Stock Code:9934

Annual Report Website:
http://mops.twse.com.tw/mops/web/t57sb01_q5
https://en.globeunion.com/investors/shareholders/

成霖企業股份有限公司
Globe Union Industrial Corp.

2021 Annual Report

Printed on March 29 , 2022

1. Company Spokesperson and Deputy Spokesperson

Name of spokesperson: Eric Chen
Job title: Chief Financial Officer
Contact number: (04) 2534-9676 Ext. 510215
E-mail: eric.chen@globeunion.com
Name of deputy spokesperson: Nancy Shih
Job title: IR Manager
Contact number:(04)2534-9676 Ext.510229
E-mail: nancy.shih@globeunion.com

2. Addresses and telephone numbers of the head office, branch offices, and factories

Company address: No. 22, Chien-Kuo Rd., Tanzi District, Taichung City 42760, Taiwan
Contact number: (04)2534-9676 (Operator)

3. Name, address, website, and telephone number of stock registration agent

Name: Stock Agent Department, Sinopac Financial Holdings Company Ltd.
Address: 3F, No. 17, Bo'ai Rd, Taipei City 10044, Taiwan
Contact number: (02)2381-6288
Website: http://securities.sinopac.com

4. CPA for most recent financial report

Accounting Firm: Ernst & Young
Name of Accountants: Yu-Ting Huang , CPA、Ming-Hung Chen, CPA
Address: 26F, No. 186, Shizheng N. 7th Rd., Xitun Dist., Taichung City 40756, Taiwan
Website: http://www.ey.com/tw/zh_tw
Contact number: (04)2259-8999

5. Overseas Securities Listing Exchange and Information: N/A

6. Company Website: https://tw.globeunion.com/

Table of Contents

A. Letter to Shareholders

Dear Shareholders,

The COVID-19 pandemic continued to cast a pall over the world in 2021, which directly impacted global supply chains established over the past few decades. The Group's global business model was also severely affected. Restrictions on international travel, bottlenecks at shipping ports, and rising transportation costs all added to the operational challenges and impacted the Group's profitability.

However, no matter how severe the external challenges are, we remain proactive in business and operation and continue to move forward in the direction of steady growth.

First, we focus on improving the operations of our Vitreous China plant in Mexico, GUMX. This plant is a crucial first step in our strategy to diversify our manufacturing bases. Despite more than a year of disruptions due to the COVID-19 pandemic, we finally completed the integration of Milim and GUMX plant in the second half of 2021. After the reorganization, GUMX started to improve the production and management system this year. Moreover, we also recognize the importance of the need to have a localized manager on the ground to build and lead the Mexican team. At the end of 2021, a Mexican manager with over 30 years of experience in ceramics manufacturing plants was recruited to manage GUMX's daily operation and systematic manufacturing process integration. GUMX plant is our Group's first manufacturing base outside of China. With the disruption of COVID-19, GUMX did not get off to a good start. However, after the integration of organizational management completed last year, we believe we can accelerate the progress of improvement this year and steadily increase the yield and output.

Regarding the business in North America, in response to the rising costs of transportation and raw materials, we also actively increased our selling price to the market. Additionally, we imposed sales demand control on specific low-margin products to minimize the negative impact of rising costs. We also negotiated new contracts terms with National Builders to reduce the loss of profit without harming customer relationships. However, these are extraordinary measures to cope with costs soaring in a short time. We will continue to monitor market trends to find the best balance between profits and increasing our market share.

Our UK based Subsidiary, PJH, was the best-performing entity in 2021. As a channel distributor, PJH's business model enables it to pass on the cost to its customers. PJH keeps enhancing its competitive advantage of distribution services, which leads to high customer loyalty and stickness. As a strong brand for its major customers, PJH has continuously achieved growth in revenue and profit in this changing environment.

We understand and take this development seriously when it comes to corporate sustainability. To manage the risks and impacts of our operations on the economy, environment, and society and to practice corporate social responsibility, a responsible unit is established in 2022 to promote a corporate governance structure for sustainable development. In the early stage, the directors and management teams undertook education and training on sustainable development. We have created an awareness and consensus towards sustainable development issues internally. Next, we will implement the practice principles for sustainable development this year. Our sustainability goals and direction are driven at the group level. In doing so, we are moving in line with the international trends and can fulfill the stakeholders' expectations.

The Company’s 2021 operating performance, 2022 business plan, and future development strategy are as follows:

I. 2021 Operating Performance

(I) Operating performance:

Financial information of consolidated statements:

Unit: NT$1,000

Item \ Year	Financial information for the most recent year	
	2021	2020
Operating income	19,491,355	16,775,209
Operating margin	4,799,037	4,616,751
Operating profits	157,604	465,479
Non-operating income and expenses	18,800	(819)
Net profit before tax	176,404	464,660
Net profit of continuing operations for this period	12,797	287,487
Net income attributable to owners of the parent	12,797	287,487
Earnings per share (NTD) (after tax)	0.04	0.81

(II) Budget implementation in 2021: The Company did not publish 2021 financial forecasts.

(III) Financial structure and profitability analysis:

Financial information of consolidated statements:

Unit: NT$1,000

Item		2021
Financial receipts and expenditures	Operating income	19,491,355
	Operating margin	4,799,037
	Net income attributable to owners of the parent	12,797
Profitability	Return on assets (%)	0.94%
	Return on equity (%)	0.24%
	Net profit margin (%)	0.07%
	Earnings per share (NTD)	0.04

Analysis of financial receipts and expenditures: Our operating income increased this year. Operating margin increased by NT$182,286 thousands, operating expenses increased by NT$490,161 thousands, and non-operating income and expenses increased by NT$19,619 thousands, income tax expense decreased by NT$13,566 thousands, resulting in a decrease of NT$274,690 thousands in net income attributable to owners of the parent compared to 2020.

Analysis of profitability: Profitability declined this year. Return on assets, return on equity, net profit margin, and earnings per share have all decreased compared to 2020 year.

II. 2022 Business Plan

(I) Business Direction

1. Continue to uphold our Company's core value of "Stay honest and impartial, take the initiative, and care for customers, employees, and society."
2. Continue to integrate global business units to achieve the founder's vision of developing "One family, One Vision" sustainably.

(II) Important production and sales strategy

1. Utilize the Group's manufacturing capabilities for bathroom ceramics and faucet hardware to provide customers with one-stop services through a more diversified sales model, and increase customer stickiness of the Group's brand and products.
2. Strengthen the technical production and management models of the Group's bathroom ceramics and establish a replicable bathroom ceramics production management system. The models and systems are important infrastructures for increasing the production capacity of bathroom ceramics in the future.
3. Optimize the production and manufacturing of the Group's faucet hardware and continue to create production diversification opportunities for "China + 1" to enhance market competitiveness and flexibility in production and sales allocation.

(III) Business Plan

1. The North America brand Gerber focuses on national professional wholesalers this year. It flexibly utilizes existing customer relationships to implement the "Lead with VC; Differentiate with Faucet" market strategy. The Company increased the sales of faucet products to accelerate the optimization of its product portfolio, in hopes of improving the overall profit.
2. Based on the history of the Gerber brand in 2001, it continues to strengthen the interaction and relationship with the professional plumbers who are its customer groups. Gerber brand in particular is to create interaction opportunities with professional plumbers of the new generation and sustain core customer groups' preference and loyalty for and to Gerber brand through outstanding quality and sophisticated services. The professional plumbers' who stick with Gerber not only positively affect wholesalers' demand for our products, but they are also "professionally endorsing" the Gerber brand, which has become an important foundation for entering the consumer market.
3. Although the operations of the European market were affected by the lockdown last year, the market is stabilized with strong demand from major customers. We will actively develop Europe brand Lenz to create

opportunities to enter new retail channels this year, with the goal of increasing its market share. However, the current Russia-Ukraine war has brought high uncertainty to the European market. We will continue to pay attention to market changes to minimize possible negative impacts.

4. The main focus of ceramic production this year is still on improving and integrating the Mexico plant. We will strengthen the discipline of production management and personnel technical production capacity to achieve the goal of improving yield and production.
5. PJH deployed recovery mechanisms and preparations for Brexit ahead of other competitors, thereby increasing customers' reliance on PJH. Its revenue and profit in 2021 were outstanding. Looking forward to 2022, the major customer B&Q's reliance on PJH distribution services will increase steadily. The construction speed of the construction channel slowed down due to the epidemic last year, and the market expects the demand will return to normal this year. The focus on developing bathroom product retail channels is also growing steadily, and we will continue to optimize our product portfolio and procurement strategies to generate greater profits. Meanwhile, since PJH is a distributor, even in the face of high transportation costs and inflationary pressures, it can pass on the costs to consumers in a timely and reasonable manner and reduce its operating pressure. PJH upholds the vision of "becoming customer's preferred partner", and it will continue to optimize its distribution and operation systems, expand its next-day delivery services to all customers and increase its market shares. Like the European market, the Russia-Ukraine war also had a considerable impact on the UK market, and we will continue to pay attention to market changes in hopes of reducing the possible negative impact.

(IV) Future development strategy

The development of Globe Union focuses on improving the brand value. In the North American market, the goal is to upgrade the brand positioning of the Gerber brand to "Tier 1.5".

With Globe Union Industrial Corp.'s manufacturing capabilities for bathroom ceramics and faucet hardware, the foundation of the Gerber brand's history in the North American market in 2001, and the "Lead with VC; Differentiate with Faucet" sales strategy, this differentiates Gerber from other current second-tier competing brands. Gerber becomes the first choice that is most suitable for complementing market-leading brands and its new position is called "Tier 1.5".

Meanwhile, we will continue to deploy global production and supply chains and actively integrate global operations and quality control systems, strengthen manufacturing capabilities, product design, R&D, and innovation, and improve operational management efficiency to increase shareholder returns.

(V) Impact from external environment, regulatory environment, and overall business environment

Believing in sustainable development, continuous improvement, and actively fulfilling social responsibility, the Company pays attention to and keeps track of various market regulations and environmental protection requirements. In recent years, the Company has imported automation and labor-saving devices to reduce production costs, and more importantly, to improve the work environment and enhance safety. Regarding energy saving and environmental protection, the Company continues to invest in energy-saving and environmental protection equipment and process improvements. Investments such as recycling and re-utilizing residual heat from kilns have achieved results. To reduce carbon emissions and respond to China's clean energy utilization policy, we will continue to research and invest in new energy facilities such as: We introduced and applied energy-saving photovoltaics and high-powered equipment while looking for other energy sources to replace existing fuel gas and electric heat sources (such as kilns, solutions for using dry natural gas, and high energy-saving geothermal boilers) to reduce energy costs.

COVID-19 and other mutating viruses continue to affect the operation of the global market. The Company's domestic and overseas bases continue to implement epidemic prevention measures and increase vaccination coverage to protect the safety of employees and their families without affecting operations. However, the increase in global shipping costs caused by the lack of labor and containers in major ports in Europe and US is currently the biggest challenge for our operations. The Company will diversify supply chain risks through continuous global deployment, strengthen the management of the supply chain and increase its efforts to improve the Mexico plant's yield and production capacity.

Looking forward to 2022, while facing economic and environmental uncertainty, Globe Union Industrial Corp. will be more conscientious and attentive. With the energy and execution of all our colleagues, we remain confident in delivering our expected growth.

On behalf of Globe Union Industrial Corp., we thank you for your continued support.

Best wishes to you and your families.

Chairman: Shane Ouyang

B. Company Profile

I. Date of establishment: October 29, 1979

II. Company History:

1979
- Globe Union Industrial Corp. established in Taipei as a general importer and exporter with a paid-in capital of NT$2 million.

1985
- Began specializing in the trading of bathroom hardware.

1993
- Created the private brand Gobo

1995
- Acquired "Sheng Lin Industrial Co., Ltd." to reduce costs and consolidate production and sales. After the merger and capital-increase, total capital increased to NT$139 million.

1997
- Established Shenzhen Globe Union Industrial Corp. in China to expand our overseas production base. The Company specializes in the production of faucets and bathroom accessories.
- Public listing approved.

1999
- Created the private brand Danze.
- Listed on the O.T.C.
- The Company invested in Globe Union Canada Inc. in Canada, which specializes in the sale of faucets and bathroom accessories.

2000
- Publicly listed on the stock exchange.
- The Company invested in Globe Union America Inc. in the US, which specializes in the sale of faucets and bathroom accessories.
- The Company acquired Aquanar Inc. in Canada, which specializes in the production and sale of electronic faucets.

2002
- Established "Shenzhen Globe Union Enterprise Co., Ltd." in China.
- The Company invested in Fusion Hardware Group Inc. in the US, which specializes in the sale of furniture hardware products.

2003
- Acquired Gerber Plumbing Fixtures, LLC in the US, which specializes in the production and sale of bathroom ceramics.
- Acquired "Milim G&G Ceramics Co., Ltd." in China. The company specializes in the production and sale of bathroom ceramics.
- The Company acquired Arte En Bornce, S.A.DE C.V. in Mexico, which specializes in the sale of faucet products.

2004
- Acquired Lenz Badkultur GmbH & Co. KG. in Germany, which specializes in the sale of faucet products..

2005
- Shenzhen Globe Union Industrial Corp. publicly listed as A-share on the Shenzhen Exchange in China.

2006
- Acquired "Home Boutique International Co., Ltd." The company specializes in wholesale/retail high-end kitchen appliances and bathroom accessories.
- Acquired "Anderson R.O. Technology Co., Ltd.". The company specializes in the manufacture and sale of water purifiers.

2007
- Established "Qingdao Globe Union Technology Industrial Corp." The company specializes in the production of faucets, showers and

hardware fittings.

- Established "Qingdao Lin Hon Precision Industrial Corp." The company specializes in the production of faucets, showers and hardware fittings.
- The Company acquired PJH Group Holding Company Ltd. in the UK, which specializes in kitchen and bathroom product channel management.

2009
- US subsidiary Gerber wins Best Water-Saving Toilet, Bathroom Solutions Innovation Awards
- , and the National Awards for Successful Corporate Restructuring and Recovery. The subsidiary Danze receives the Innovation Award in the Faucet Products category.
- "Shen Zhen Globe Union Industrial Corp." receives "High-Tech Enterprise Certification."

2012
- New high-value kitchen and bathroom product R&D center established at corporate headquarters.

2013
- The Group undertook a major asset swap and restructuring. After the restructuring, the Group now owns 100% of Shenzhen Globe Union Enterprise Co., Ltd., Qingdao Globe Union Technology Industrial Corp., Qingdao Lin Hon Precision Industrial Corp., and Qingdao Chenglin Imp. & Exp. Trading Co., Ltd.

2015
- The fifth ceramics kiln line and the fourth high-pressure separation and casting line of Milim G&G Ceramics Co., Ltd. were completed, and production officially began.

2016
- Andrew Yates took the post of President of the Group and completed the handover process as professional manager.
- Qingdao Lin Hon Precision Industrial Corp. was sold.
- The brand Gobo used in China was transfered.

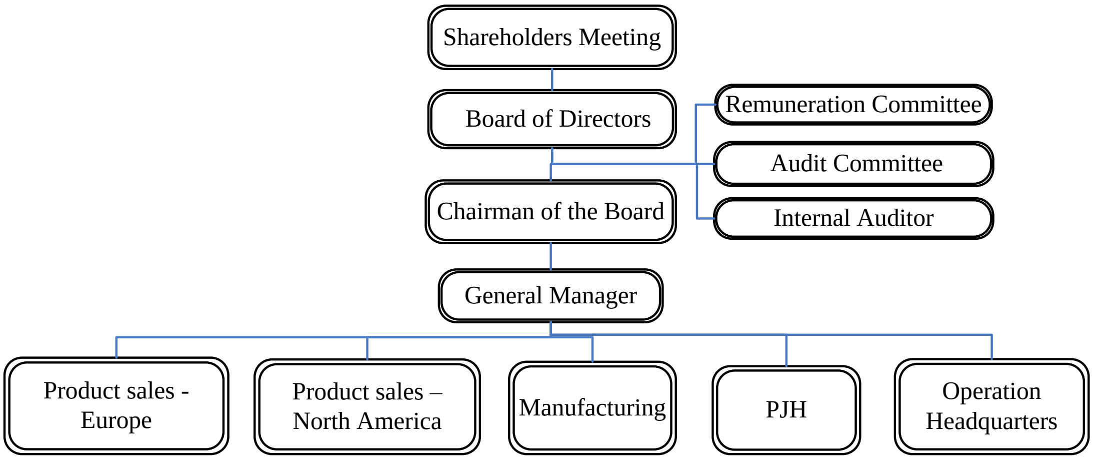
2018
- Qingdao Globe Union Technology Industrial Corp. was sold.
- The group was reorganized into four business groups, the North America brand, global private labeling, PJH, and HBI.

2019
- Shane Ouyang took the post of Chairman of the Group.
- Todd Alex Talbot took the post of President of the Group.
- Signed a contract to sell the equity of HBI Co., Ltd.
- Investment and establishment of GU PLUMBING de MEXICO S.A. de C.V.

C. Corporate Governance Report

I. Organization chart:

(I) Organization structure:



(II) Business and functions of main departments:

Department	Function
Product sales - Europe	Handles the marketing, sales, and operation of Globe Union's self-owned brands and global OEM brands in Europe.
Product sales - North America	Handles the marketing, sales, and operation of Globe Union's self-owned brands and global OEM brands in North America.
Manufacturing	Handles the manufacturing and production of the Group's faucet hardware and porcelain products.
PJH	PJH's main area of business is logistics, distribution and after-sales services for kitchen and bathroom products.
Head office	Formulates group-level business strategies and sales/marketing decisions; manages finances and intellectual property; develops core technologies; and handles product design, human resources, and information technologies.

II. Information on directors, supervisors, president, vice presidents, assistant vice presidents, and managers of each department and branch:

(I) Directors and Supervisors:

Profile of directors and supervisors (I)

March 29, 2022 Unit: Shares

Number of common shares outstanding: 358,163,962 shares

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	23,366,692	6.52%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
Chairman	Republic of China	Representative: Shane Ouyang	Male 41~50	2021.8.2	2021.8.2 ~2024.8.1	2019.2.20	0	0%	20,151,496	5.62%	0	0%	0	0%	M.S. in Marketing, Northwestern University, USA Founder and CEO of Venture-G Inc.	Note 1	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Director	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	23,366,692	6.52%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
	Republic of China	Representative: Hung-Kang Lin	Male 61~70	2022.1.7	2022.1.7 ~2024.8.1	2022.1.7	0	0%	0	0%	0	0%	0	0%	M.S. in Business Management, Brooklyn College, CUNY Chairman of Ernst & Young Cultural and Educational Foundation CPA Director of Ernst & Young	Note 2	N/A	N/A	N/A	N/A
Director	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	23,366,692	6.52%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
	Republic of China	Representative: Wen-Hsin Chen	Female 51~60	2021.8.2	2021.8.2 ~2024.8.1	2021.2.3	0	0%	0	0%	0	0%	0	0%	Master Degree in Business Administration and Public Relations, Boston University Note 3	N/A	N/A	N/A	N/A	N/A
Director	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	23,366,692	6.52%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
	United Kingdom	Representative: Andrew Yates	Male 61~70	2021.8.2	2021.8.2 ~2024.8.1	2019.10.21	0	0%	450,000	0.13%	0	0%	0	0%	President of Globe Union Industrial Corp. CEO of PJH group and head of European Division of GU group, CEO of PJH group , commercial director of PJH group	Note 4	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Chin-Shan Huang	Male 61~70	2021.8.2	3 years	2015.6.26	541	0%	541	0%	0	0%	0	0%	M.M., Cambridge College - Boston Chairman and Chief Consultant, Three Win Management Consulting Corp. President, Thunder Tiger Co., Ltd.; Consultant, Tai Cheng Consulting Co., Ltd; Vice President, Fu Ying Metal Co., Ltd.; Deputy Manager, General Administration Department, Kunnan Enterprise Co., Ltd.	Convener of the Company's Remuneration Committee and member of the Audit Committee	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Young-Sheng Hsu	Male 51~60	2021.8.2	3 years	2015.6.26	0	0%	0	0%	0	0%	0	0%	Ph.D. in Accounting, National Taiwan University Professor of Department of Accounting, National Chung Hsing University; Associate Professor of Department of Accounting, National Chung Hsing University	Note 5	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Equity ratio	No. of shares	Equity ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wen-Yi Fan	Male 51~60	2021.8.2	3 years	2021.8.2	0	0%	0	0%	0	0%	0	0%	Master Degree, Telecommunication, Michigan State University Note 6	Member of the Company's Remuneration Committee and member of the Audit Committee	N/A	N/A	N/A	N/A

Note 1: Director of subsidiaries Globe Union Industrial (B.V.I) Corp.、Globe Union Cayman Corp.、Globe Union (Bermuda)Ltd、Globe Union Germany GmbH&Co. KG、Globe Union Verwaltungs GmbH.、Globe Union Group Inc.、Globe Union Canada Inc.、Danze Inc.、Gerber Plumbing Fixtures, LLC、GU PLUMBING de MEXICO S.A. de C.V., Shenzhen Globe Union Enterprise Co., Ltd. and Milim G&G Ceramics Co., Ltd.

