21,532	
Company B		10,225	
Others		172,310	Balance of each supplier has not exceeded 5% of total account balance.
	$	204,067	

8 WALRUS PUMP CO., LTD.
LONG-TERM BORROWINGS
DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 8

Creditor	Amount	Contract Period	Interest Rate	Pledge or Collateral
First Commercial Bank	$ 255,248	June 2023 to June 2030	Note	Collateral
First Commercial Bank	89,040	November 2023 to June 2030	"	"
First Commercial Bank	84,300	October 2024 to June 2030	"	"
First Commercial Bank	26,320	January 2024 to June 2030	"	"
First Commercial Bank	23,856	April 2024 to June 2030	"	"
First Commercial Bank	17,920	June 2024 to June 2030	"	"
First Commercial Bank	67,000	October 2023 to October 2030	"	None
	563,684			
Less: Current portion	-			
	$ 563,684			

Note: The interest rate was all 2.15%.

WALRUS PUMP CO., LTD.
COST OF SALES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 9

Item	Description	Amount	Note
Cost of goods sold from manufacturing			
Beginning raw materials		126,125	
Add: Raw materials purchased for the year (net)		840,359	
Others		9,286	
Less: Ending raw materials		(159,211)	
Retirement losses		(636)	
Raw materials used		815,923	
Direct labour		81,024	
Processing fees		101,737	
Manufacturing expense		145,622	
Manufacturing cost		1,144,306	
Add: Beginning work in progress and semi-finished goods		130,776	
Semi-finished goods purchased		4,398	
Less: Ending work in progress and semi-finished goods		(154,415)	
Retirement losses		(2,093)	
Others		(11,959)	
Cost of finished goods		1,111,013	
Add: Beginning finished goods		83,334	
Less: Ending finished goods		(104,182)	
Retirement losses		(426)	
Others		(9,962)	
Cost of goods manufactured and sold		1,079,777	
Add: Inventories retirement losses		3,155	
Estimated warranty loss		10,831	
Gain on reversal of inventories		(3,124)	
Less: Revenue from sale of scraps		(1,197)	
Cost of goods sold		$ 1,089,442	

WALRUS PUMP CO., LTD.
MANUFACTURING EXPENSE
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 10

Item	Amount	Note
Wages and salaries	$ 40,375	
Depreciation charge	38,329	
Labour and health insurance fees	13,518	
Utilities expense	12,195	
Meal expense	8,297	
Others	32,908	Balance of each item has not exceeded 5% of total account balance.
	$ 145,622	

WALRUS PUMP CO., LTD.
OPERATING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 11

Item	Selling Expenses	Administrative Expenses	Research and Development Expenses	Amount
Wages and salaries (Note)	$ 46,109	$ 87,957	$ 36,977	$ 171,043
Depreciation charge	5,289	20,538	3,828	29,655
Insurance expense	5,510	7,716	3,787	17,013
Professional service fees	137	16,889	1,487	18,513
Advertisement expense	17,735	331	-	18,066
Others	25,002	43,170	17,501	85,673
	$ 99,782	$ 176,601	$ 63,580	$ 339,963

Note: The wages and salaries included directors' remuneration.

WALRUS PUMP CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 12

	2024			2023		
	Classified as Operating Costs	Classified as Operating Expenses	Total	Classified as Operating Costs	Classified as Operating Expenses	Total
Employee benefit expense						
Wages and salaries	$ 121,399	$ 163,502	$ 284,901	$ 97,698	$ 132,075	$ 229,773
Labour and health insurance fees	13,518	14,563	28,081	12,291	13,697	25,988
Pension costs	6,091	7,185	13,276	5,511	6,850	12,361
Directors' remuneration	-	7,541	7,541	-	1,200	1,200
Other personnel expenses	8,614	10,443	19,057	6,641	9,797	16,438
	$ 149,622	$ 203,234	$ 352,856	$ 122,141	$ 163,619	$ 285,760
Depreciation charge	$ 38,329	$ 29,655	$ 67,984	$ 34,174	$ 27,450	$ 61,624
Amortisation charge	$ 137	$ 4,040	$ 4,177	$ 22	$ 2,224	$ 2,246

Note:

A. As at December 31, 2024 and 2023, the Company had 448 and 384 employees, both including 5 non-employee directors, respectively.

B. (a) Average employee benefit expense in current year was $779 thousand.
Average employee benefit expense in previous year was $751 thousand.

(b) Average employees salaries in current year was $643 thousand.
Average employees salaries in previous year was $606 thousand.

(c) Adjustments of average employees salaries was 6.08%.

(d) The supervisors' remuneration in current year and previous year was both $0 (Note).

WALRUS PUMP CO., LTD.
SUMMARY STATEMENT OF CURRENT PERIOD EMPLOYEE BENEFITS, DEPRECIATION (Cont.)
AND AMORTIZATION EXPENSES BY FUNCTION
FOR THE YEAR ENDED DECEMBER 31, 2024
(Expressed in thousands of New Taiwan dollars)

Statement 12

(e) The salary and compensation policy of the Company's directors, managers and employees is as follows:

i. Salary calibration: The Company conducts an annual market investigation on salaries to understand the market salary levels in the same industries and positions, ensuring that its salaries remain competitive.

ii. Reward and punishment system: The Company establishes the "Regulations Governing Reward and Punishment for Employees", and the Company gives commendations, minor merits and major merits based on the work performance, project achievements and special performance, which are included in the weighted calculation of the current year's performance evaluation, subsequently affecting the basis for the year-end bonuses received.

iii. Salary allowance: The salary structure includes a professional allowance which grants the additional payment to employees who obtains relevant and necessary certifications.

iv. Employees' bonus: The earnings are distributed based on the Company's annual net operating profit, adopting a sharing system for all employees.

v. Employee stock subscription: The Company designs an employee stock purchase plan and enhance the Company's operating performance to drive stock price upward. The Company allows employees to share its operating results, which also motivates their performance at the same time, to achieve the

vi. Creative proposal: The creative proposal includes creative ideation of products, form optimisation, process transformation and other matters. The proposal bonuses are given after approving the proposal.

vii. Other benefit systems: The other benefit systems include Lunar New Year cash gifts, year-end bonuses, birthday cash gifts, various cash gifts and condolence money, employee dormitories, regular health check-ups and leave types that surpass the laws and regulations (happy time leave, activity leave and leave with pay for work suspension due to typhoons), etc.

Note: For the year ended December 31, 2023, the Company set up the audit committee according to the laws and therefore had no supervisors'remuneration.