Note 2: Independent director, convener of the Audit Committee, and Remuneration Committee member of O-Bank, supervisor of the Union Mechatronic Inc., and director of San-An Biotech Co. Ltd.

Note 3: Director of GM China Marketing, General Motors (China) Investment Co.；Director of Buick Brand, Buick Division, General Motors (China) Investment Co. ；Director of Opel Operations, VSSM, General Motors (China) Investment Co. ；Cadillac Deputy Brand Director, Marketing and Distribution, Shanghai General Motors Co. Ltd. ；Brand Strategy Manager, Marketing and Distribution, Shanghai General Motors Co. Ltd.；Marketing Advertising Manager, Marketing and Sales Division, Ford Lio Ho Motor Co. ；Sales Planning and Programming Manager, Ford Lio Ho Motor Co. ；Service Zone Manager, Ford Lio Ho Motor Co.

Note 4: Director at PJH (HK) LIMITED.

Note 5: Convener of the Company's Audit Committee and member of the Remuneration Committee. Independent Director, convener of the Audit Committee, and convener of the Remuneration Committee of UHT Unitech Co., Ltd.; Independent Director, Audit Committee member, and Remuneration Committee member of Adimmune Corporation; Institutional Director Representative of Ideal Bike Corporation.

Note6: Chief Advisor, Bremen Digital ；Managing Director & Partner, AnalogFolk China ；Chief Strategic Integrator, Isobar China Group ；Regional Business Director, wwwins Isobar Greater China ；VP Client Service, J. Walter Thompson Taipei

Major shareholders of institutional shareholders:

March 29, 2022

Name of institutional shareholder	Major shareholders of institutional shareholders
Ming-Ling Co., Ltd.	Scott Ouyoung (deceased), holding 99.93% of shares.

Profile of directors and supervisors (II)

I. Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Shane Ouyang	He has a master's degree in marketing at Northwestern University in USA. He is the founder and CEO of Venture-G Inc. and he specializes in business strategies and management, brand marketing, planning of operating practices, and investments in new ventures. Mr. Shane Ouyang has practical experience, strategic planning, and managing execution skills. He served as the marketing manager of the US subsidiary GERBER PLUMBING FIXTURES LLC and is familiar with the bathroom industry and operations of the Group and brand sales. The role of the Chairman of the board of directors is to create two-way communications with both the management team and managers, lead and make decisions. He also has leadership skills and the ability to manage all aspects of a business. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. The top ten shareholders of the Company, holding 20,151,496 shares, with a shareholding ratio of 5.62%. 2. An institutional shareholder (Chairman of Ming-Ling Co., Ltd.) who holds directly 5% or more of the Company's shares 3. Concurrently a director or institutional director representative of the Company's affiliates (holding 100% shares) 4. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Hung-Kang Lin	Mr. HANK Lin has a master's degree in business management at Brooklyn College and is a CPA ; who also served as head of Ernst & Young (EY) Taichung regional office and member of EY CSR committee, multi-national enterprises and corporate consulting services. He is currently the Chairman of Ernst & Young Cultural and Educational Foundation, independent director, convener of the Audit Committee, and Remuneration Committee member of O-Bank, supervisor of the Union Mechatronic Inc., and director of San-An Biotech Co. Ltd. Mr. Hung-Kang Lin specializes in finance, accounting, law, operational management, and corporate governance and has extensive experience. He can propose relevant operational management and financial operation directions to the Company's board of directors and strengthen the supervision of the implementation of corporate governance regulations. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. Representative of institutional director assigned by Ming-Ling Co., Ltd. 2. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	1

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Andrew Yates	He graduated from Tameside College in Manchester, UK. Since Globe Union acquired PJH Group in 2007, he served as CEO of PJH Group and head of the European Division of GU Group and served as the CEO of Globe Union from 2016 to 2019. He is responsible for the Group's global operations. Mr. Andrew Yates has more than 30 years of experience in operation and management and served Globe Union for more than 10 years. He has management practice experiences and international perspectives and assists the board of directors in judging the decisions made and supervising the implementation of practical directions. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. Holds 450,000 shares of Globe Union Industrial Corp., with a shareholding ratio of 0.13%. 2. Concurrently a director of Globe Union Industrial Corp.'s affiliates (100%) 3. The representative designated by Ming-Ling Co., Ltd. was elected as a director. 4. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Wen-Hsin Chen	She has a master's degree in Business Administration and Public relations at Boston University. She served as the Director of GM China Marketing, General Motors (China) Investment Co. ; Director of Buick Brand, Buick Division, General Motors (China) Investment Co. ; Director of Opel Operations, VSSM, General Motors (China) Investment Co. ; Cadillac Deputy Brand Director, Marketing and Distribution, Shanghai General Motors Co. Ltd. ; Brand Strategy Manager, Marketing and Distribution, Shanghai General Motors Co. Ltd. ; Marketing Advertising Manager, Marketing and Sales Division, Ford Lio Ho Motor Co. ; Sales Planning and Programming Manager, Ford Lio Ho Motor Co. ; Service Zone Manager, Ford Lio Ho Motor Co. She has more than 20 years of brand marketing strategies and practical experience. Ms. Wen-Hsin Chen specializes in brand marketing, and is familiar with corporate operations and formulating strategies, leading, and making decisions. The Company relies on her service experiences and visions in different industries to provide diversified business strategy suggestions to improve the operating performance of the board of directors. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. The representative designated by Ming-Ling Co., Ltd. was elected as a director. 2. The remuneration of business services provided to Globe Union Industrial Corp. is NT$150,000 last year. 3. The rest are verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Chin-Shan Huang	He has a master's degree in management at Cambridge College Boston. He is currently the chairman and chief consultant of Three Win Management Consulting Corp. and served as the president at Thunder Tiger Co., Ltd.; consultant at Tai Cheng Consulting Co., Ltd; and vice president at Fu Ying Metal Co., Ltd. Mr. Chin-Shan Huang also has expertise in operational management, operations optimization, industry analysis, and risk management. The Company relies on Mr. Huang's expertise in management, strategy formulation, and decision-making to improve the supervision and management quality of the board of directors, audit, and remuneration committees. Currently serving his third term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.	1. Serve as the Globe Union Industrial Corp.'s independent director, convener of the Remuneration Committee, and member of the Audit Committee. 2. Holds 541 shares of Globe Union Industrial Corp., with a shareholding ratio of 0%. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Young-Sheng Hsu	He has a ph.d. in accounting at National Taiwan University and he specializes in accounting. He is currently a professor of the department of accounting at National Chung Hsing University. He is also an independent director, convener of the Audit Committee, and convener of the Remuneration Committee of UHT Unitech Co., Ltd.; independent director, Audit Committee member, and Remuneration Committee member of Adimmune Corporation; and institutional director representative of Ideal Bike Corporation. Mr. Young-Sheng Hsu specializes in corporate finance, accounting, and analysis, and has management expertise in corporate governance, and law. With his expertise, he can assist the board of directors in improving the Company's financial statement's audit quality, implementation of internal control, and financial analysis operation. He also serves as the Chairman of the Audit Committee and is a member of the Compensation Committee. He fulfills his supervisory and management responsibility. Currently serving his third term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.	1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Remuneration Committee, and convener of the Audit Committee. 2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	2

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Wen-Yi Fan	He has a master's degree in telecommunication at Michigan State University. He served as Chief Advisor, Bremen Digital ；Managing Director & Partner, AnalogFolk China ；Chief Strategic Integrator, Isobar China Group ；Regional Business Director, wwwins Isobar Greater China ；VP Client Service, J. Walter Thompson Taipei. Mr. Wen-Yi Fan has brand marketing capabilities and has expertise in business management, industry analysis, and formulating development strategies. Mr. Fan provided in-depth insights and suggestions on brand management strategies of the Company's brand GERBER and participated in the formulation of the Group's management and strategy developments. Currently serving his first term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.	1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Remuneration Committee and Audit Committee. 2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	0

II. Board Diversity and Independence:

(I) Board Diversity:

The Company has established a candidate nomination system in the Company's Articles of Incorporation for the Directors to adopt. After resolution by the Board of Directors, candidates are forwarded to the shareholders' meeting for appointment.

Chapter 3, Reinforced Functions of the Board of Directors, Section 1, Structure of the Board of Directors, of the Company's Corporate Governance Code of Practice stipulates:

Article 20 (Overall Expected Capabilities of the Board of Directors)

The board of directors shall provide guidance on the Company's strategies, supervise the management, be responsible for the Company and its shareholders, and shall ensure that it exercises its functions following the requirements of applicable laws and regulations and the Articles of Incorporation or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system.

The board of directors shall have a structure consisting of at least seven members to meet the practical operational demand depending on the management and development scale of the Company and the holding status of major shareholders.

Diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

I. Basic requirements and values: Gender, age, nationality, and culture.

II. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

Board members shall be equipped with knowledge, skills, and attainments generally required for performing their tasks. In order to accomplish the preferred governance goals of the Company, the Board of Directors shall generally be equipped with the following capabilities:

I. Ability to make sound business judgments.

II. Ability to perform accounting and financial analysis.

III. Ability to manage a business.

IV. Ability to handle crisis management.

V. Industrial knowledge.

VI. An international market perspective.

VII. Leadership.

VIII. Decision-making ability.

The Company’s current Board of Directors is composed of seven directors (including 3 independent directors, accounting for 43%). Six directors have the nationality of R.O.C. and one director has the nationality of UK. Three directors are 61 to 70 years old, three directors are 51 to 60 years old, and one director is 41 to 50 years old. Elites from different generations and professional fields were recruited to form the Board of Directors. The members have relevant experience in industry, business, management, leadership, and decision making. The directors complement each other with their diversity, thereby greatly benefiting the development of the Company. Current members of the Board of Directors are not concurrently employees of the Company. There is one female director, accounting for 14%. The goal is to have two female directors. In 2019, through appointing representatives of institutional directors, implement the plan for succession of important management-level leadership to reach the Company's goal of sustainable development. The progress is detailed in the table below:

Name of director	Nationality	Gender Age	Concurrently an employee of the Company	Independent director office term		Core diversity parameters						
				Below 3 years	6 to 9 years	Operational management	Leadership and decision making	Industrial knowledge	Operational judgment	Finance and accounting	Law	Crisis management and an international market perspective
Shane Ouyang	Republic of China	Male 41~50	No			✓	✓	✓	✓	○	○	✓
Hung-Kang Lin	Republic of China	Male 61~70	No			✓	✓	○	✓	✓	✓	✓
Andrew Yates	United Kingdom	Male 61~70	No			✓	✓	✓	✓	○	○	✓
Wen-Hsin Chen	Republic of China	Female 51~60	No			✓	✓	○	✓	○	○	✓
Chin-Shan Huang	Republic of China	Male 61~70	No		✓	✓	✓	✓	✓	○	○	✓
Young-Sheng Hsu	Republic of China	Male 51~60	No		✓	○	○	○	○	✓	✓	✓
Wen-Yi Fan	Republic of China	Male 51~60	No	✓		✓	✓	○	✓	○	○	✓

✓denotes ability. ○ denotes some ability.

(I) Board independence:

1. Board Structure

The selection process of all directors is open and fair, which is in line with the Company's "Articles of Association", "Rules for Election of Directors", "Corporate Governance Best Practice Principles", "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies " , "Article 14-2 of the Securities and Exchange Act", the composition of the current board of directors consists of 3 independent directors (42.9%) and 4 non-independent directors (57.1%). None of the directors are employee/managerial personnel and none of the directors has a spouse or family relationship within the second degree of kinship, which complies with the provisions of Paragraphs 3 and 4 of Article 26-3 of the Securities and Exchange Act.

2. The Board of Directors is independent

The board of directors shall provide guidance on the Company's strategies, supervise the management, be responsible for the Company and its shareholders, and shall exercise its functions following the requirements of applicable laws and regulations and the Articles of Incorporation or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system. The board of directors of the Company emphasizes the functions of independent operation and transparency. Directors and independent directors are independent individuals and exercise their powers independently. The three independent directors also abide by the relevant laws and regulations, cooperate with the powers of the audit committee, review the management and control of the Company's existing or potential risks, supervise the effective implementation of the Company's internal control, the selection (dismissal) of CPA and their independence, and the fair preparation of financial statements. In addition, according to the Company's "Rules for Election of Directors", the cumulative voting system and candidate nomination system are adopted for the selection of directors and independent directors, and shareholders are encouraged to participate. Shareholders who hold a certain number of shares or more may submit a list of director candidates. Qualification review and confirmation of any violations listed in Article 30 of the Company Act shall be conducted and announced in accordance with the law to protect the rights and interests of shareholders, avoid monopoly or excessive nomination rights, and maintain independence.

The Company has established a performance assessment system for the board of directors, and carries out a self-evaluation of the board of directors and board members every year; the content of the performance self-assessment of the board of directors includes: 1. Level of participation in the Company's operations, 2. improving the quality of board decision-making, 3. board composition and structure, 4. appointment of directors and their continuing studies, 5. internal controls. The external Board's performance evaluation is conducted at least once every three years by an external professional independent institution or an external team of experts and scholars. The results of the 2021 external evaluation and self-evaluation are reported to the Board of Directors on March 8, 2022. After the above-mentioned relevant self-evaluation results are reported to the Board of Directors, they will be disclosed in the Company's annual report and the official website.

In addition, to let the investing public fully understand the operation of the board of directors of the Company, relevant information has also been disclosed in the Company's annual report, official website, or the Taiwan Stock Exchange Market Observation Post System (MOPS):

(1) Attendance status of board members participating in meetings
(2) Contents of motion and resolutions of the board of directors
(3) Continuing education of the directors
(4) Changes in shareholding of directors (shareholding ratio, share transfer, pledge setting, please refer to the Taiwan Stock Exchange MOPS).

(II) President, Vice Presidents, Assistant Vice Presidents, and Managers of Departments and Branches:

Up to March 29, 2022 Unit: Shares

A total of 358,163,962 common shares are in circulation

Title (Note 1)	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
President	USA	Todd Alex Talbot	Male	2019.8.13	0	0%	0	0%	0	0%	President of FluidMaster Inc.、Partner of Mega Western Sales、CEO of OldCastle Glass Division of CRH、President of BrassCraft and Alsons Division of Masco Group. University of Nevada, BS of Business management	Director at Globe Union Germany GmbH & Co. KG; Globe Union Verwaltungs GmbH; and GU PLUMBING de MEXICO S.A. de C.V.	N/A	N/A	N/A	N/A
Vice President	Republic of China	Tsung-Min Chen	Male	2015.10.16	200,000	0.06%	0	0%	0	0%	MA in Finance, National Sun Yat-sen University; Department of Business Administration, Tunghai University Director of Investment Analysis, Investment Department, Cathay Life Insurance	Note 1	N/A	N/A	N/A	N/A
Vice President	Republic of China	Lei-Hui Lee	Female	2020.8.6	0	0%	0	0%	0	0%	Master of International Business, University of Strathclyde Department of International Trade, Feng Chia University	Director at GLOBE UNION (UK) LIMITED and Globe Union Business Consultancy (Shanghai) Company Limited.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Vice President	Republic of China	Zhen-Hui Jin	Male	2022.1.27	0	0%	4,718	0%	0	0%	Manager of Ta An Aluminum Co., Ltd Chief of San Zhen Aluminum Co., Ltd Supervisor of Hocheng Corporation Precision Die Casting Supervisor of CPD Group Inc Mining and Metallurgical Engineering Department of Provincial Taipei Institute of Technology	Director of subsidiaries Milim G&G Ceramics Co., Ltd., and Globe Union Business Consultancy (Shanghai) Company Limited (note)	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Jung-Chao Lin	Male	2018.1.1	100,575	0.03%	107	0%	0	0%	Chief of Taiwan Kose Co., Ltd Department of Nutrition, Chung Shan Medical University	Director of subsidiaries Shenzhen Globe Union Enterprise Co., Ltd.	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Bhor-Chaou Chang	Male	2018.1.1	51,600	0.01%	0	0%	0	0%	Master of Commerce, Virginia Commonwealth	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Ta-Ying Chang	Male	2021.11.9	0	0%	0	0%	0	0%	Vice president of product engineer supporting the head office of Shenzhen Globe Union Enterprise Co., Ltd. R&D manager of Globe Union Industrial Corp.	Director of Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	N/A	N/A	N/A	N/A

Title (Note 1)	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Assistant Vice President	Republic of China	Ming-Sheng Wei	Male	2018.11.1	0	0%	0	0%	0	0%	On-the-job Master's Program in E-Commerce, Feng Chia University	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Jun-Hong Li	Male	2019.10.25	0	0%	0	0%	0	0%	Manager, Design Department, Tsann Kuen Enterprise Co., Ltd. M.A. in Industrial Design, Tunghai University	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Ming-Feng, Zhang	Male	2022.1.27	0	0%	4,141	0%	0	0%	Clerk at E. SUN Commercial Bank Auditor at Deloitte & Touche B.A. in Accounting, Tunghai University	N/A	N/A	N/A	N/A	N/A

Note: Globe Union Business Consultancy (Shanghai) Company Limited (Previously PJH Business Consultancy (Shanghai) Company Limited).

Da-Ying Zhang was promoted to assistant vice president on November 9, 2021 Zhen-Hui Jin was promoted to vice president and Ming-Feng Zhang was promoted to assistant vice president on January 27, 2022

Note 1: Director of subsidiaries Globe Union Industrial (BVI)Corp.、Globe Union Cayman Corp.、Globe Union Germany GmbH&Co. KG、Globe Union Verwaltungs GmbH、Globe Union (Bermuda)Ltd、GERBER PLUMBING FIXTURES LLC、GLOBE UNION (UK)LIMITED、Globe Union Business Consultancy (Shanghai)Company Limited, and supervisor of subsidiaries Shenzhen Globe Union Enterprise Co., Ltd., and Milim G&G Ceramics Co., Ltd.

III. Remunerations to directors, supervisors, president, and vice presidents in the most recent year:

(1) Remuneration for directors (including independent directors) December 31, 2021 Unit: NT$1,000

Title	Name	Director's remuneration								Ratio of total compensation (A+B+C+D) and to net profit after tax (%) (note 6)	
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Director's remuneration (C) (Note 2)		Business expenses (D) (Note 3)			
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)
Director	Representative of Ming-Ling Co., Ltd.:										
	Shane Ouyang	3,500	3,500	0	0	0	0	240	268	3,740 29.22%	3,768 29.44%
	Scott Ouyoung	417	417	0	0	0	0	180	272	597 4.66%	689 5.39%
	Andrew Yates	500	500	0	0	0	0	210	230	710 5.55%	730 5.70%
	Wen-Mei Yiu	42	42	0	0	0	0	0	0	42 0.33%	42 0.33%
	Wen-Hsin Chen	458	458	0	0	0	0	390	390	848 6.63%	848 6.63%
Independent Director	Chin-Shan Huang	800	800	0	0	0	0	330	330	1,130 8.83%	1,130 8.83%
	Young-Sheng Hsu	800	800	0	0	0	0	330	330	1,130 8.83%	1,130 8.83%
	Yi-Chia Chiu	433	433	0	0	0	0	150	150	583 4.56%	583 4.56%
	Wen-Yi Fan	333	333	0	0	0	0	150	150	483 3.78%	483 3.78%

Title	Name	Remuneration for part-time employees								Ratio of total compensation (A+B+C+D+E+F+G) and to net profit after tax(%) (Note 6)		Remuneration from reinvestments other than subsidiaries or the parent company
		Salary, bonuses, and allowances (E) (Note 4)		Severance pay and pension (F)		Employee remuneration (G) (Note 5)						
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company		All companies in the financial report (Note 7)		The Company	All companies in the financial report (Note 7)	
						Cash value	Share value	Cash value	Share value			
Director	Representative of Ming-Ling Co., Ltd.:											
	Shane Ouyang	0	0	0	0	0	0	0	0	3,740 29.22%	3,768 29.44%	0
	Scott Ouyoung	0	0	0	0	0	0	0	0	597 4.66%	689 5.39%	0
	Andrew Yates	0	0	0	0	0	0	0	0	710 5.55%	730 5.70%	0
	Wen-Mei Yiu	0	0	0	0	0	0	0	0	42 0.33%	42 0.33%	0
	Wen-Hsin Chen	0	0	0	0	0	0	0	0	848 6.63%	848 6.63%	0
Independent Director	Chin-Shan Huang	0	0	0	0	0	0	0	0	1,130 8.83%	1,130 8.83%	0
	Young-Sheng Hsu	0	0	0	0	0	0	0	0	1,130 8.83%	1,130 8.83%	0
	Yi-Chia Chiu	0	0	0	0	0	0	0	0	583 4.56%	583 4.56%	0
	Wen-Yi Fan	0	0	0	0	0	0	0	0	483 3.78%	483 3.78%	0

Note 1: Remuneration of directors for the most recent year (including director salary, additional duty payments, severance pay, various bonuses, or incentive payments); remuneration to independent directors include remuneration for serving concurrently as a member of the Remuneration

Committee and Audit Committee.

Note 2: Proposed distribution of directors' remuneration approved by the Board of Directors on March 8, 2022.

Note 3: These are business expenses of directors in the most recent year (including transportation allowance, special allowance, stipends, lodging, and vehicle, among other supplies in kind). In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration. Director Wen-Hsin Chen was paid NT$150,000 for service fees this year.

Note 4: All payments to directors who are also employees of the Company (including the position of President, Vice President, other manager, and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, lodging, and vehicle. In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration. Salary expenses recognized in accordance with IFRS 2 Share-based Payment shall also include employee stock option certificates, restricted stock awards, and share subscription in capital increase by cash. The Company has no director who is concurrently an employee.

Note 5: Proposed distribution of employees' remuneration (proposed figure) approved by the Board of Directors on 3/8/2022. The Company has no director who is concurrently an employee.

Note 6: Net profit after tax refers to the net profit after tax from the most recent standalone financial report.

Note 7: The total pay to the directors from all companies in the consolidated statements (including the Company).

(2) Remunerations to President and Vice Presidents December 31, 2021 Unit: NT$1,000

<table>
<tr><th rowspan="3">Title</th><th rowspan="3">Name</th><th colspan="2">Salary (A)</th><th colspan="2">Severance pay and pension (B)</th><th colspan="2">Bonus and special allowance, etc. (C)</th><th colspan="4">Amount of employee remuneration (D)</th><th colspan="2">Ratio of total compensation (A+B+C+D) and to net profit after tax (%)</th><th rowspan="3">Remuneration from reinvestments other than subsidiaries or the parent company</th></tr>
<tr><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th><th colspan="2">The Company</th><th colspan="2">All companies in the financial report</th><th rowspan="2">The Company</th><th rowspan="2">All companies in the financial report</th></tr>
<tr><th>Cash Amount</th><th>Shares Amount</th><th>Cash Amount</th><th>Shares Amount</th></tr>
<tr><td>President</td><td>Todd Alex Talbot</td><td rowspan="5">28,810</td><td rowspan="5">35,496</td><td rowspan="5">954</td><td rowspan="5">21,483</td><td rowspan="5">12,327</td><td rowspan="5">15,126</td><td rowspan="5">225</td><td rowspan="5">0</td><td rowspan="5">225</td><td rowspan="5">0</td><td rowspan="5">42,316
330.67%</td><td rowspan="5">72,330
565.21%</td><td rowspan="5">0</td></tr>
<tr><td>Vice President</td><td>MICHAEL DAVID BOND</td></tr>
<tr><td>Vice President</td><td>Tsung-Min Chen</td></tr>
<tr><td>Vice President</td><td>Shu-Chi Lee</td></tr>
<tr><td>Vice President</td><td>Lei-Hui Lee</td></tr>
</table>

Note: The amount of employees' remuneration was the proposed distribution of employees' remuneration (proposed figure) approved by the Board of Directors on 3/8/2022. Net profit after tax refers to the net profit after tax from the most recent standalone financial report.

Shu-Chi Lee resigned on August 11, 2020, which became effective on February 10, 2021. MICHAEL DAVID BOND resigned on October 1, 2021.

President and Vice Presidents' Remuneration Scale

Remuneration scale applicable to each President and Vice President of the Company	Name of President and Vice Presidents	
	The Company	All companies in consolidated financial statements E
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	Shu-Chi Lee	Shu-Chi Lee
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	MICHAEL DAVID BOND, Lei-Hui Lee	Lei-Hui Lee
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Tsung-Min Chen	Tsung-Min Chen
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)		
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Todd Alex Talbot	Todd Alex Talbot
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)		MICHAEL DAVID BOND
Total	5	5

(3) Comparison and analysis of remuneration to directors, supervisors, President and Vice Presidents as a percentage of net profit after tax from standalone or individual financial reports within the last two years, and description of the policy, standards, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks.

Unit: NT$1,000

Standalone	2021			2020		
Title	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)
Director	9,263	12,797	72.38	9,140	287,487	3.18
President and Vice Presidents	42,316		330.67	43,077		14.98

Consolidated financial statements	2021			2020		
Title	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)
Director	9,403	12,797	73.48	9,325	287,487	3.24
President and Vice Presidents	72,330		565.21	53,164		18.49

Remunerations to the president and vice presidents in 2021 increased compared with that in 2020. Severance pay is paid to 2 resigned vice presidents according to the employment contract.

In 2021, mainly due to the decrease in net profit after tax, the total remuneration as a percentage of net profit after tax will increase.

The policies and standards of paying remunerations, and packages of remuneration; the procedure for making such decisions; and relation to business performance and future risks:

● The policies and standards of paying remunerations, and packages of remuneration:

1. The Company's policies, standards of paying director remuneration and packages of remuneration shall be handled in accordance with the Company's Articles of Association and the director remuneration rules approved by the board of directors.

   (a).The remuneration of directors: According to Article 23 of the Company's Articles of Association, directors can receive fixed annual remuneration and transportation subsidy according to whether he/she participated in the meeting in person or through video conference. The distribution of remuneration is based on the Company's profitability. Stipulated in the Company's Articles of Association, the board of directors is authorized to formulate relevant director remuneration rules. They shall negotiate the payment of remuneration according to the remuneration paid to the same industry. If an employee concurrently serves as a director, he/she will not receive remuneration, nor will he/she receive transportation subsidy for participating in the meeting. If an independent director concurrently serves as a member of the functional committee, he or she will also receive remuneration according to the functional committee's organization regulations.

   (b).Director's remuneration: According to Article 25-1 of the Company's Articles of Association, whereby surpluses concluded from a financial year shall be subject to director remuneration of no more than 2%. If surpluses are concluded from a financial year and the earnings per share is in excess of NT$1, then director remuneration shall be allocated according to the Company's Articles of Association. In addition, the Company regularly evaluates the performance of directors in accordance with the "Board of Directors Performance Evaluation Guidelines", and the relevant performance evaluation and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors.

2. The Company's manager remuneration is based on the manager performance evaluation and remuneration policies, systems, standards, and structure. The remuneration structure includes: remunerations, performance bonuses, and employee bonuses.

(a).The remuneration refers to the standard of the same industry and items such as job title, job levels, education/ work experience, professional capabilities, and responsibilities.

(b).The performance bonuses are based on the Company’s annual performance, financial position, operational situation, and the key performance indicators or management by objectives adopted respectively according to high or low correlations between the individual responsibilities and the Group’s profit.

(c).According to Article 25-1 of the Company's Articles of Association, if the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration. Managers shall adopt KPI or MOB evaluation methods according to high or low correlations between the manager’s responsibilities and Group's profits. Managers shall combine “begin with the end in mind” with the Company/business unit’s annual strategy and key policies and focus on the implementation of annual goals. The annual performance results that the managers shall review are the degree of achievement of the four following aspects 1. company/business unit’s financial goals, 2. individual annual major work projects, 3. values and behavior, 4. leadership. These shall be discussed with the cross-department/supervisor regularly to ensure the fairness and objectivity of performance evaluation results. Under the premise that the Company has made profits, we focus on the results of the team’s joint efforts and contributions. The employee remuneration is paid on the principle of profit-sharing.

● The procedures for setting remuneration:

1.The procedures for setting director's remuneration:

(a).The remuneration of directors shall comply with Article 23 of the Company’s Articles of Association: The Company’s directors can receive monthly remuneration and transportation costs regardless of the Company’s profit or loss: the amount of their remuneration is handled in accordance with the Company's director remuneration rules.

(b).According to Article 25-1 of the Company's Articles of Association: If the Company was profitable during the year, no more than 2% may be allocated as remuneration for directors. However, profits must first be taken to offset cumulative losses if any.

2.The procedures for setting manager's remuneration:

(a).Performance bonuses are determined based on annual business performance.

(b).According to Article 25-1 of the Company's Articles of Association, if the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration.

- Relation to business performance and future risks:

1.Relation to director's business performance and future risks:

(a).The remuneration of the directors is paid according to the Company's Articles of Association and the Company's annual profit, so it is related to the business performance. The Company refers to the evaluation items of the "Board of Directors Performance Evaluation Guidelines" (including the functional committees). Reasonable remuneration will be given to directors who contributed to the Company's business performance. The Remuneration Committee of the Company will regularly review the remuneration system based on directors, the board of directors, and the Company's operating contributions (including corporate operational risks, strategic planning, and business performance).

(b).The results of the self-evaluation of the performance of the board of directors, directors, and members of various functional committees in 2021 are all outstanding. The overall score of performance from external evaluation institutions in 2021 was between good and excellent. However, the profit did not meet the regulations of the Company's Articles of Association in 2021, the director's remuneration will not be distributed, and it will first be submitted to the Remuneration Committee for review and then to the board of directors.

2.Relation to manager's business performance and future risks:

(a).The reasonableness of the remuneration and relevant performance evaluation of the Company's directors and managers are regularly evaluated and reviewed by the Remuneration Committee and the board of directors every year. On the whole, they look at the Company's operating performance, future development trends, and possible risks of the industry, and examine relevant laws and the Company's actual operating conditions. They review the remuneration system and consider the progress of achieving individual performance goals and their contribution to the company, to give reasonable remuneration. In 2021, as the epidemic impacted the environment, related costs rose. Although the profit is not as expected, considering that the management team has been working hard on the overall operation and profit management, the actual amount of remuneration paid to managers' will be issued after being reported to and reviewed by Remuneration Committee.

(b). When reviewing the relevant remuneration payment standards and systems in the remuneration policy, the Company mainly considers its overall operating performance. We determine the payment standards based on the performance goals' achievement rates and contributions to improve the overall efficiency of the management team. To ensure that the remuneration of the management level of the Company remains competitive, we refer to the remuneration standard of the industry to retain outstanding people with management talents. Managers' performance goals are mainly financial goals, and they manage and prevent possible risks within the scope of their powers and responsibilities. The performance of each important decision is reflected in the Company's profitability, and then the Company links the results of the actual performance evaluation to the relevant remuneration policies. The Company also issues employee stock options to the Company's and its subsidiaries' executives at the management level. The actual benefits of remuneration are related to the future stock price. These executives will share the overall future operational risks with the Company and actively create overall profits.

Manager's name and distribution of employee bonuses

December 31, 2021 Unit: NT$1,000

	Title	Name	Share value	Cash value (note)	Total	Percentage of total bonuses to net profit after tax (%)
Managers	President	Todd Alex Talbot	0	253	253	1.98
	Vice President	Tsung-Min Chen				
	Vice President	Lei-Hui Lee				
	Assistant Vice President	Jung-Chao Lin				
	Assistant Vice President	Ta-Ying Chang				
	Assistant Vice President	Bhor-Chaou Chang				
	Assistant Vice President	Ming-Sheng Wei				
	Assistant Vice President	Jun-Hong Li				
	Head of Accounting	Ying-Fan Chen				

Note: Proposed distribution of employees' remuneration (proposed figure) approved by the Board of Directors on March 8, 2022.
Assistant vice president Da-Ying Zhang assumed position on November 9, 2021.

Note: Provide the employee remunerations approved by the Board of Directors and distributed to the managers in the most recent year (including shares and cash); if they cannot be estimated, calculate the value intended to be distributed this year according to the actual value distributed last year.
Net profit after tax refers to the net profit after tax from the most recent standalone financial report.
Pursuant to Order Tai-Cai-Zheng-San-Zi No. 0920001301 dated March 27, 2003, the scope of managers is as follows:

(1) President and equal position.
(2) Vice President and equal position.
(3) Assistant Vice President and equal position.
(4) Head of the Financial Department.
(5) Head of the Accounting Department.
(6) Other persons with the authority to manage the Company's affairs and sign agreements on behalf of the Company.

IV. Corporate Governance Practices:

(I) Operation of the Board of Directors:

The term for the 17th Board of Directors runs from May 25, 2018 to May 24, 2021. Due to the impact of the epidemic, the shareholders' meeting was postponed to August 2, 2021.

The term for the 18th Board of Directors runs from August 2, 2021 to August 1, 2024.

The Board of Directors met 10 times (A) (8 times in 2021) during 2021 and as of the date of this annual report. Board attendance was as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual attendance rate (%) 【B/A】	Notes
Chairman	Shane Ouyang (Representative, Ming-Ling Co., Ltd.)	10	0	100	
Director	Scott Ouyoung (Representative, Ming-Ling Co., Ltd.)	6	0	100	Should attend 6 meetings. Deceased on October 23, 2021.
Director	Hung-Kang Lin (Representative, Ming-Ling Co., Ltd.)	2	0	100	Should attend 2 meetings. The institutional director representative was assigned and assumed position on January 7, 2022.
Director	Andrew Yates (Representative, Ming-Ling Co., Ltd.)	9	0	90	
Director	Wen-Hsin Chen (Representative, Ming-Ling Co., Ltd.)	10	0	100	
Independent Director	Chin-Shan Huang	10	0	100	
Independent Director	Young-Sheng Hsu	10	0	100	

Title	Name	Actual Attendance (B)	Attendance by proxy	Actual attendance rate (%) 【B/A】	Notes
Independent Director	Yi-Chia Chiu	3	1	75	Should attend 4 meetings. Directors were reelected and dismissed on August 2, 2021.
Independent Director	Wen-Yi Fan	6	0	100	Should attend 6 meetings. Directors were reelected and assumed positions on August 2, 2021.

Other disclosures:

I. Board resolutions stipulated in the Article 14-3 of the Securities and Exchange Act or other resolutions with dissenting or qualified opinions given by independent directors that are recorded or stated in writing should state dates of the board meetings, term, resolution content, opinions of all independent directors, and the Company's response: Please refer to IV. Corporate Governance Practices (XI) Important Resolutions of the Board of Directors in the Most Recent Year (pages 106～111).

II. When there are recusals of directors due to conflicts of interests, names of the directors, contents of resolutions, reasons of recusal, and voting participation should be stated: N/A.

III. TWSE/TPEx listed companies shall disclose the cycle and period, scope, method, and content of self (or peer) evaluation and fill in the implementation status of the evaluation of the board of directors in the attached table (please see the following description for details).

IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution:

1. The Rules of Procedures for Board of Directors Meetings are stated in the Company's Articles of Association in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. Amendments were subsequently approved by the board on November 11, 2014 to strengthen board effectiveness.
2. The Remuneration Committee was established on December 21, 2011 to strengthen the Company's corporate governance by formulating and regularly reviewing the remuneration for directors, supervisors, and managers.
3. After the reelection of the Company's directors on May 25, 2018, the Audit Committee was established in accordance with the regulations.
4. Assessment of execution: To improve the transparency of the Company, after each meeting of the board, the key resolutions are immediately posted to the Market Observation Post System website and periodically announced on the Company website to protect shareholders' interests.

Implementation Status of the Evaluation of Board of Directors

<table>
<tr><th>Evaluate Cycle</th><th>Evaluation period</th><th>Evaluation scope</th><th>Evaluation method</th><th>Evaluation content</th></tr>
<tr><td rowspan="3">Implemented once a year</td><td rowspan="3">2021/1/1 ～12/31</td><td rowspan="3">Performance evaluation of the Board of Directors, individual board members, and functional committees</td><td>Self-evaluation of the board</td><td>● Level of participation in the Company's operations
● Improvement of the quality of the Board of Directors’ decision making;
● Composition and structure of the Board of Directors;
● Election and continuing education of the directors
● Internal control.</td></tr>
<tr><td>Self-evaluation of the board members</td><td>● Familiarity with the goals and missions of the Company;
● Understanding of director’s responsibilities
● Level of participation in the Company's operations
● Internal relationship management and communication
● Internal control.</td></tr>
<tr><td>Self-evaluation of functional committee members (Remuneration Committee and Audit Committee)</td><td>● Level of participation in the Company's operations
● Understanding of the roles and responsibilities of the functional committee
● Improvement of the quality of the functional committee decisions
● Composition of the functional committee and the selection of its members
● Internal control.</td></tr>
</table>

Evaluate Cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Carried out once every three years	2021/1/1 ～12/31	Board of directors	External evaluation institutions	● Operation of the Board of Directors and participation in the Company's operations ● Quality of the board decision making ● Board composition and structure ● Election and continuing education of the directors ● Internal control.

Self-evaluation options:

Excellent (strongly agree)	Good (agree)	Average (normal)	Poor (disagree)	Very poor (strongly disagree)
5	4	3	2	1

2021 Evaluation Results

(I) Self-evaluation

Performance evaluation of the Board of Directors	(Self) performance evaluation of member of board	Performance evaluation of Functional Committee
The average score for each aspect is between 4 and 4.67	The average score for each aspect is between 4.56 and 5	Remuneration Committee The average score for each aspect is between 4.89 and 4.95 Audit Committee The average score for each aspect is between 4.95 and 5

(II) External Evaluation

1. Institutions that evaluate: NCKU Research and Development Foundation
2. Performance evaluation of the Board of Directors: The evaluation is categorized into 5 perspectives which are "Operation of the Board of Directors and participation in the Company's operations", " Quality of the board decision making", "Board composition and structure", "Election and

continuing education of the directors", and "Internal control", with a total of 18 indicators. It is carried out on a 5-point scale, with a minimum score of 1 (needs improvement), 2 (fair), 3 (appropriate), 4 (good) to a full score of 5 (excellent).

3. The results of the board performance evaluation: The three executive members refer to the "Results of Data Analysis of Globe Union Board of Directors and Directors' Self-Evaluation Questionnaire", and conduct an "online interview" where they focused on the items on the external questionnaire to evaluate the performance of the board of directors. The scores of all aspects are more than 4 points, and the average score of the overall board performance is 4.55 points, which is between good and excellent.

Please refer to the Company's website https://tw.globeunion.com/investors/corporate-governance/ board performance evaluation report in relevant documents

(II) Operation of the Audit Committee:

The term for the 1st Audit Committee runs from May 25, 2018 to May 24, 2021. Due to the impact of the epidemic, the meeting was postponed to August 1, 2021.

The term for the 2nd Audit Committee runs from August 2, 2021 to August 1, 2024.

The Audit Committee met 9 times (A) (7 times in 2021) during 2021 and as of the date of printing of the annual report. The attendance of the independent director was as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Attendance rate (%) (B/A)	Notes
Independent Director	Young-Sheng Hsu	9	0	100	Convener
Independent Director	Chin-Shan Huang	9	0	100	
Independent Director	Yi-Chia Chiu	3	1	75	Dismissed on August 2, 2021, should attend 4 meetings.
Independent Director	Wen-Yi Fan	5	0	100	Assumed position on August 2, 2021, should attend 5 meetings.

Other disclosures:

I. The date of the Audit Committee meeting, the term, contents of the proposals, dissenting or qualified opinions given by independent directors or contents of major proposed items, resolutions of the Audit Committee, and the Company's handling of the resolutions of the Audit Committee shall be recorded under the following circumstances in the operations of the Audit Committee meeting. (Please see the following description for details)

(I) Items specified in Article 14-5 of the Securities and Exchange Act.

(II) In addition to matters above, other resolutions that have not been approved by the Audit Committee but have been passed by a vote of two-thirds or more of the entire board of directors: None.

II. When there are recusals of independent directors due to conflicts of interests, names of the independent directors, contents of resolutions, reasons of recusal, and voting participation should be stated: N/A.

III. Independent directors' communication with internal auditors and CPAs (shall include major matters, methods, and results of communication regarding the Company's financial position

and business operations): The Auditing Office periodically submits audit reports to independent directors for review and reports to directors during board meetings. CPAs and chief auditors are invited to attend periodic Audit Committee meetings, and related supervisors are also invited as needed. CPAs summarize governance matters audited or reviewed in financial reports and communicate with the Audit Committee in writing or in person. Meetings are arranged depending on the circumstances if there are other individual issues about operation or internal control that require immediate discussion. Please visit the Company's website for communication among independent directors, supervisors, chief auditors, CPAs, and the head of accounting: https://tw.globeunion.com/investors/corporate-governance/

Resolutions of the Audit Committee

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
1st-term 21st meeting 2021.3.11	17th-term 22nd meeting 2021.3.11	1. The Company's 2020 business report and financial statements. 2. 2020 Statement of Internal Control. 3. Cooperate with the securities authority to strengthen the independence of auditing CPAs by implementing the self-rotation mechanism of CPAs and changing the auditing CPAs. 4. Compensation for the service of the external auditor. 5. The Company's engagement in trading of derivatives. 6. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
1st-term 22nd meeting 2021.4.13	17th-term 23rd meeting 2021.4.13	1. Earnings distribution. 2. Distribution of cash dividends from capital surplus. 3. Inter-company loan to subsidiary. 4. The Company's engagement in trading of derivatives.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
1st-term 23rd meeting 2021.5.7	17th-term 24th meeting 2021.5.7	1. Consolidated financial report for Q1 2021. 2. The Company's engagement in trading of derivatives.	Proposal approved as proposed by all members	Submitted to the Board of Directors for review and

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
		3. The Company's application for bank loans.	in attendance.	approved by the Board of Directors.
1st-term 24th meeting 2021.6.9	17th-term 25th meeting 2021.6.9	1. Routine evaluation of CPAs' independence. 2. Company endorsement and guarantee for subsidiary. 3. The Company's engagement in trading of derivatives. 4. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 1st meeting 2021.8.10	18th-term 2nd meeting 2021.8.10	1. Consolidated financial report for Q2 2021. 2. Company endorsement and guarantee for subsidiary. 3. The Company's engagement in trading of derivatives. 4. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 2nd meeting 2021.11.5	18th-term 3rd meeting 2021.11.5	1. Consolidated financial report for the Q3 of 2021. 2. Company endorsement and guarantee for subsidiary. 3. Inter-company loan to subsidiary. 4. The issuance of 2021 employee stock warrants 5. The Company's engagement in trading of derivatives. 6. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 3rd meeting 2021.12.15	18th-term 4th meeting 2021.12.15	1. The Company's 2022 group business strategy plan and budget. 2. The 2022 annual audit plan. 3. The Company's engagement in trading of derivatives. 4. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 4th meeting 2022.1.27	18th-term 5th meeting 2022.1.27	1. The employee lists of whom will be granted of The First Employee Stock Option Plan 2021. 2. Delegates E.SUN Commercial Bank as the overall coordinating bank and management bank; E.SUN Commercial Bank and	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
		other financial institutions under E.SUN Commercial Bank's invitation will be the overall main processing bank ("Main Processing Bank") in charge is the combined trust project, as long as it does not exceed NT$2.5 billion. 3. The Company's engagement in trading of derivatives.		
2nd-term 5th meeting 2022.3.8	18th-term 6th meeting 2022.3.8	1. The Company's 2021 business report and financial statements. 2. 2021 Statement of Internal Control. 3. The amendment to Company's "Regulations Governing the Acquisition and Disposal of Asset". 4. Compensation for the service of the external auditor. 5. The Company's engagement in trading of derivatives. 6. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.

Communication among independent directors, chief auditors, CPAs, and the head of accounting

Date	Meeting	Main points of communication	Recommendations and results
2021.3.11	Communication Meetings (Independent directors, CPAs, and chief auditors)	1. The CPA explained the impact of COVID-19 on the Company. 2. The chief auditor presented the self-assessments conducted during the year.	No objection
2021.3.11	Audit Committee Board of directors	Audit of the 2020 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and management (I) CPA independence (II) Contents of the Customer Statement (III) Scope of group audit	No objection No objection No objection

Date	Meeting	Main points of communication	Recommendations and results
		(IV) Post-audit consolidated financial position (V) Key audit matters (VI) Audit opinions of the CPAs in 2020 II. Law updates III. IFRS updates IV. Introduction of the revisions to the 8th Corporate Governance Evaluation	No objection No objection No objection
2021.5.7	Communication Meetings	Yu-Ting Huang, CPA: Globe Union Q1's financial audit report.	No objection
2021.8.10	Communication Meetings Audit Committee	Yu-Ting Huang, CPA: Discussion on accounting and auditing issues	No objection
2021.12.15	Audit Committee Board of directors	Internal Audit Report for August to November, 2021: Audit plan achievement rate and deficiencies and abnormalities in audit items.	No objection
2022.3.8	Communication Meetings	Yu-Ting Huang, CPA: Audit Status for the 2021 Consolidated Financial Report Chief auditor: explanation of self-assessment report.	No objection
2022.3.8	Audit Committee Board of directors	Audit of the 2021 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and management (I) CPA independence (II) Contents of the Customer Statement (III) Scope of group audit (IV) Post-audit consolidated financial position (V) Key audit matters (VI) Audit opinions of the CPAs in 2021 II. Update of securities regulations	No objection No objection No objection No objection No objection No objection

Supervisor participation in board affairs: Not applicable; the Company has an established Audit Committee.

(III) Corporate governance implementation and deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations:

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the company defined and disclosed its corporate governance best practice principles in accordance with the *Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies*?	✓		The Company has formulated a Corporate Governance Code of Practice for promoting the operation of corporate governance. Disclosure is also carried out on the Market Observation Post System and the corporate website.	No significant difference.
II. Shareholding structure & shareholders' equity (I) Has the company defined internal operating procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures?	✓		To protect the interest of shareholders, the Company has appointed a spokesperson and deputy spokesperson to handle shareholder proposals or disputes.	No significant difference.
(II) Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders?	✓		(II) The Company discloses the list of major shareholders and the list of ultimate owners of major shareholders in accordance with applicable regulations, and legitimately reports any changes in information.	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Has the company established and implemented risk management and firewall systems within its conglomerate structure?	✓		(III) The Company has established and implemented the relevant controls in its internal control system.	No significant difference.
(IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	✓		(IV) The Company has established the *Insider Trading Prevention Rules* prohibiting internal personnel and employees against using information not yet disclosed to the market for profit.	No significant difference.
III. Composition and responsibilities of the board of directors (I) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		(I) The *Corporate Governance Code of Practice* specifies that the members of the Company's board of directors shall be selected with an emphasis on diversity of backgrounds, general knowledge, skills, and the competencies required to perform incumbent duties.	No significant difference.
(II) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to voluntarily establish other types	✓		(II) The Company has established a Remuneration Committee and an Audit Committee in accordance with the law, but currently does not have any other functional committees.	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
of functional committees?				
(III) Has the company established guidelines and methods for evaluating the performance of the board of directors, conducted performance evaluation annually, reported the results to the board, and used the results as a reference for the remuneration, nomination, and reelection of individual directors?	✓		(III) The Board of Directors passed the Board of Directors Self-Evaluation or Peer Evaluation Regulations on March 29, 2019, and revised the name of the regulations according to law to the Board of Directors Performance Evaluation Guidelines on December 10, 2020. Self-evaluation and external evaluation of the board performance was conducted in 2021 and the results of the self-evaluation details the contents of the aforementioned disclosures of the Board of Directors' operations and both results were reported to the Board on March 8, 2022. In the future, the results will be used as a reference for the remuneration and nomination and reelection of individual directors.	No significant difference.
(IV) Does the company regularly evaluate the independence of CPAs?	✓		(IV) The Company has a voluntary rotation mechanism in place for accountants. The Board of Directors approves all changes of the CPA. Starting in 2015, the board of directors assesses the independence of the accountants every year in accordance with Article 29 of the *Corporate Governance Best-*	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Practice Principles for TWSE/TPEx Listed Companies. Assessment of CPA independence: The inspection was done through the share affairs unit of the Company and it was confirmed that the CPA did not hold any shares of the Company and did not hold any part-time position at the Company. In addition, declarations issued by the CPA were reviewed. It was determined that, except for costs associated with certification and related taxation, the CPA did not have any other financial interests or business interactions with the Company and both the CPA and members of the audit team were not holding the position of director, manager, or one of significant influence on the audit work, and they were not related biologically to staff handling the affairs mentioned above. The independence and competence of the Company's CPA was therefore confirmed, and was approved by the Audit Committee and Board of Directors on June 9, 2021.	
IV. For TWSE/TPEx-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate	✓		On April 13, 2021, the Board of Directors approved that the financial officer, Tsung-Min Chen, is responsible for corporate governance-related affairs, and strengthening	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?			board functions on this basis. The main responsibilities include providing data needed by the Remuneration Committee and directors (including independent directors) to perform their duties; assisting them with regulatory compliance; handling meetings of the Remuneration Committee, Audit Committee, Board of Directors, and shareholders' meetings as required by law; and preparing and planning the CSR report. In 2021, the Board of Directors held 8 meetings, the Audit Committee held 7 meetings, and the Remuneration Committee held 4 meetings. For details of business operations in 2021, please refer to the Company's website https://tw.globeunion.com/investors/corporate-governance/ Operation and execution of the specific unit of corporate governance. For continuing education of the corporate governance officer, please see supplement 2 below.	
V. Does the company establish a communication channel and build a designated section on its website for	✓		The Company has set up a dedicated stakeholder section with mailboxes of the spokesperson, deputy spokesperson and representatives on key CSR issues, in	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?			hopes of achieving effective and smooth communication and protecting the reasonable and legal rights of both parties.	
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	✓		The Company has appointed the transfer agency department of Sinopac Securities to handle matters relating to the shareholders' meeting and investor affairs.	No significant difference.
VII. Disclosure of Information (I) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?	✓		(I) The Company discloses information regarding the Company's financial position, business, and corporate governance on the corporate website. The Company files the Company's financial and business information regularly and irregularly in accordance with relevant laws and regulations.	No significant difference.
(II) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure,	✓		(II) The Company appointed a spokesperson and deputy spokesperson in accordance with regulations, and has dedicated personnel to handle issues of institutional investors and other investors. Related departments are responsible for disclosing	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
appointing spokespersons, or webcasting investor conferences on the company website)?			information on our Chinese and English-language website.	
(III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed deadline?		✓	(III) The Company currently announces and declares our annual financial report within three months after the end of the fiscal year, and declares Q1, Q2 and Q3 financial reports and operating status of each month within the prescribed period.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability	✓		(I) Employee rights and care: The Company has always treated employees with honesty. We protect the legal rights of employees in accordance with the Labor Standards Act and have established an employee welfare committee. A range of employee benefits as well as education and training are used to build a relationship of mutual trust with employees. (II) Investor relations: The Company has appointed a spokesperson to handle suggestions from shareholders and answer their queries in as much	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
insurance for directors and supervisors)?			detail as possible, so that they better understand our operations and business situation. We handle matters before/after the shareholders' meeting in accordance with the Company Act and related laws and regulations, fully disclose relevant information, and simultaneously announce material information in Chinese and English to fully protect shareholders' right to know, so that they can participate or make a decision on this basis. (III) The Company maintains a positive relationship with our suppliers. (IV) We respect the rights of stakeholders. Stakeholders can communicate and make suggestions to the Company in order to protect their legal rights. (V) For continuing education of the Company's directors and supervisors, please see Supplement 1 below. (VI) Implementation of risk management policies and risk assessment standards: Please refer to pages 170 to 175 for the risk management section. (VII) The Company maintains a stable and positive relationship with customers in order to generate	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status (Note 1)</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>profits.
(VIII) The Company has continued to purchase liability insurance for directors from December 31, 2021 to December 31, 2022. The insured amount (US$7.5 million), coverage, and premium rate were reported to the Board of Directors on Tuesday, March 8, 2022. Insurance coverage is disclosed on the Market Observation Post System in accordance with regulations.</td><td></td></tr>
<tr><td colspan="5">IX. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement.
Results of the 7th Corporate Governance Evaluation were reported in the 25th meeting of the 17th Board of Directors on June 9, 2021.
Among the un-scored items in the 7th Corporate Governance Evaluation results:
Improved items: On April 13, 2021, the board of directors approved the establishment of the corporate governance officer. The English version of the interim financial report shall be filed within two months after the reporting period of the Chinese version. The English version of the manual shall be uploaded 30 days before the shareholders’ meeting. Establish an information security management framework, security policies, and specific management plans. Obtained the Taiwan Intellectual Property Management System (TIPS) Class A certification.
Not yet improved but prioritized items: The Company's financial report was approved by the board of directors 7 days before the announcement deadline. The annual report discloses the link between performance evaluation and remuneration of directors and managers.</td></tr>
</table>

Supplement 1. Continuing education for the Company's directors (including independent directors) and supervisors:

Name	Title	Date	Organizer	Course Name	Training Hours
Shane Ouyang	Institutional Director Representative of the Chairman	2021/2/24	Taiwan Institute of Directors	Looking forward to the way for enterprises to gain a foothold in the post-epidemic era in 2021	2
		2021/12/3	Taiwan Corporate Governance Association	How the board of directors reviews the sustainability report: ESG Information Disclosure Standards	3
		2021/12/7	Taiwan Corporate Governance Association	Discuss about Taiwanese business operation and M&A strategy from the perspective of global political and economic situation	3
Scott Ouyoung	Institutional Director Representative of the Directors	2021/9/3	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3
Wen-Hsin Chen	Institutional Director Representative of the Directors	2021/8/23-8/24	Securities & Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Office in Taipei	12
		2021/12/3	Taiwan Corporate Governance Association	How the board of directors reviews the sustainability report: ESG Information Disclosure Standards	3
Chin-Shan Huang	Independent Director	2021/9/3	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3
		2021/11/24	Accounting Research and Development Foundation	Discuss how to effectively exert the function of corporate governance officer and legal liability of the manager	3

Name	Title	Date	Organizer	Course Name	Training Hours
Young-Sheng Hsu	Independent Director	2021/9/3	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3
		2021/12/3	Taiwan Corporate Governance Association	How the board of directors reviews the sustainability report: ESG Information Disclosure Standards	3
Wen-Yi Fan	Independent Director	2021/8/23-8/24	Securities & Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Office in Taipei	12
		2021/12/3	Taiwan Corporate Governance Association	How the board of directors reviews the sustainability report: ESG Information Disclosure Standards	3

Supplement 2 For continuing education of the corporate governance officer:

Date of Training		Course Organizer	Course Name	Hours	The total number of annual training hours
2021/09/03	2021/09/03	Taiwan Corporate Governance Association	Trends and Challenges of Information Security Governance	3	18
2021/10/12	2021/10/12	Securities & Futures Institute	Advanced Practical Seminar for Directors and Supervisors (Independent) and Corporate Governance Officers - Risks and Opportunities for the Business Operation resulting from Climate Change and Energy Policy Trends	3	
2021/11/05	2021/11/05	Taiwan Corporate Governance Association	Operating Confidentiality and Competitive Taboos	3	

Date of Training		Course Organizer	Course Name	Hours	The total number of annual training hours
2021/12/03	2021/12/03	Taiwan Corporate Governance Association	How the board of directors reviews the sustainability report: ESG Information Disclosure Standards	3	
2021/12/07	2021/12/07	Taiwan Stock Exchange Corporation (TWSE)	2021 Cathay Sustainable Finance and Climate Change Summit	6	

(IV) Composition and operating status of the Remuneration Committee:

Members of the Remuneration Committee

March 29, 2022

<table>
<tr><th colspan="2">Qualifications
Identity Type and Name</th><th>Professional Qualifications and Experiences</th><th>Independence</th><th>Number of other public companies in which the member also serves as a member of their remuneration committee</th></tr>
<tr><td>Independent Director Convener</td><td>Chin-Shan Huang</td><td colspan="2">Please refer to page 20 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors</td><td>0</td></tr>
<tr><td>Independent Director</td><td>Young-Sheng Hsu</td><td colspan="2">Please refer to page 21 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors</td><td>2</td></tr>
<tr><td>Independent Director</td><td>Wen-Yi Fan</td><td colspan="2">Please refer to page 22 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors</td><td>0</td></tr>
</table>

Qualifications Identity Type and Name		Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Other	Chao-Tang Yue	He has a master's degree in accounting at the Institute of National Chengchi University, EMBA at China Europe International Business School and is a CPA. He is currently the director of Tian Ye Accounting Firm, senior consultant of Ernst & Young, adjunct professor of accounting and information technology at National Chung Cheng University, visiting professor of accounting department at National Chung Hsing University, visiting professor of accounting and information system at the Institute of Asia University. He is currently the independent director, convener of the Audit Committee, member of Remuneration Committee of Uni-President Enterprises Corp., independent director, and member of the Remuneration Committee of Johnson Health Tech, independent director, convener of the Audit Committee, and member of the Remuneration Committee of Feng Hsin Steel Co., Ltd.	1. A natural-person shareholder does not hold shares of Globe Union Industrial Corp., and the shareholder's spouse holds 594 thousands shares, with a shareholding ratio of 0.17%. 2. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.	3

Identity Type and Name \ Qualifications		Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Other	Chao-Tang Yue	He served as the independent director and convener of Audit Committee of O-Bank, director of An-Shin Food Services Co., Ltd. (Mos Burger), supervisor of Depo Auto Parts Ind. Co., Ltd. At Taiwan Corporate Governance Association, he served as the Chairman of the Diwan & Company now called Ernst&Young, in Taiwan. Mr. Chao-Tang Yue has more than 30 years of experience in accounting firms, and has professional knowledge of listed companies' operational management, corporate governance, and law. He utilizes his experience in various industries to supervise and review the company's remuneration policies, promote the effective use of resources and achieve corporate and shareholder goals.	3. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	

Identity Type and Name / Qualifications		Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Other	Kuan-Chun Wang	He has a master's degree in labor and human resources at the Institute of Chinese Culture University. He is currently the executive consultant and lecturer of the Chinese Human Resource Management Association. He served as the human resources vice president of HTC Corporation, executive consultant of Chinese Human Resource Management Association, human resources director of Philips Taiwan Ltd., human resources assistant vice president of NCR Systems Taiwan Ltd., human resources assistant vice president at head office of FreshDelight, human resources director of TSMC, and human resources vice president of Quanta Computer Inc. Mr. Kuan-Chun Wang has more than 30 years of practical experience in human resource management of listed companies. Using his expertise, he supervises the performance evaluation, remuneration policy, and remuneration of directors and managers. He achieved sound corporate governance and strengthened the boards' remuneration management functions.	1. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp. 2. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 3. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	0

Roles and Responsibilities of the Remuneration Committee

The Company's Remuneration Committee members must exercise the care of a prudent manager to fulfill the following duties, and offer recommendations to the Board of Directors for discussion:

I. Establish and conduct regular reviews of the policies, systems, standards, and structures for performance appraisal and remuneration of the Company's directors and managers.

II. Regularly review and establish remuneration of directors and managers.

The Committee shall convene at least twice a year, and may call a meeting at its discretion whenever necessary.

Operation of the Remuneration Committee

I. The current Remuneration Committee has 5 members.

II. Term of 4th-term committee members: From July 3, 2018 to May 24, 2021, due to the epidemic, it was postponed to August 1, 2021.

Term of 5th-term committee members: August 10, 2021 to August 1, 2024

The Remuneration Committee held 6 meetings (A) (4 times in 2021) in 2021 and as of the printing date of this annual report. The qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance Times (B)	Attendance by proxy Times	Attendance rate (%) (B/A)	Notes
Convener	Chin-Shan Huang	6	0	100	Continued to serve on the 5th-term committee (independent director)
Committee member	Chao-Tang Yue	5	1	83.33	Continued to serve on the 5th-term committee
Committee member	Kuan-Chun Wang	6	0	100	Continued to serve on the 5th-term committee
Committee member	Yi-Chia Chiu	3	0	100	Directors were reelected and dismissed (independent director) on August 2, 2021, should attend 3

Title	Name	Actual Attendance Times (B)	Attendance by proxy Times	Attendance rate (%) (B/A)	Notes
					meetings
Committee member	Young-Sheng Hsu	6	0	100	Continued to serve on the 5th-term committee
Committee member	Wen-Yi Fan	3	0	100	Directors were reelected and assumed positions (independent director) on August 2, 2021, should attend 3 meetings

Other disclosures:

I. In the event that a Remuneration Committee recommendation is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, content of motion, the board's resolution, and the way the company handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): N/A.

II. If a member had dissenting or qualified opinion on record or stated in writing regarding any resolution passed by the Remuneration Committee, describe the date of committee meeting, term of the committee, content of motion, opinions of all members, and actions taken by the company in response to the opinion of members: Please see the following description for details of the resolutions.

Resolutions of the Remuneration Committee:

Important resolutions reached by the Remuneration Committee in 2021 and up to the publication of the annual report are as follows:

Meeting date	Details of the proposal and subsequent developments	Opinions of the Remuneration Committee	The Company's response to Remuneration Committee opinions
4th-term 14th meeting 2021.3.11	1. Approved the proposed remuneration for directors and employees in 2020. 2. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular	Proposal approved as proposed by all members in attendance.	1. Submitted to and approved by the Board of Directors.

Meeting date	Details of the proposal and subsequent developments	Opinions of the Remuneration Committee	The Company's response to Remuneration Committee opinions
	assessment of remuneration to directors. 3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers.		2. None. 3. None.
4th-term 15th meeting 2021.7.30	1. Audited the employee bonuses proposed by managers in 2020. 2. Reviewed the proposed salary raises for managers in 2021. 3. Discussed Remuneration Committee's work plan for 2022.	Proposal approved as proposed by all members in attendance.	None.
5th-term 1st meeting 2021.10.13	Audit the disbursement of manager separation pay.	Proposal approved as proposed by all members in attendance.	Submitted to and approved by the Board of Directors.
5th-term 2nd meeting 2022.1.27	1. Reviewed the year-end and performance bonuses for managers in 2021. 2. Review the Company's managers' remuneration adjustment and personnel promotion 3. Reviewed the remuneration for the promotion of the senior director of the Company's vice president. 4. The employee lists of whom will be granted of The First Employee Stock Option Plan 2021.	Proposal approved as proposed by all members in attendance.	1. None. 2. None. 3. Submitted to and approved by the Board of Directors. 4. Submitted to and approved by the Board of Directors.
5th-term 3rd meeting 2022.3.8	1. Approved the proposed remuneration for directors and employees in 2021. 2. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors. 3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers.	Proposal approved as proposed by all members in attendance.	1. Submitted to and approved by the Board of Directors. 2. Submit amendments at the next meeting. 3. None.

(V) Sustainable Development implementation and deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and the reason for such deviations:

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Has the Company established a governance framework to promote sustainable development and a dedicated department (or have another department be responsible for related efforts) for fulfilling sustainable development, with the board of directors authorizing high-level managers to handle such efforts, and having relevant progress be supervised by the board of directors?	✓		The Company will set up a sustainable development committee in 2022 to ensure complete management of sustainable development. The Company's General Finance Division is the designated unit for promoting sustainable development. It is responsible for the proposal and implementation of sustainable development policies, systems, related management guidelines and action plans. It also reports regularly to the Board of Directors. The chief financial officer serves as the Chairman and he reviews the Company's core operational capabilities with a number of senior managers from different fields and formulates medium- and long-term sustainable development plans. The “Sustainable Development Committee” serves as an inter-departmental communication platform integrating top and bottom and connecting horizontally. Through meetings and tasks set according to different issues, we identify sustainable issues that are relevant to the Company’s operations and	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			stakeholders, and then formulate strategies. The Company's board of directors regularly listens to reports from the management team, and evaluates the probability of success of the strategies, reviews the progress of the strategies, and makes adjustments when necessary.	
II. Does the company perform assessments of risks in environmental, social, and corporate governance issues relevant to its business activities and devise risk management policies and strategies accordingly?	✓		Sustainability performance of major bases. The boundary of risk assessment is mainly based on the Company, and the existing bases in China, the Americas and Europe. Based on the relevance to the operation of the industry and the degree of impact on major issues, the subsidiaries Shenzhen Globe Union Enterprise Co., Ltd., and Milim G&G Ceramics Co., Ltd are included in the category. The Sustainable Development Committee conducts analysis based on the materiality principle of the sustainability report. They communicate with internal and external stakeholders, and reviews domestic and foreign research reports and documents and integrate the evaluation information given by various departments and subsidiaries to evaluate major ESG issues. They formulate risk management policies for	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			effective identification, measurement, monitoring and control, and take specific actions to reduce the impact of related risks. Based on the risks after the assessment is made, formulate relevant management policies for major issues related to the environment, society and corporate governance.	
III. Environmental topics (I) Has the company developed an appropriate environmental management system, given its distinctive characteristics?	✓		Our head office does not generate any hazardous impact on the environment. Other factories comply with air pollution restrictions of local governments. Emissions are collected through pipes and go through an exhaust and waterjet cleaning so that all emissions comply with standards. The Company switched to a natural gas boiler in coordination with the increase in heat recycling, lowering pollutant emissions to comply with regulations. Our head office manages all domestic wastewater along with the processing zone's sewage disposal. Production plants in China comply with the wastewater emission concentration restrictions of local governments, and constantly improve wastewater treatment processes and increase recycling. All plants continue to manage and reduce	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			waste, and all waste is disposed by qualified disposal companies in each area.	
(II) Is the company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		Actively improve the efficiency of use of energy and recycling of waste such as: We increased the recycling rate of process water, treat and recycle wastewater, use recycled water and product packaging that is 100% recyclable, installed water saving devices on faucets, digitized operations, use recycled printing paper and reduce paper consumption, sort waste, reduce and recycle waste, collect kitchen scrap, and use personal cutlery. These measures help to conserve the Earth's resources and protect environmental hygiene. Air-conditioning equipment is also only switched on when the indoor temperature is at 26°C or higher. Actively design and promote the research and development of water-saving kitchen and bathroom products, develop easy-to-use ceramic technology of new generation and water-saving performance, and research green manufacturing. Green product development is not only the future industry development trend but also includes the control of future product regulations and regulatory	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			risks. The Company has set the concept of water saving and environmental protection as one of the current green product research and development policies. We are committed to carefully evaluate and reduce the impact on the natural environment in the process of product's function design, manufacturing, and packaging material design. We use copper alloy, zinc alloy, stainless steel, plastic, rubber, silicone, and other recyclable materials to design our products. Product and packaging materials are handled by the clients and are 100% recyclable.	
(III) Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		The Company's Sustainable Development Committee will assess the risks and opportunities of the Company resulting from climate change and formulate strategies and goals and report to the Board of Directors. Risks: The laws and regulations of various countries are gradually developing in the direction of greening, energy saving, and carbon reduction. The difficulty of complying with laws and regulations has increased, which has become a potential risk. Opportunities: Develop carbon reduction technology	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			and make products with alternative materials, and reduce the cost of the materials. Response strategies: In response to the increasing concern toward climate change and under the trend of stricter regulations, Globe Union continues to commit to energy conservation and carbon reduction activities. In addition to continuously promoting the responsibility and importance of energy conservation, production plants continue to optimize production models, improve production efficiency, and strictly abide by the requirements of local laws and regulations. Through equipment replacement and rigorous production environment management practices, the Company improves energy consumption efficiency and the recoverability rate to reduce the impact on the environment.	
(IV) Does the company take inventory of its greenhouse gas emissions, water consumption,	✓		The Company has disclosed greenhouse gas emissions, water consumption, air pollution detection	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
and total weight of waste in the last two years, and implement policies on energy efficiency and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?			status, waste water discharge, waste management in the Corporate Social Responsibility Report for each year since 2016. Clean production audits, water and electricity management measures, and wastewater treatment standards are established in each production plant, and all production processes strictly comply with local regulations. The Company conducts an energy-conservation assessment once a year and proposes rewards. In addition to commissioning a professional environmental protection company for handling waste water and waste, we also comply with the ISO14064-1 standard of greenhouse gas emissions. We regularly promote water conservation and recycling, and optimize processes to increase the utilization rate of reclaimed water. Energy resource management is implemented in accordance with the government's environmental requirements, and energy management is included in departmental KPI management. The Company pays attention to the issue of water conservation and environmental protection. In addition to the comprehensive implementation of	

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			promotion of water conservation in daily life, it also installs water saving devices. In addition, after the waste water enters the wastewater treatment station and meets the discharge standard, most of it is recycled, and the unused part can be used for farmland irrigation to achieve the effect of water saving. Improve the environmentally friendly production process of water electroplating, and reduce the sludge and wastewater treatment generated by traditional water electroplating. The new manufacturing process saves the cost of waste water and sludge and hazardous chemical every month. As a member of the U.S. Environmental Protection Agency (EPA) WaterSense program, a pressure compensation structure is used in the design, and the specifications of the faucet products are changed to maintain a stable flow under various pressures, which can reduce the use of water and save water resources. A series of high-efficiency water-saving toilets are developed to save at least 20% of water. In addition, the service life of the valve core is 20% higher than the standard (500,000 times) as the standard, and the	

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			valve core can be replaced to reduce waste. The Company's annual report website: https://tw.globeunion.com/sustainability/corporate-social-responsibility/csr-reports/	
IV. Social topics (I) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		To fulfill corporate social responsibilities and protect the fundamental human rights of all colleagues, customers and stakeholders, the Company complies with the principles of the United Nations' Universal Declaration of Human Rights. We respect internationally recognized fundamental human rights, eliminate violations of human rights and abide by the labor-related laws and regulations of the Company's location. In addition to providing a reasonable and safe workplace, we also ensure that the colleagues receive reasonable and dignified treatment. Pay particular attention to the following: Workplace health and safety: friendly workplace environment, healthy workplace certification, set up breastfeeding rooms to care for the needs of female employees, periodic health examinations for	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			employees, on-site services provided by contracted physicians engaged in labor health services, “flexible working hours”, work shifts are selected by employees according to their own circumstances, and all kinds of discrimination are prohibited. We also have a complete and smooth promotion channel. Prohibition of forced labor: Implement the vacation system, and the system will automatically send vacation reminders every month to encourage colleagues to pay attention to the balance between life and work.	
(II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	✓		The Company has established reasonable salary and compensation policies. A system of rewards and penalties has been clearly defined in the work rules, ethical corporate management principles, ethical corporate management operating procedures and code of conduct, and it is being implemented accordingly. The year-end performance bonus is issued according to the Company's operating results and the employee's annual performance evaluation; employee remuneration is based on the Company’s Articles of Association. If the Company was profitable during the	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			year, at least 2% of the profit shall be allocated as employee remuneration to incentivise all colleagues to work together to achieve the Company's goals. Employee welfare: The Company has established an Employee Welfare Committee and it allocates 0.0005 of the total sales amount of Globe Union Industrial Corp. each month as welfare funds to provide various benefits for colleagues, such as: Scholarships for employees and their children, group travel subsidies; Dragon Boat and Mid-Autumn Festival bonuses; birthday bonuses; periodic health examinations, childbirth, marriage, bereavement and holiday bonuses; and set up fitness equipment and facilities; a fixed amount of subsidies is provided to each club established by employees on an annual basis. According to the Labor Health Protection Regulations, the Company hired qualified doctors/nurses since January 2020 to make monthly visits to the plants to help employees manage and check their health. In addition to handling various matters concerning insurance coverage according to	

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			the Labor Standards Act and the Labor Health Insurance Act, we also planned group accident insurance, set up breastfeeding rooms, cared for the needs of female colleagues, held annual company banquets, and set up employee cafeteria. According to the vacation system, in addition to the two-day weekend and special leave regulated by law, employees' may apply to leave without pay when required to take care of themselves and their families. The pension system is implemented in accordance with relevant laws and regulations. Diversity and equality in workplace We implement the same qualifications for reward and fair and equal promotion opportunities for male and female colleagues, create friendly workplace, so that colleagues of all genders can work with peace of mind. There are 34.15% of female supervisors at the head office. The business performance shall be reflected in the employees' remuneration Article 25-1 of the Company's Articles of Incorporation: If the Company was profitable during	

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			the year, at least 2% of the profit shall be allocated as employee remuneration, and no more than 2% may be allocated as remuneration for directors and supervisors. However, profits must first be taken to offset cumulative losses if any. Employee bonuses may be paid in shares or cash. Employees at affiliated companies that satisfy certain criteria may also qualify. The Company considers the market remuneration levels and individual performances to adjust salary and maintain salary competitiveness.	
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		The Company has formulated a number of management systems and operating procedures for safety production according to the actual environment and labor safety risks, and regularly entrusts a third party to conduct safety inspections. We introduce on-site health services through the participation of medical professionals in workplace, taking care of employees' safety and health, hoping that employees can work healthily and happily in the most suitable environment. Fire safety training is carried out every year and employee health examinations take place on	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			a periodic basis. In recent years, in response to the epidemic, the CEO led the management team members and relevant responsible units to set up an epidemic prevention team, and instructed all subsidiaries around the world to implement the management of epidemic prevention measures. He also upholds the highest governing principle of employees' safety and financial security, while considering the continuous operation of the Company. Work environment and personal protection measures, no employee occupational accident, please refer to the following <Note 1>.	
(IV) Has the company implemented an effective training program that helps employees develop skills over the course of their career?	✓		The Company incorporates the improvement and implementation of the position management system into its policy and strategy, and uses it to design reasonable position classification, paths for employee promotion, and training programs. We integrate employee career plan with corporate development, increase employee participation in training and improve employee retention to enhance Globe Union's comprehensive competitiveness. We plan to introduce a platform to facilitate global employees to	No significant difference.

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			conduct internal and external training and online and offline hybrid learning. Employees can learn without time and space constraints. We integrate various training materials and post in onto the Company's intranet to facilitate employees to learn at any time. They can improve the speed and effectiveness of training by using a systematic learning method. We define the future functions of leading supervisors to carry out succession planning for key positions, and combine core values with talent-related systems and culture to carry out talent distribution and cultural implementation. In 2021, there were 38,911 people of participating in the education and training of various types of courses, with a total of 73,377 hours. The supervisor and the employees discuss personal development plans during the annual performance settings and assessment, and review it again during the year to help plan what's best for the employees.	

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(V) Do the company’s products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?	✓		The Company's products are mainly intended for export. The Company advertises and labels its products and services according to relevant regulations and international standards , and implement the commitment of product safety. The Company maintains excellent channels of communication with our customers. It implements the management of customer’s personal data and also protects the rights and interest of consumers. We have appropriate rules in place for handling customer complaints. This ensures that customer complaints are taken seriously and dealt with immediately and to protect their rights and interests.	No significant difference.
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		We will promote the virtuous cycle of the industry and supply chain while ensuring that the suppliers meet the ethical standards in the process of providing products and services, and comply with the local laws and regulations. Regarding the management of suppliers, we have formulate regulations for the management of supplier evaluation. New suppliers must be selected through	No significant difference. The relevant clauses will be added to contracts in the future.

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>evaluation procedures; all selected suppliers will sign an environmental protection agreement and a counter terrorism agreement to ensure compliance with the necessary regulations.</td><td></td></tr>
<tr><td>V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or guidelines? Does the company obtain third-party assurance or guarantees for the reports above?</td><td>✓</td><td></td><td>The Company follows the Global Reporting Initiative (GRI) Standards issued by GRI Standards: Core option. The Company’s 2020 Corporate Social Responsibility Report is authored according to the AA1000 (2008) standards. Ernst & Young has planned and issued a limited assurance report according to the Accounting Research and Development Foundation’s “Assurance Engagements with Audits or Reviews of Non-Historical Financial Information” Assurance Standards No.1.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The board of directors passed the “Corporate Responsibility Principles” in December, 2014 to strengthen the implementation of corporate social responsibility. In March 2022, the board of directors approved the amendments to the “Sustainable Development Regulations” for implementation, and reviewed the implementation and made improvements accordingly. There are no significant differences.</td></tr>
<tr><td colspan="5">VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:
Society is made up of people playing different roles. The Company aims to become the most trustworthy company in the world and</td></tr>
</table>

Implementation items	Implementation Status			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
realize sustainable development. We therefore strive to create an exceptional working environment so that even as we win over the trust of customers, employees, suppliers, shareholders and competitors, we are also fulfilling our social responsibility. We are constantly promoting and implementing concepts of environmental protection. We support and sponsor organizations in society, such as: Straits Economic & Cultural Interchange Association and colleagues from the Taiwan head office have long supported the Tung Tzu Association of Taichung City Industrial Park with NT$118 thousands. The book-sharing box in the Taiwan Reading and Culture Foundation's philanthropic library was sponsored by our colleagues from the head office. Our honorary chairman established the Hope Media Foundation and actively engages in charity donations and events, allocating approximately NT$11,053 thousands for charity events throughout the year: The hometown and Hakka generation competition helped invigorate the Long-term Care Plan 2.0 in communities; the children's theater promoted the spirit of mutual assistance and helped the government in promoting campus health education through elementary school tours and public performances; the Center for Media and Social Impact at National Central University project provided college students with relevant resources to learn and engage in social welfare projects; the Taiwan Volunteer Award promoted the spirit of courage, assist events relating to the promotion of social welfare by publishing on mass media, online media platform, and advertising on social media, emergency relief, and social welfare projects to alleviate the difficulties of personal and family life, etc. Out of respect for human rights, all our employees are treated equally regardless of gender, religion, political affiliation, and employment opportunity. We strive to create a good working environment free from all forms of discrimination and harassment. All safety and health aspects are monitored and comply with government regulations.				

Explanation 1: Work environment and personal protection measures: The Company recognizes the importance of protective measures for the workplace and for individual employees. Our key targets and implementation are as follows:

Item No.	Target/Goal	Project	Current situation	Implementation
1.	Zero-accident elevator	Cargo elevators are for cargo only. Overloading is strictly prohibited. They must be maintained and serviced by qualified vendors on a regular basis.	Contracts have been signed with professional vendors for the regular maintenance and service of elevators. Elevators must pass the annual inspection to remain in service.	The heads of relevant units are informed on the spot about the prohibition against passengers in the cargo elevator and overloading. Elevator safety and care rules are posted. All equipment used by the Company is rated the highest class among all enterprises in terms of safety and standardization.
2.	Zero electrical hazards	Every electrical equipment should comply with Article 9 of the Regulations for Electrical Technician and Power Facility Inspection and Maintenance Management. Implementation is in compliance with national regulations for safe electricity usage. All electrical equipment comes with a residual current circuit breaker and earth-fault protection.	Contracts have been signed with qualified vendors to conduct electrical safety inspections of all factory circuits, power-off tests, and maintenance take place each year at least once, as required by regulations.	Power circuits suspected of being overloaded are immediately reviewed for improvement. All circuit boxes are labeled with the warning “Do not open if you are not a professional circuit operator” in order to prevent electric shock hazards.

Item No.	Target/Goal	Project	Current situation	Implementation
3.	Zero fire hazard	Fire prevention equipment is inspected and repaired within a specific time frame according to applicable requirements each year.	In accordance with Article 15 of the Enforcement Rules of Fire Services Act, one 4-hour firefighting, emergency notification, and evacuation training drill takes place at least once every 6 months, and the local firefighting agency is notified in advance. The fire prevention and maintenance unit services, maintains, and replaces damaged facilities on a regular basis. The Industrial Safety Group performs safety audits on a daily basis to make sure that the firefighting access, fire hydrants, and other safety equipment are normal.	Any safety concern in fire safety equipment is to be addressed in a timely manner. If it is abnormal and is determined through inspection to have been damaged, it will be taken care of and replaced immediately, and it will also be numbered for management.
4.	Domestic water supply switched over to pure tap water	The pipelines have been modified so that all water requirements can be met directly by tap water. Follow national policies.	The Administration Division issued a warning that the on-site water supply is groundwater that may have been contaminated by heavy metals or other toxins; drinking it directly is strictly prohibited and it should be used carefully.	The entire plant has now switched over to tap water. Drinking water now has filtration equipment installed, and the equipment is serviced periodically.
5.	Electronic access control	Apply electronic access control to prevent against unauthorized access. Follow applicable	New employees are all given standard privileges. Applications for special access privileges require	Access control records are maintained. Once an employee is no longer with the Company, access is immediately revoked.

Item No.	Target/Goal	Project	Current situation	Implementation
		access-control requirements of the Company.	approval from functions supervisor. External people visiting for business must obtain a pass. Visitors must follow instructions and park their vehicles in designated areas. Related release receipts for goods leaving the site will be inspected and verified.	
6.	After-hours security	Each day, the last employee to leave the site must set the security alarm to keep the Company safe. After working hours, staff may only access the site under special circumstances, and only after having explained their purpose to the security guard in order to ensure personnel and property safety.	Employees working overtime on holidays and on the weekends must first register with the General Administration Section and collect the security token. The security token must be returned on the next working day to ensure effective management. Staff to work overtime on holidays and on the weekends have to follow the overtime staff list issued by the Department of Human Resources.	If the alarm is triggered for an unknown reason, the security company or security guard on site shall find the reason and report the incidence.
7.	Air-conditioning maintenance management	The chillers, fans and cooling towers undergo planned maintenance.	Chillers are regularly inspected during operation. Any problems are scheduled for correction.	The cooling towers are regularly cleaned and chlorine tabs added to prevent against legionnaire's disease and to protect against generation of high pressure on the chillers to reduce expenditure on electricity.
8.	Zero-accident for	Design the automatic inspection checklist and ask	Article 74 of the Occupational Safety and Health Facilities	Items are truthfully inspected and verified, and heads of executive units are asked to

Item No.	Target/Goal	Project	Current situation	Implementation
	power centrifuge	operators to perform periodic inspections, as required.	Regulations stipulates that the power centrifuge must come to a complete stop before any object is removed from the machine.	provide precise guidance.
9.	Zero-accident for fire-related operations	The head of the operating unit shall inform the safety control unit (the General Administration Section or Safety Section) if operations likely to generate sparks are to be performed. The operating unit shall follow the Fire Operating Guide.	The safety control unit needs to inspect and make sure that there is no safety concern and shall inform operators of details to pay attention to before fire operations begin, despite the fact that a fire operation has been applied for and approved.	All danger sources are to be removed from the fire operation area, and areas with falling sparks are monitored at all times. Fire extinguishers shall be available at the workplace and readily accessible. Based on the class shown on the fire operation certificate, safety measures at the operation site and time-effectiveness of the operating certificate are checked from time to time.
10.	Contractor safety and health declaration	Contractors need to carefully read through the document before signing it and ask questions in advance if there is any area that is unclear to them. Reach an agreement regarding construction safety and health requirements, and confirm pre-construction protection and post-construction cleanup upon signing of a contract.	Contractors shall abide by requirements for safety management and provide operators with necessary protective equipment and devices during construction. The construction management department, safety management department, and 6S management department shall confirm on-site that protection requirements are fulfilled to warrant construction before it begins, inspect the process, and accept work upon completion.	The contractor may be ordered to stop work immediately in the event of a serious breach of safety and health regulations. Actions that may be taken for other non-conformities include mandated improvements by a given deadline and termination of contract.

Item No.	Target/Goal	Project	Current situation	Implementation
11.	Zero-accident cutting machines	Purchase of new automatic band saw	Automatic starts and stops are possible while cutting an object in order to ensure the safety of the operator.	The head of the user unit is required to restrict operation to designated personnel.
12.	Labor safety protection	Embark on a series of safety knowledge trainings, set up a safety supervision scheme, and improve safety at the workshop. Establish a 3-tier safety education system and a supervisor safety and production accountability system.	All employees are to complete physical checkups for occupational diseases and health. A complete database of all employees' health records is thereby established. All 3-tier safety training files are archived. Standards for carriage of labor supplies are specified. Occupational safety and health examinations take place on a yearly basis. Provide on-site health consultation services for medical professionals, establish employee health management classification, and prevent occupational accidents and occupational diseases.	Apart from training on safety awareness, workplace safety and comfort is ensured through the workshop layout, improved ventilation, and better natural/artificial lighting. We will abide by the regulations concerning the frequency of on-site health care service, and handle relevant labor health protection matters such as health management consultation and health promotion. We will timely adjust positions of employees according to their physical conditions, which not only helps prevent occupational accidents and occupational diseases, but also improves employees' physical and mental health, and their working abilities.
13.	Pollution control (water, air, noise)	Perform pollution control according to the requirements and standards of the environmental protection department. Invest in waste water treatment systems, applicable clean energy,	The Company is continuing to make improvements on water, air and noise pollution.	Emission indicators are monitored online and linked to the network of the environmental protection department. Environmental factors are inspected on a yearly basis to ensure constant improvements. Wastewater is recycled and reused.

Item No.	Target/Goal	Project	Current situation	Implementation
		equipment for desulfurization and dust removal for waste gas prior to emission, and sound-proof equipment.		
14.	Recycling and reuse	Improve the product yield, reduce waste generation, and strengthen 6S competitions and recycling of waste for reuse to concretize resource waste reduction, recycling, and reutilization.	The product yield is discussed on a monthly basis. Recycling and reutilization of waste is managed. Utilization of residual heat is continued. Reclaimed water is used for resource saving, and the outstanding 6S units are recognized.	The Company adheres strictly to environmental regulations during waste treatment for harm elimination, volume reduction and recycling. This effectively prevents any impact on the surrounding environment.
15.	Energy conservation	To identify potential problems in energy use, we commissioned an external environmental technology company to audit our energy consumption. The Company also proposed and implemented clean production review.	A comprehensive management organization has been set up as part of our energy management system. A series of energy-saving and waste reduction schemes have been implemented and assessed.	Lighting, water, and electricity are being transformed. Kiln residual heat is recycled and re-utilized. Energy-saving electrical equipment is adopted. Reclaimed water is used again. The kilns are known for their high energy-saving performance. Energy-saving lamps and water valves are used, and buildings such as dormitories and workshops are repaired. All of these are meant to promote energy conservation and consumption reduction, reduce the concentration of pollutants discharged, and realize effective overall emissions.
16.	Management measures to prevent the	We will abide by the policies and measures of the health affairs competent authority to	We will examine our core missions and impacted areas, and evaluate them from the aspects of personnel,	We will establish epidemic prevention and response units to keep track of changes in epidemic, announcements on epidemic prevention, preparation of materials,

Item No.	Target/Goal	Project	Current situation	Implementation
	epidemic	prevent the spread of the epidemic and to maintain physical and mental health of all employees. The risk assessments and response measures of internal operations are adjusted on a rolling basis.	business, production and operation. Based on the evaluation results, the protection of employees to reduce the risk of infection, personnel working at the office and methods for business travel will be changed according to the development of the epidemic and the level of risk.	health management and personnel health monitoring, epidemic reports, and preparation to respond to epidemic. Implement personal and workplace hygiene management and execute employee health monitoring plans. External visitors or manufacturers must measure their body temperature one by one and implement conduct name registration. We shall provide alcohol to ensure disinfection and environmental disinfection procedures. Adjust office attendance or business travel methods, such as having flexible working hours, taking turns to work at the office, working from home, canceling or postponing non-essential business trips or large gatherings/conferences, and providing employees with a mechanism for flexible parental leave. We intend to take full advantage of digital tools, such as video conferences, to maintain trust in customer relationships and promote business, and convey correct information on operation to the general public and enhance competitiveness.

(VI) Implementation of ethical corporate management and measures and departure from *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies* and reasons

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the company implemented a board-approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	✓		(I) The *Ethical Corporate Management Principles* and *Ethical Corporate Management Operating Procedures and Code of Conduct* established by the Company are approved by the board. The Company has established work rules and conduct rules to ensure that all employees, the board of directors, and executives can practice proper ethics, eliminate corruption, and comply with government laws and regulations. This includes both internal management and external business activities.	No significant difference.
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct	✓		(II) The Company's Ethical Corporate Management Principles include preventative measures against business activities at higher risk of unethical behavior, such as bribery,	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
within the scope of business? Does the company implement programs to prevent unethical conduct based on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*?			illegal political donations, the offering or receiving of illegal benefits, violation of business secrets, and more.	
(III) Does the company provide clearly the operating procedures, code of conduct, disciplinary actions, and appeal procedures in the programs against unethical conduct? Does the company enforce the programs above effectively and perform regular reviews and amendments?	✓		(III) The Company has formulated the Ethical Corporate Management Principles in accordance with the relevant laws to establish a corporate culture of ethical management, and ensure our sound development. The Ethical Corporate Management Principles were last revised on November 8, 2019.	No significant difference.
II. Implementation of ethical corporate management (I) Does the company evaluate the integrity of all counterparties it has business relationships with? Are there any integrity clauses in the agreements it signs with business partners?	✓		(I) According to Article 9 of the Code of Conduct, prior to any commercial transactions, the Company shall take into consideration the legality of its agents, suppliers, clients, or other trading counterparties and whether any of them are	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			involved in unethical conduct, and shall avoid any transactions with persons so involved. When entering into contracts, the Company shall include in such contracts terms compliance with the ethical corporate management policy. In the event that the trading counterparties are involved in unethical conduct, the Company may suspend or terminate the contract at any time.	
(II) Does the company have a dedicated unit responsible for business integrity under the board of directors which reports the ethical management policy and programs against unethical conduct regularly (at least once a year) to the board of directors while overseeing such operations?		✓	(II) The Company's President coordinates with human resources, finance, legal affairs, and other relevant departments to handle related operations.	We will comply with the relevant regulations.
(III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		(III) Any (potential) conflicts of interest should be explained to the direct supervisor and action taken as directed by the superior to avoid such conflicts; if the superior allows the same person to remain in charge then they should give the order in writing.	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company have effective accounting and internal control systems in place to implement business integrity? Does the internal audit unit follow the results of unethical conduct risk assessments and devise relevant audit plans to audit the systems accordingly and prevent unethical conduct, or hire outside accountants to perform the audits?	✓		(IV) The Company has established effective accounting and internal control systems. Internal auditors regularly audit compliance with the above systems and report the results to the board.	No significant difference.
(V) Does the company organize internal and external education and training periodically to help enforce honest operations?	✓		(V) The "Code of Conduct" formulated by the Company regulates the prohibition of offering or receiving illegal benefits, avoidance of conflict of interests, organization in charge of confidentiality measures and their responsibilities, insider transactions and confidentiality, handling of personnel's unethical conduct, protection and handling of reports. The regulations not only reflect the values of honesty and integrity, but also specifically regulate matters that personnels should pay attention to when performing business. The responsible units also regularly forwards	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			relevant official letters from the competent authority to directors and internal personnel to enhance their awareness of legal compliance. The Company organizes internal training on ethical corporate management every year. Directors are asked to adequately attend relevant external seminars and courses. In 2021, a total of 1,586 new employees of the subsidiary in China will have new employee orientation on the day they join the Company (the education and training time for each person is about 2 hours). The training scope includes the "Code of Conduct". In 2021, there are 29 new employees at the head office who were trained when joining the Company (the education and training time for each person is about 3 hours and 45 minutes) and the "Code of Conduct" and "Insider Trading" are included. The above-mentioned "Code of Conduct", "Insider Trading" and other relevant information are	

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			disclosed in the Company's internal employee system, so that all employees can read the relevant regulations at any time.	
III. Implementation of the Company's whistleblowing system (I) Does the company provide incentives and means for employees to report malpractices? Does the company assign dedicated personnel to investigate the reported malpractices?	✓		(I) The Company established a whistleblower channel (whistle@globeunion.com) for employees around the world. Employees may solve ethical dilemmas, seek advice, or report concerns to the department supervisor or local human resources unit or internal audit unit. Otherwise, employees may raise concerns or report violations of the code of conduct through the global employee whistleblower channel under their real name. The Group's Human Resources is responsible for the global employee whistleblower channel and cooperates with the audit unit or appoint relevant units to help with investigations based on the circumstances. The Company will issue reasonable bonuses according to the severity of the report.	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Internal staff who have made false reports or malicious accusations shall be disciplined, and those with great severity shall be dismissed.	
(II) Does the company have in place standard operating procedures for investigating and processing reports, as well as follow-up actions and relevant post-investigation confidentiality measures?	✓		(II) Each report should specify detailed information such as the person(s), incident, location, and objects, and the content will only be accepted if the whistleblower provides his/her real name and contents are specific, complete, and good-willed. According to the Company's operating regulations for the internal whistleblower system, the Group Human Resources shall let the whistleblower know whether the report is accepted or additional information is needed within two business days of receipt. The Group Human Resources shall take corresponding measures based on the review of the facts, let the whistleblower know the handling results within 7 working days, and check whether the whistleblower agrees with the results. When necessary, the Group	No significant difference.

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			Human Resources may take at most 60 days to conclude a case. The results of the investigation shall be subject to disciplinary action in accordance with Article 21 of the Company's Ethical Corporate Management Operating Procedures and Code of Conduct, and those with great severity shall be dismissed.	
(III) Has the company provided proper whistleblower protection?	✓		(III) The identity of the whistleblower is thoroughly protected to avoid damage to his/her personal interests; however, this does not include whistleblowing for the purpose of defamation, forgery, or harming others. The contents of the reports are strictly confidential, and the whistleblower's consent must be obtained if the investigation requires disclosure. It is forbidden for the whistleblower to lose identity or employment rights, or work under differentiated working conditions.	No significant difference.
IV. Information disclosure improvement				

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Has the company disclosed the contents or its ethical corporate management principles as well as relevant implementation results on its website and on the Market Observation Post System?	✓		The Company has disclosed information related to ethical management on the company website and M.O.P.S.	No significant difference.
V. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the *Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies*: The Company has formulated the *Ethical Corporate Management Principles* and its deviations in practice are described above.				
VI. Other important information to facilitate a better understanding of the Company's implementation of ethical corporate management: (such as review and amendment of ethical management rules): The Ethical *Corporate Management Principles* were revised on November 8, 2019.				

Note 1: Regardless of ticking "yes" or "no" for the situation in practice, it should be described in the summary field.

(VII) If the company has established corporate governance principles and related guidelines, disclose the means of accessing this information:

Market Observation Post System:
http://mops.twse.com.tw/mops/web/t100sb04_1
Can be downloaded from "Formulation of Regulations Related to Corporate Governance Rules" under the "Corporate Governance" section
or the corporate website:
https://tw.globeunion.com/investors/corporate-governance/
Visit "Corporate Governance" under "Investor Relations"

(VIII) Other significant information which may improve the understanding of corporate governance and operation:

1. The Company has defined the *Regulations Governing Major Internal Information Disclosure* that explicitly define the Company's handling and disclosure mechanism for important disclosures. The regulations have been approved by the board and announced through our internal system.
2. Licenses designated by the competent authority held by personnel involved with transparency of financial information: R.O.C. CPA: 2 accountants.

(IX) Implementation of internal control system:

1. Statement on Internal Control: Please refer to page 185.
2. Accountant engaged to review the internal control system: None.

(X) The penalties, major deficiencies, and improvement status for penalties that are imposed on the Company or internal personnel by law or imposed on internal personnel by the Company for violating the provisions of the internal control system, as well as their possible significant impact on shareholders' equity or stock prices in the past year and up to the publication date of this annual report: N/A.

(XI) Important resolutions made during shareholders' meetings and board of directors' meetings in the past year and up to the publication date of this annual report:

Major resolutions made at the shareholders' meeting and their implementation:

(Date of shareholders' meeting) August 2, 2021

1. Acknowledged the Company's 2020 business report and financial statements.
2. Acknowledged the Company's proposed distribution of 2020 earnings.

Implementation status:

The shareholders' meeting will distribute NT$0.307 per stock as cash dividend and authorize the chairman of the board to define the baseline date for distribution of cash dividends and implement adjustments of the actual dividend payout ratio. Announced on August 2, 2021 that August 25 is the baseline date for distribution of cash dividends and cash dividends were distributed on September 17, 2021.

3. Approval of the amendments to the Company’s Article of Incorporation.

   Implementation status:

   The amended regulation has been followed. Information was disclosed on the Market Observation Post System website and also announced on the Company's website. Completed registration of changes by the deadline as required.

4. Approval of the amendments to the Company's Rules of Procedure for Shareholders' Meetings.

   Implementation status:

   The amended regulation has been followed. Information was disclosed on the Market Observation Post System website and also announced on the Company's website.

5. Approval of the amendments to the Company’s “Rules for Election of Directors”.

   Implementation status:

   The amended regulation has been followed. Information was disclosed on the Market Observation Post System website and also announced on the Company's website.

6. Approval of the proposal for the distribution of cash dividends from capital surplus.

   Implementation status:

   The shareholders’ meeting will distribute NT$0.193 per stock as cash dividend and authorize the chairman of the board to define the baseline date for distribution of cash dividends and implement adjustments of the actual dividend payout ratio. Announced on August 2, 2021 that August 25 is the baseline date for distribution of cash dividends and cash dividends were distributed on September 17, 2021.

7. Completed the 18th session of Board of Directors (including independent directors).

   Implementation status:

   Information on the election during the shareholders’ meeting will be disclosed on the MOPS on the same day, and the registration of changes shall be completed by the deadline as required.

8. Passed the lifting of the non-compete clause for the directors of the 18th Board of Directors.

   Implementation status:

   Major information will be disclosed on the MOPS on the day of the shareholders’ meeting.

Important board resolutions:

Important resolutions reached by the Board of Directors in 2021 and up to the publication of the annual report are as follows:

Board of Directors Meeting Meeting date	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
17th-term 22nd meeting 2021.3.11	1. Approval of the 2020 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2020.		
	3. Approval of the 2020 Statement of Internal Control.	✓	N/A
	4. Approval of the amendments to the Company's Articles of Incorporation.		
	5. Approval of to conduct election of the Company's 18th session of Board of Directors.		
	6. Passed the lifting of the non-compete clause for the directors of the 18th Board of Directors.		
	7. Approval of the time, date, location, procedure for shareholders' proposals, and the agenda for the 2021 shareholders' meeting.		
	8. Approval of the implementation of the self-rotation mechanism of CPAs and changing the auditing CPAs to cooperate with the securities authority to strengthen the independence of auditing CPAs.	✓	N/A
	9. Approval of the compensation for the service of External Auditor.	✓	N/A
	10. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	11. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
17th-term	1. Approval of proposal of dividend distribution.		

Board of Directors Meeting Meeting date	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
23rd meeting 2021.4.13	2. Approval of the proposal for the distribution of cash dividends from capital surplus.		
	3. Approval of nomination of the directors candidates listed by shareholders holding 1 % or more of the Company's issued shares (including independent directors)		
	4. Approved of the Company to appoint supervisors for corporate governance.		
	5. Approval of the time, date, location, procedure for shareholders' proposals, and the agenda (additional items) for the 2021 shareholders' meeting.		
	6. Approval of the Inter-company Loan to Subsidiary.	✓	N/A
	7. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
17th-term 24th meeting 2021.5.7	1. Approval of the Consolidated Financial Report of the Company for Q1 2021.		
	2. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	3. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
17th-term 25th meeting 2021.6.9	1. Approved to reschedule the Company's meeting date, time, location, and other relevant matters for the 2021 shareholders' meeting		
	2. Approval of the routine evaluation of CPAs' independence.	✓	N/A

Board of Directors Meeting Meeting date	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	3. Approval of the Company to make endorsement and guarantee for Subsidiary.	✓	N/A
	4. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	5. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 1st meeting 2021.8.2	Approved to elect new Chairman.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 2nd meeting 2021.8.10	1. Approval of the Consolidated Financial Report of the Company for Q2 2021.	✓	N/A
	2. Approval of the Company to make endorsement and guarantee for Subsidiary.	✓	N/A
	3. Approved to appoint new members for the Remuneration Committee.		
	4. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	5. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 3rd meeting 2021.11.5	1. Approval of the Consolidated Financial Report of the Company for Q3 2021.		
	2. Approval of the Company to make endorsement and guarantee for Subsidiary.	✓	N/A
	3. Approval of the Inter-company Loan to Subsidiary.	✓	N/A
	4. Approval of the issuance of 2021 Employee stock option plan.	✓	N/A

Board of Directors Meeting Meeting date	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	5. Approval of the discharge of the managerial personnel and remuneration.		
	6. Approval of the Company’s engagement in trading of derivatives.	✓	N/A
	7. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 4th meeting 2021.12.15	1. Approval of the 2022 corporate budget and business strategy plan.		
	2. Approval of the 2022 audit plan.		
	3. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	4. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 5th meeting 2022.1.27	1. Approval of the appointment of a new vice president.		
	2. Approval of the revision of the Company’s 2021 First Employee Stock Option (ESOP) Issuance Policy.		
	3. Approval of the employee lists of whom will be granted of The First Employee Stock Option Plan 2021”.	✓	N/A
	4. Approved to delegate E.SUN Commercial Bank as the overall coordinating bank and management bank; E.SUN Commercial Bank and other financial institutions under E.SUN Commercial Bank’s invitation will be the overall main processing bank (“Main Processing Bank”) in charge of the combined trust project, as long as it does not exceed NT$2.5 billion.		

Board of Directors Meeting Meeting date	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	5. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 6th meeting 2022.3.8	1. Approval of the 2021 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2021.		
	3. Approval of the 2021 Statement of Internal Control.	✓	N/A
	4. Approval of the amendment to Company's "Corporate Social Responsibility Best Practice Principles".		
	5. Approval of the amendment to Company's "Regulations Governing the Acquisition and Disposal of Asset"	✓	N/A
	6. Approval of the time, date, location, procedure for shareholders' proposals, and the agenda for the 2022 shareholders' meeting.		
	7. Approval of the compensation for the service of External Auditor.	✓	N/A
	8. Approval of the revision of the Company's 2021 First Employee Stock Option (ESOP) Issuance Policy.		
	9. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	10. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		

Attendance of Independent Directors at Board Meetings

Date / Name	2021							
	3/11	4/13	5/7	6/9	8/2	8/10	11/5	12/15
Chin-Shan Huang	◎	◎	◎	◎	◎	◎	◎	◎
Young-Sheng Hsu	◎	◎	◎	◎	◎	◎	◎	◎
Yi-Chia Chiu	◎	◎	△	◎	—	—	—	—
Wen-Yi Fan	—	—	—	—	◎	◎	◎	◎

Date / Name	2022	
	1/27	3/8
Chin-Shan Huang	◎	◎
Young-Sheng Hsu	◎	◎
Wen-Yi Fan	◎	◎

Note: ◎ Attendance in person (including video conference)
△ Attendance by proxy
☆ Leave of absence
— Not the duration of appointment.

2021/8/2 The directors were reelected, Yi-Chia Chiu resigned and Wen-Yi Fan was appointed.

(XII) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: N/A.

(XIII) Summary of resignation or dismissal for chairman, president, accounting supervisor, financial officer, internal auditor, corporate governance officer, and R&D officer in the past year up to the printing date of this annual report: N/A.

V. Compensation for the service of the external auditor:

Unit: NT$1,000

Name of accounting firm	Name of accountants	Accountant's duration of audit	Audit fee	Non-audit fee	Total	Notes
Ernst & Young	Yu-Ting Huang	2021.01.01 ~2021.12.31	6,880	920	7,800	Non-audit fees: tax certification audit fees, CSR consulting and assurance service fees, issuance of employee share options service fees.
	Ming-Hung Chen					

(I) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed: No change of accounting firm.

(II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: N/A.

VI. Information on change of accountants:

In cooperating with the securities authority to strengthen the independence of auditing CPAs and in accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies, the following adjustments to the CPAs responsible for certifying the Company's financial statements have been made since Q1 2021 to implement the self-rotation mechanism of CPAs:
Former: Yu-Ting Huang, CPA; Tzu-Ping Huang, CPA.
Newly appointed: Yu-Ting Huang, CPA; Ming-Hung Chen, CPA.

VII. If the company's chairman, president, financial manager, or accounting manager has worked at the firm of the certifying accountants or its affiliates within the last year, their name, position, and position at the firm of the certifying accountant or its affiliates should be disclosed: N/A.

VIII. Share transfers and share pledging by directors, supervisors, managers and shareholders holding more than 10% equity in the past year and up to the printing date of this annual report：

(I) Change in share equity among directors, supervisors, managers, and major shareholders:

Unit: Shares

Title	Name	2021		2022 As of February 28	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Institutional director representative, principal	Ming-Ling Co., Ltd.	–	–	–	–
Representative of institutional director	Shane Ouyang (Note 1)	151,724	–	–	–
	Scott Ouyoung (Note 2)	–	–	–	–
	Hung-Kang Lin (Note 3)	–	–	–	–
	Andrew Yates	–	–	–	–
	Wen-Mei Yiu (Note 4)	–	–	–	–
	Wen-Hsin Chen (Note 4)	–	–	–	–
Independent director, principal	Chin-Shan Huang	–	–	–	–
Independent director, principal	Young-Sheng Hsu	–	–	–	–
Independent director, principal	Yi-Chia Chiu (Note 5)	–	–	–	–
Independent director, principal	Wen-Yi Fan (Note 5)	–	–	–	–
President	Todd Alex Talbot	–	–	–	–
Vice President	Tsung-Min Chen	–	–	–	–
Vice President	Shu-Chi Lee (Note 6)	–	–	–	–
Vice President	Michael David Bond (Note 7)	–	–	–	–
Vice President	Lei-Hui Lee	–	–	–	–

Title	Name	2021		2022 As of February 28	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Vice President	Zhen-Hui Jin (Note 8)	–	–	–	–
Assistant Vice President	Jung-Chao Lin	–	–	–	–
Assistant Vice President	Da-Ying Zhang (Note 9)	–	–	–	–
Assistant Vice President	Bhor-Chaou Chang	–	–	–	–
Assistant Vice President	Ming-Sheng Wei (Note 10)	(22,150)	–	–	–
Assistant Vice President	Jun-Hong Li	–	–	–	–
Assistant Vice President	Sheng-Shyong Hwang (Note 11)	–	–	–	–
Assistant Vice President	Ming-Feng Zhang (Note 8)	–	–	–	–
Head of Accounting	Ying-Fan Chen	–	–	–	–

Note 1: Donated Shares. Note 2: Resigned and dismissed on October 23, 2021. Note 3: The institutional director representative was assigned and assumed position on January 7, 2022. Note 4: An institutional director changed its representative from Ms. Wen-Mei Yiu to Ms. Wen-Hsin Chen on February 3, 2021. Note 5: The directors were reelected on August 2, 2021, Mr. Wen-Yi Fan was appointed and Mr. Yi-Chia Chiu resigned. Note 6: Resigned on August 11, 2020, which became effective on February 10, 2021. Note 7: Michael David Bond resigned and was dismissed on October 1, 2021. Note 8: Promoted and assumed position on January 27, 2022. Note 9: Appointed on November 9, 2021. Note 10: Sold shares. Note 11: Resigned and dismissed on November 16, 2021.

(II) Share transfer information (the parties to the transaction are related): N/A.

(III) Share pledge information (the parties to the transaction are related): N/A.

IX. Information on the relationship between any of the top ten shareholders (related party, spouse, or kinship within the second degree):

March 29, 2022

Name	Principal Shareholding		Shares held by spouse and underage children		Total shares held in the name of others		Shareholders with the top 10 shareholding ratios who are related, spouses, and second-degree relatives, their names, and their respective relationships.		Notes
	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	Title (or name)	Relationship	
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.30	0	0	0	0	N/A	N/A	N/A
Ming-Ling Co., Ltd. (Representative: Shane Ouyang)	23,366,692	6.52	0	0	0	0	Shane Ouyang	Representative of Institutional Director for Ming-Ling Co., Ltd.	N/A
Su-Hsiang Ou Young Chang	21,486,175	5.99	20,000,000	5.58	0	0	Shane Ouyang、Lei Ouyang	Mother and son	N/A
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.74	0	0	0	0	Scott Ouyoung	Principal (deceased)	N/A

Name	Principal Shareholding		Shares held by spouse and underage children		Total shares held in the name of others		Shareholders with the top 10 shareholding ratios who are related, spouses, and second-degree relatives, their names, and their respective relationships.		Notes
	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	Title (or name)	Relationship	
Lei Ouyang	20,373,132	5.68	0	0	0	0	Su-Hsiang Ou Young Chang Shane Ouyang	Mother and son Brothers	N/A
Shane Ouyang	20,151,496	5.62	0	0	0	0	Su-Hsiang Ou Young Chang Lei Ouyang	Mother and son Brothers	N/A
Scott Ouyoung (deceased)	20,000,000	5.58	21,486,175	5.99	0	0	Shane Ouyang、Lei Ouyang	Father/child	N/A
Chih-Yung Li	11,143,000	3.11	0	0	0	0	N/A	N/A	N/A
Huan-Ting Cho	11,010,000	3.07	0	0	0	0	N/A	N/A	N/A
Tsai-Su Ching Lu	8,612,000	2.40	0	0	0	0	N/A	N/A	N/A

X. The shareholding of the Company, directors, supervisors, managers, and enterprises that are directly or indirectly controlled by the Company in the same re-invested company: N/A.

D. Capital Overview

I. Capital and Shares:

(I) Source of share capital:

Unit: Share/NT$

Year Month	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Other
March, 2018	10	600,000,000	6,000,000,000	367,440,962	3,674,409,620	Conversion of employee warrants 585,000 shares	N/A	Note 2
May, 2018	10	600,000,000	6,000,000,000	367,575,962	3,675,759,620	Conversion of employee warrants 135,000 shares	N/A	Note 2
July, 2018	10	600,000,000	6,000,000,000	367,595,962	3,675,959,620	Conversion of employee warrants 20,000 shares	N/A	Note 2
August, 2018	10	600,000,000	6,000,000,000	367,707,962	3,677,079,620	Conversion of employee warrants 112,000 shares	N/A	Note 2
October, 2018	10	600,000,000	6,000,000,000	367,944,962	3,679,449,620	Conversion of employee warrants 237,000 shares	N/A	Note 2
December, 2018	10	600,000,000	6,000,000,000	368,159,962	3,681,599,620	Conversion of employee warrants 215,000 shares	N/A	Note 2
March, 2019	10	600,000,000	6,000,000,000	368,211,962	3,682,119,620	Conversion of employee warrants 52,000 shares	N/A	Note 2

Year Month	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Other
March, 2019	10	600,000,000	6,000,000,000	356,211,962	3,562,119,620	Reduction of treasury stock 12,000,000 shares	N/A	Note 3
May, 2019	10	600,000,000	6,000,000,000	356,236,962	3,562,369,620	Conversion of employee warrants 25,000 shares	N/A	Note 2
August, 2019	10	600,000,000	6,000,000,000	356,742,962	3,567,429,620	Conversion of employee warrants 506,000 shares	N/A	Note 2
November, 2019	10	600,000,000	6,000,000,000	357,212,962	3,572,129,620	Conversion of employee warrants 470,000 shares	N/A	Note 2
November, 2019	10	600,000,000	6,000,000,000	356,212,962	3,562,129,620	Revoked restricted share awards 1,000,000 shares	N/A	Note 1
March, 2020	10	600,000,000	6,000,000,000	356,848,962	3,568,489,620	Conversion of employee warrants 636,000 shares	N/A	Note 2
November, 2020	10	600,000,000	6,000,000,000	358,163,962	3,581,639,620	Conversion of employee warrants 1,315,000 shares	N/A	Note 2

Note 1: July 20, 2016, Jin-Guan-Zheng-Fa-Zi No. 1050027765.

Note 2: October 2, 2015, Jin-Guan-Zheng-Fa-Zi No. 1040039608.

Note 3: December 14, 2018, Jin-Guan-Zheng-Fa-Jiao-Zi No. 1070346458.

Note: 358,163,962 shares issued and outstanding as of December 31, 2021.

March 29, 2022 Unit: Shares

Type of Shares	Authorized capital			Notes
	Shares issued and outstanding (Note)	Unissued shares	Total	
Ordinary shares	358,163,962	241,836,038	600,000,000	

Note: Currently 358,163,962 ordinary shares are in circulation.

(II) Shareholder structure:

March 29, 2022 Unit: Shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
No. of People	0	3	41	12,616	114	12,774
No. of shares held	0	2,175,000	56,433,852	236,468,921	63,086,189	358,163,962
Shareholding (%)	0	0.61	15.76	66.02	17.61	100.00

(III) Share distribution:

March 29, 2022 Unit: Shares; NT$10 per share

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
1 to 999	3,038	628,524	0.17
1,000 to 5,000	6,327	14,098,291	3.94
5,001 to 10,000	1,499	11,698,420	3.27
10,001 to 15,000	549	6,773,353	1.89
15,001 to 20,000	338	6,239,455	1.74
20,001 to 30,000	348	8,743,214	2.44
30,001 to 40,000	165	5,848,473	1.63
40,001 to 50,000	116	5,360,459	1.50
50,001 to 100,000	173	12,401,023	3.46
100,001 to 200,000	100	14,061,860	3.93
200,001 to 400,000	48	13,517,909	3.77

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
400,001 to 600,000	23	11,022,325	3.08
600,001 to 800,000	10	6,730,799	1.88
800,001 to 1,000,000	5	4,321,044	1.21
Over 1,000,001	35	236,718,813	66.09
Total	12,774	358,163,962	100.000

Note: As of book closure on March 29, 2022. Currently 358,163,962 ordinary shares outstanding.

(IV) Major shareholders: Shareholders with a shareholding ratio of over 5%

March 29, 2022 Unit: Shares

Shares / Name of major shareholder	No. of shares held	Shareholding (%)
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.30
Ming-Ling Co., Ltd. (Representative: Shane Ouyang)	23,366,692	6.52
Su-Hsiang Ou Young Chang	21,486,175	5.99
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.74
Lei Ouyang	20,373,132	5.68
Shane Ouyang	20,151,496	5.62
Scott Ouyoung (deceased)	20,000,000	5.58
Chih-Yung Li	11,143,000	3.11
Huan-Ting Cho	11,010,000	3.07
Tsai-Su Ching Lu	8,612,000	2.40

(V) Share price, net worth, earnings, dividends and related information for the past two years:

<table>
<tr><td colspan="3">Year
Item</td><td>2020</td><td>2021</td><td>From this year to Monday, February 28, 2022</td></tr>
<tr><td rowspan="3">Market price per share</td><td colspan="2">Highest</td><td>18.15</td><td>20.5</td><td>15.25</td></tr>
<tr><td colspan="2">Lowest</td><td>10.15</td><td>14.4</td><td>14.45</td></tr>
<tr><td colspan="2">Average</td><td>14.32</td><td>16.15</td><td>14.72</td></tr>
<tr><td rowspan="2">Net worth per share</td><td colspan="2">Before distribution</td><td>15.4</td><td>14.44</td><td>-</td></tr>
<tr><td colspan="2">After distribution</td><td>14.9</td><td>14.44</td><td>-</td></tr>
<tr><td rowspan="3">Earnings per share</td><td colspan="2">Weighted average shares</td><td>358,163,962</td><td>358,163,962</td><td>-</td></tr>
<tr><td rowspan="2">Earnings per share</td><td>Pre-adjustment</td><td>0.81</td><td>0.04</td><td>-</td></tr>
<tr><td>Post-adjustment</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="4">Dividends per share</td><td colspan="2">Cash dividends</td><td>0.5</td><td>0</td><td>-</td></tr>
<tr><td rowspan="2">Stock grants</td><td>Earnings</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td>Additional paid-in capital (APIC)</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td colspan="2">Accumulated unpaid dividend</td><td>-</td><td>-</td><td>-</td></tr>
<tr><td rowspan="3">Return analysis</td><td colspan="2">Price-earnings (P/E) ratio (Note 1)</td><td>17.68</td><td>403.75</td><td>-</td></tr>
<tr><td colspan="2">Price-dividend (P/D) ratio (Note 2)</td><td>28.64</td><td>0</td><td>-</td></tr>
<tr><td colspan="2">Cash dividend yield (Note 3)</td><td>0.03</td><td>0</td><td>-</td></tr>
</table>

Note 1: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note 2: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note 3: Cash dividend yield rate = Cash dividend per share / Average market price.

(VI) Company dividend policy and implementation:

1. Dividend policy:

The Company's Articles of Association stipulate that: If there is a surplus balance shown in the Company's yearly final accounting, the surplus balance shall be used to pay for income tax in accordance with the law, and then used to compensate for deficits in previous years; 10% of the remaining amount shall then be allocated as legal reserve, but allocation to the reserve may not be required if the legal reserve has reached the Company's paid-in capital. After the surplus balance has been apportioned to or reversed from the special reserve in accordance with the regulations of the competent authority, it should be combined with the undistributed surplus balance from previous years. The resulting amount should be distributed per the surplus distribution proposal drafted by the board of directors to be submitted to a shareholders meeting for final resolution and approval. If the earnings are distributed in cash, the board of directors shall be authorized to make a resolution in accordance with Article 228-1 and Article 240-5 of the Company Act and shall be reported to the shareholders' meeting.

The Company may distribute all or a part of the capital reserve or legal reserve, based on financial, business, and operational considerations, according to regulations or the regulations of the competent authority. If it is distributed in cash, the board of directors shall make resolutions in accordance with Article 241 of the Company Act and shall be reported to the shareholders' meeting.

The Company's dividend policy stipulates that no less than 30% of the available surplus balance should be distributed to shareholders as dividends in accordance with current and future development plans and with consideration to investment market trends, cash-flow demands, and domestic and international competition status as well as consideration of shareholders' interests.

Distribution of company surplus may be in the form of stock dividends or cash based on considerations of capital budgeting, business expansion needs, and sound financial plans for the purpose of sustainable growth, but cash dividends should be no less than 60% of total shareholder dividends for the current year. The aforementioned dividend distribution policy may take into consideration the Company's business needs, transfer investment and merger cash-flow requirements, and circumstances such as major legislation change; appropriate adjustment to the ratio of cash dividend distribution will be proposed by the board of directors to the shareholders' meeting for final resolution.

2. Distribution of shareholder dividends proposed in the latest shareholders' meeting:

On April 11, 2022, the board of directors made a resolution that the balance of the distributable earnings in 2021 is NT$0 and no dividends will be distributed to shareholders.

(VII) Effect of stock grants proposed in the latest shareholders' meeting on the Company's business performance and earnings per share: N/A.

(VIII) Remuneration of employees, directors, and supervisors:

1. Percentages and ranges of remuneration to employees, directors, and supervisors, as specified in the Company's Articles of Association:
   According to the Company's Articles of Association:
   If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration, and no more than 2% may be allocated as remuneration for directors and supervisors. However, profits must first be taken to offset cumulative losses if any.
   Employee bonuses may be paid in shares or cash. Employees at affiliated companies that satisfy certain criteria may also qualify.
2. Basis for estimating the amount of remuneration of employees, directors and supervisors; basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period: If any changes made to the amounts after the annual financial reports are published, the changes will be applied in accordance with accounting estimation changes and will be included in the financial statements of the following year. The Company did not distribute stock dividends to employees in 2021.
3. Remuneration proposals passed by the board of directors:
   (1) Employee, director, and supervisor remuneration will be distributed in cash or shares. If there is any discrepancy with the recognized costs for the year then the difference, reason, and response should be disclosed:
   According to the relevant regulations of the Company's Articles of Association, the Board of Directors decided on March 8, 2022 to not pay director remuneration and allocate NT$1,897 thousands as employee remuneration (to be distributed in the form of cash). There is no difference between these numbers and the total combined estimated amount.
   (2) The amount of remuneration to employees to be paid in shares and its percentage out of the standalone or individual financial report for the current period in terms of the sum of net profit after tax and employee remuneration: N/A.
4. Any discrepancy between actual remuneration distribution of employees, directors, and supervisors (including the number of shares, the amount and share price) and the recognized remuneration of employees, directors, and supervisors, and disclosure of the differences, reasons, and responses:
   The Board of Directors made a resolution on March 11, 2021 and reported to the shareholders' meeting on August 2, 2021. The Company did not distribute remuneration to directors, it allocated NT$13,215 thousands as employee remuneration (to be distributed in the form of cash). The difference between these numbers and the total combined estimated amount, which is NT$13,534 thousands, has been used to adjust the income (loss) for 2021.
   The actual remuneration distributed to employees was consistent with the resolution of the board of directors.

(IX) Company stock buyback:

1. Exercised: The most recent year and as of the printing date of the annual report: N/A.
2. Currently exercising: N/A.

II. Issuance of corporate bonds: N/A.

III. Issuance of preferred stocks: N/A.

IV. Issuance of global depositary receipts (GDR): N/A.

V. Issuance of employee share options and restricted share awards:

(I) Exercise of employee share option plan (ESOP):

1. Outstanding employee share options and impact on the shareholder equity:

March 29, 2022

Tranche of ESOP	The First Employee Stock Option Plan 2020	The First Employee Stock Option Plan 2021
Date of approval by competent authorities	April 7, 2020	December 9, 2021
Date of issuance (processing)	August 10, 2020	February 14, 2022
Units granted	10,200,000 shares	2,100,000 shares
Ratio of shares granted to all shares issued	2.86%	0.59%
Subscription duration	5 years	5 years
Mode of implementation	Issuance of new shares	Issuance of new shares
Time fame and ratio of restricted subscription (%)	50% can be exercised two years from the day after issuance; 100% can be exercised after three years.	
Units exercised (shares)	N/A	N/A
Amount exercised (NT$)	N/A	N/A
Number of rights unexercised	7,900,000	2,100,000
Exercise price for unexercised units (NT$)	12.4	14.7
Ratio of unexercised rights to total outstanding shares (%)	2.21%	0.59%
Impact on shareholders' equity	Dilution of our Company's earnings per share is still generally limited and so will not exert a major impact on shareholders' equity.	

August 10, 2020, total outstanding shares: 356,848,962 shares.

March 29, 2022, total outstanding shares: 358,163,962 shares.

2. Managers who have acquired employee stock warrants and the 10 employees with the highest number of convertible rights and the conditions of their exercise and subscription as of the printing date of the Annual Report:

Up to March 29, 2022

Unit: Shares: Thousand shares; Amount: NT$1,000

<table>
<tr><th rowspan="2">Date of issuance</th><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of rights vested</th><th rowspan="2">Vested rights as a percentage of total outstanding shares</th><th colspan="4">Exercised</th><th colspan="4">Unexercised</th></tr>
<tr><th>Number of rights</th><th>Subscription price</th><th>Value of rights</th><th>Ratio of rights to total outstanding shares</th><th>Number of rights</th><th>Subscription price</th><th>Value of rights</th><th>Ratio of rights to total outstanding shares</th></tr>
<tr><td rowspan="3">2020.08.10</td><td rowspan="4">Managers</td><td>President</td><td>Todd Alex Talbot</td><td rowspan="3">3,350</td><td rowspan="3">0.94%</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">0</td><td rowspan="3">3,350</td><td rowspan="3">12.40</td><td rowspan="3">41,540</td><td rowspan="3">0.94%</td></tr>
<tr><td>Vice President</td><td>Tsung-Min Chen, Lei-Hui Lee, Zhen-Hui Jin</td></tr>
<tr><td>Assistant Vice President</td><td>Jung-Chao Lin</td></tr>
<tr><td>2022.02.14</td><td>Vice President</td><td>Zhen-Hui Jin</td><td>250</td><td>0.07%</td><td>0</td><td>0</td><td>0</td><td>0</td><td>250</td><td>14.7</td><td>3,675</td><td>0.07%</td></tr>
</table>

(II) Processing of the issuance of restricted share awards:

1. Restricted share awards that have not all met the vesting conditions as of the date of this Annual Report and impact on shareholders' equity: N/A.
2. Managers with vested restricted shares as of the date of this Annual Report and the top ten employees in terms of vested units: N/A.

VI. Mergers, acquisitions, or issuance of new shares for acquisition of shares of other companies: N/A.

VII. Implementation of capital allocation plan:

(I) Content of plan: Up to the season prior to the printing date of this Annual Report, negotiable securities issued in previous batches or private placements that have not been completed or were completed within the last three years and have not yet realized the estimated return: None.

(II) Implementation status: Item-by-item analysis of the execution status of the aforementioned plans' objectives, up to the season prior to the printing date of this Annual Report, compared to original estimated return: None.

E. Operational Highlights

I. Business activities

(I) Business scope

Globe Union’s main area of business is the manufacturing and distribution of faucets and other bathroom fittings. Globe Union’s business scope includes design, development, manufacturing, marketing, branding, and sales channel operation for kitchen and bathroom products. The Company has also set up business operation offices in America, Europe, and Mainland China. It is one of the few bathroom ceramics and faucets companies in the industry equipped with design, manufacturing, sales, and business operation capacity. The Company takes advantage of diversified forms of business, combining sales of its own brands in the North American and European markets; private label and OEM service for large DIY/bathroom brands globally; and professional sales channel distribution services. The three business models are strategically deployed across the global bathroom products market so that the Company's products will have high penetration across different niche markets.

Business breakdown:

Product	2021	Notes
Faucets and showerheads	39%	
Porcelain	39%	
Other	22%	Note 1
Total	100%	

Note 1: Other covers operating income from bathroom accessories, shower enclosures, cabinets, and distribution services.

New products under development:

Materials : Environmentally-friendly anhydrous electro-plating’s basic materials and color system testing is completed.

Porcelain : Quietclean and EasyClean technologies are introduced into Avanlanche product line. Toilet noise measurement is introduced.

Copperware : Expansion of Gerber BL flat black to entire product lines, develop a series of Gerber Essential products, a series of expanded Maxwell porcelain product lines packed with faucets, kitchen pull-down faucet with rotation constraint and anti-knot technology, double-handle miniaturized low-body platform expansion for basin, and screwless faucet handle platform.

(II) Industry overview:

Globe Union product sales consist mainly of metallic faucets and sanitaryware porcelain such as kitchen/bathroom faucets, hardware fittings, and sanitaryware porcelain. Sales channels include wholesale/retail channels such as new home furnishings and renovations. Industry development is closely linked to activity in the property market as well as overall market consumption.

Heading into 2022, the global economy is sluggish than previously expected. As the new Omicron COVID-19 variants spread, countries imposed new restrictions on movement. Rising energy prices and supply disruptions have resulted in a higher than expected and broader inflation, resulting in persistent impacts on the global economy.

Although the global epidemic is still severe, with the continuous improvement of virus testing capacity and the gradual increase in vaccination coverage, the number of severe cases and deaths have dropped sharply. Therefore, major countries will not easily restart strict epidemic prevention measures. The global economy is expected to maintain its pace of recovery, but due to factors of the base period and the decline in the support of the fiscal and monetary policies of various countries, major international forecasting institutions believe that the growth rate of global economic and trade in 2022 will be slower than that in 2021.

The International Monetary Fund (IMF) released its "World Economic Outlook" report at the end of January, revising the estimated growth rate of the global economy in 2022 from 4.9% to 4.4%, and the economic growth rate in 2023 is expected to be 3.8%.

In January 2022, five major international forecasting institutions (IMF, HIS Markit, EIU, WB, and UN) announced their forecasts for the economic growth rates of various countries. According to expectations, the U.S. economic growth rate in 2022 will be about 3.5-4.1%, the second best performance only to 2021 since 2005, which is still relatively strong. The Eurozone's economic growth rate in 2022 will be about 3.7-4.2%, the second best performance only to 2021 after the establishment of the Eurozone, which is still relatively strong. Similar to U.S., the European economy is still in a stage of recovery and expansion.

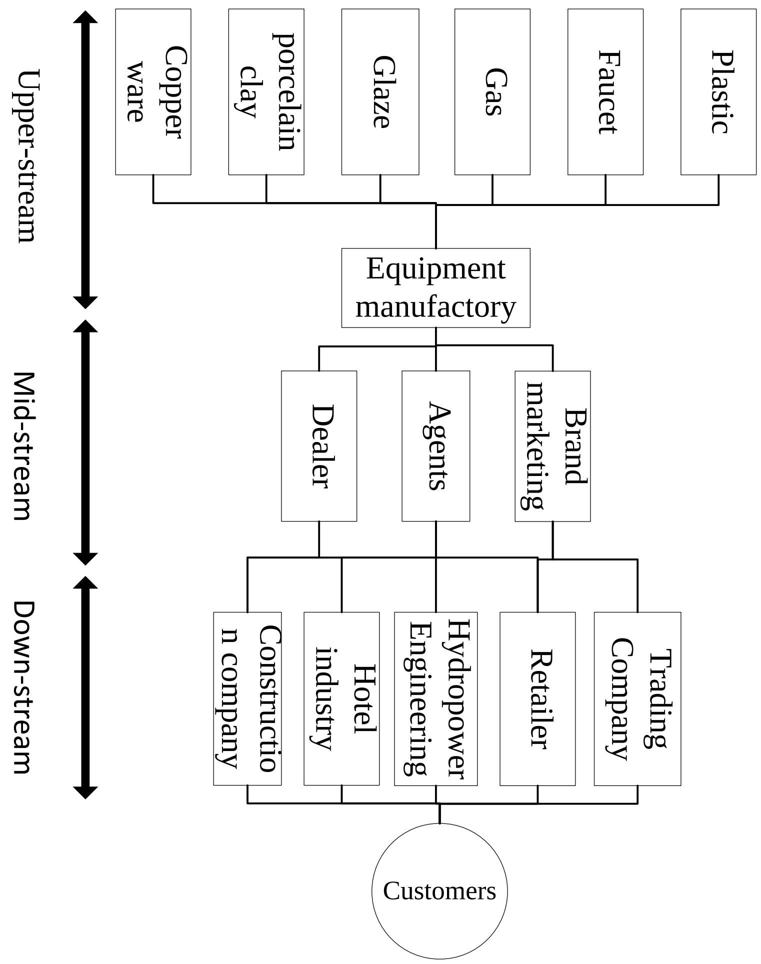
The National Association of Realtors in the US forecasts in February 2022 that while existing home sales are expected to decline 2.8% in 2022, new single home sales are expected to grow by 9.0%. The leading indicator of the home starts for the housing market is also expected to reach 1.65 million homes. (an increase of 3.4% compared to 2021)

Affected by higher commodity prices, real estate debt crisis, dual control of energy consumption and energy intensity, and industry regulation, China's economy has weakened significantly since the second half of 2021. According to the National Bureau of Statistics of China, the GDP growth rate in the fourth quarter of 2021 was 4.0%, which is lower than the growth rate of the previous three quarters, and the annual GDP growth rate was 8.1%. Major international forecasting institutions have revised their forecasts for China's economic growth downward. IHS Markit's latest forecast in January indicated that China’s economic growth rate in 2022 will be 5.43%, while the IMF’s forecast is 4.8%.

After the kitchen and bathroom industry experienced a financial freeze caused by the epidemic in 2020, an overall trend of recovery in 2021 was seen. Affected by the COVID-19, people pay more attention to bathroom equipment. In addition to aesthetics and design orientation, multifunctional trends such as water-saving, energy saving, environmental protection, comfort, health care, and anti-aging will continue. In the post-epidemic era where sanitation and safety are highly valued, antibacterial bathroom equipment, touch-free flush sensor panels, antibacterial surface treatments, and sensor faucets can reduce the risk of bacterial transmission and cross-contamination. Products that bring convenience and clean matters easily will be much loved.

Upper, mid, and down-stream industry supply chain:

Upstream and downstream kitchen and bathroom products supply chain:



Note: Contracts include new home furnishings, renovations, and commercial/office space.

- Basic Resources in Fireproof and Ceramic Products Manufacturing Sector. Taiwan Industry Economics Services by Taiwan Institute of Economic Research.
  November 30, 2020 (the following in this Chapter are the same)

1. Bathroom porcelain products:

   Upstream raw materials include clay, feldspar, quartz, glaze, stain, mirabilite, fines, and powder. After buying the raw materials, the ceramic bathroom equipment manufacturers will manufacture and process general bathroom porcelain, water-supplying copperware, bathtubs, kitchenware, and bathroom fittings, and then sell them to construction companies that are in the new home construction and home improvement and repair markets, and retail channels for bathroom ceramics. (Basic Resources in Fireproof and Ceramic Products Manufacturing Sector. Taiwan Industry Economics Services by Taiwan Institute of

Economic Research, November 30, 2020.)

2. Hardware and faucet products:

   Upstream companies provide the required plastic raw materials, metal raw materials, and rubber raw materials, which go through intermediate industries for casting, forging, powder metallurgy, heat treatment, and surface treatment, and processed and assembled into finished products, and then sold to downstream industries through agents and distributors. (Basic Information of Pumps, Compressors, Stopcocks, and Valves Manufacturing Sector. Taiwan Industry Economics Services by Taiwan Institute of Economic Research, May 4, 2020.)

Product development trends and competition:

Product trends:

- Style trends:

  Based on the post-epidemic era and the impact of the unstable global situation, consumers are seeking more sense of security and actual needs, and tend to buy necessities rather than over-consuming and adopting a “just right” attitude towards everything in life. Therefore, clean and comfortable modernism and minimalism will be the market’s mainstream. We use “subtraction” for design to retain the essence and this interior design style gives a sense of simplicity to the bedrooms and bathrooms. We use warm and comfortable colors and materials to create a reassuring home environment.

  This will help promote Gerber’s new Essential product line. It has an affordable price and while maintaining a minimalist design, it considers both the emotions and comfort when using.

- Reassuring and comfortable working environment:

  As people spend more time at home in the post-epidemic era and social instability increases, home has gradually become a safe haven for people. People need a living space that is more secure, and warm, and can reduce stress and anxiety. Products that can give consumers comfort and peace of mind have become the main demand in the market. Gerber’s new Thermo product line’s strategy is to allow users to relax and relieve stress by creating a comfortable bathing experience.

- Caring for the economy:

  As challenges arise from the epidemic, people pay more attention to the concern and connection between people than before, and consumers pay more attention to the sense of security that products bring to their families and themselves, in order to create a more friendly living space.

  In this regard, Gerber’s new ADA product line plan will create a friendly user experience for consumers and build a safe home environment.

- Green Economy:

  As the price of global energy and commodities increases, consumers are more concerned about the impact of industrial development on the environment and sustainable economic industries. In the field of sanitaryware, the effective use of water resources will become the focus of the market and the main development trend in the future. Gerber's continuous R&D and deployment of water-saving technologies for copperware and porcelain will be able to meet future market demands.

Competition:

Due to the continuous impact of the epidemic and the pressure caused by the turbulent international situation, the increase in global freight and raw material prices, Globe Union has dynamically adjusted the following aspects in its product strategy to cope with the situation in the post-epidemic era.

1. We shall have a more agile response to costs, and flexible price adjustment for product prices while ensuring the interests of customers and the maximum benefit of the Company's business operations.
2. Precise product cost: We replace most copper production processes with materials that have relatively stable prices such as zinc alloys and plastics. We apply material innovations to Gerber product development and new product launches. This facilitates good cost control.
3. Enhance R&D competitiveness: Through the database for trend forecasting, we can improve the insight and management of trends, formulate more efficient product R&D strategies, increase the R&D speed of each product line and improve the success rate of proposals, and effectively save development time and reduce costs.
4. Focus on Gerber product planning and R&D, and integration: We focus our R&D on more profitable self-owned brands to maximize profits.

(III) Overview of technology and R&D:

1. R&D expenses of the latest year, up to the print date of the annual report

Unit: Thousand NTD

Year / Item	2021	Up to February 28, 2022 (Unaudited)
R&D expenses	245,774	38,344

2. Successfully developed technologies and products

Item	Project name	Status and impact of R&D results
1	Second-generation cost-optimized engineering plastics	Engineering plastics are widely used in the Globe Union's faucet flow channels, and are the main materials of the inner body. In addition to better physical properties, the new engineering plastics have more stable material sources and more competitive prices. Comprehensive replacement will help increase product profits.
2	Easy clean porcelain glazing techniques and verification test regulations	Easy clean porcelain technology is the mainstream function of the market-leading brand. The Easy clean technology developed by Globe Union, after two years of R&D and verification, keeps pace with the well-known brands in performance tests. This can increase the value of high-end porcelain product lines and effectively create differences.
3	Gerber Freestanding Bathtub Faucet	In response to the demand for independent bathtubs derived from high-end markets, the under-counter valve block system with better stability and convenient installation is designed to enrich the Gerber product line.
4	Unified wall-mounted bath faucet installation platform	The installation structure of the wall-mounted valve block is unified, which makes the installation operation easier while expanding the scope of installation. It reduces problems caused by on-site installation and strengthens the brand image.
5	Water separator integrated into valve block platform	The original product line requires two independent valve blocks to operate. This function is integrated into a valve with a water separator function, which is easy to install, saves unnecessary material costs, installation costs, and reduces installation errors.
6	Update Gerber Parma product line	We updated Gerber's long-selling model Parma and continued the new design and introduced a new structure, continued to create good business results, and improved product profits.
7	A series of expanded Viper porcelain product lines packed with faucets	With the Company's porcelain leading the faucet strategy, we design and update faucet products that meet the needs of customers who consume from the porcelain Viper product line, creating new markets and revenue.
8	Energy-saving IR sink	Due to the epidemic, the public pays attention to

Item	Project name	Status and impact of R&D results
	faucets	sanitation, and the demand for touchless faucets has risen sharply, resulting in the gradual attention paid to the waste of batteries. This design uses a new logic circuit to save power, using two AAA batteries to create more than twice the power saving effect.
9	Single-handle sink faucet single module development	The integrated single handle needs to open a new mold due to the body structure coordination caused by the difference in mold. The new platform designs + ergonomics to integrate different design sizes, reducing the cost of molds.

(IV) Long- and short-term business plans:

A. Short-term business plan:

1. Business Integration

   The Company optimized the integration of the Group's businesses and business units with “One family one vision” as the corporate core spirit, and defined a new market strategy: “Lead with VC; Differentiate with Faucet”. With the strategy established in 2021, the Company focuses on production capacity control and enhancement of core production processes to strengthen manufacturing capabilities. For customers, the Company offers one-stop services and takes advantage of its unique product manufacturing advantages to provide its current customers with a complete production line (porcelain and faucet products). We can provide professional brands in a flexible way. Customized products and services such as ODM/OEM and private labeling use design options such as product differentiation to win market share.

2. Brand enhancement and expansion

   With the promotion of the brand, the visibility and demand for the Company's Gerber brand have grown synchronously. In addition to the steady growth of the market share of the existing wholesale channels, Gerber entered North America’s retail and big box sales channels and expanded the market. The sales results of the retail channel in 2021 are remarkable. Regarding the enthusiastic response from the retail channel to the professional brand Gerber, Gerber will actively expand the retail market in 2022. Our marketing strategy is based on increasing our product items, improving our product portfolio, and enhancing people-oriented services. The brand will position its products featuring mid-to high-end, high-quality, and design-oriented to increase brand power and therefore overall revenue contribution.

3. Steady growth of PJH professional sales channel services

   UK's PJH is a leading local professional provider of sales channels for kitchen and bathroom products. In recent years, through corporate culture reform, a human-centric philosophy has strengthened corporate culture, united the team, and continuously improved and rationalized the basic operating structure of logistics, which has greatly improved corporate value, service efficiency, and customer satisfaction. PJH demonstrated extremely high response capabilities in dealing with active transformation and risk management and won praise from customers. In recent years, revenues of all PJH businesses (multiples, contracts, and retail) have shown growth. After the impact of the epidemic on business operations at the beginning of 2020, PJH's revenue will continue to grow due to the post-epidemic economic recovery. The Company will continue to manage and reduce costs to maintain steady profit influx.

B. Long-term business plan:

1. Increase production efficiency

   The Company has introduced and self-developed assisting facilities that improve production efficiency and reduce labor intensity. In accordance with the concepts of environmental protection and energy conservation, the Company improved its production environment and yield, and implemented lean production, building a new generation of future-oriented factories.

2. Channel development and expansion

   The Company will take full advantage of its product design and manufacturing capacity as well as brand recognition to uncover new sales platforms and provide customers with diverse services (brands and OEM) and products (faucets and bathroom porcelain). With the precise market positioning and core values of the Company's brand Gerber, the Company will strive to develop the brand and expand its market and channels and drive growth with the brand. The long-term business development strategy will focus on increasing the brand power of self-owned brand Gerber so that consumers can enjoy exquisite quality bathroom products at reasonable prices as the primary goal, and create a Tier 1.5 bathroom brand. Based on solidifying short-term business niches, the Company will continue to implement lean manufacturing as well as enhance and steadily expand the market share of the North American bathroom market. Sales strategies will focus on establishing physical retails and virtual sales channels as the main route for future product sales. Brand and product information transparency will allow faster interactions with consumers through various information on the web.

II. Market and Sales Overview:

(I) Market analysis: The Company is in the bathroom and kitchen products industry. Our main markets are North America and Europe.

1. Main markets

Unit: Thousand NTD

Year / Region	2021		2020	
	Amount	%	Amount	%
North America	11,325,722	58.11	10,292,689	61.35
United Kingdom	6,441,784	33.05	4,943,031	29.47
China	146,196	0.75	139,417	0.83
Other	1,577,653	8.09	1,400,072	8.35
Total	19,491,355	100.00	16,775,209	100.00

2. Market share:

The Company's main business regions are North America and Europe, of which the UK's PJH revenues are a main part. In 2021, the Company’s revenue was 11.33 billion in North America and 6.4 billion in the UK. With sophisticated services, top-notch quality, and the two-pronged strategy of self-owned brands and OEM, the Company will occupy an important position in the global bathroom and kitchen products industry.

3. Future market supply, demand, and future growth:

(1) Supply and demand:

According to the analysis of Global Plumbing Fixtures Market published by 360iResearch in 2022, the compound annual growth rate of the global bathroom and kitchen products industry from 2021 to 2027 will be 5.1%, and the market size is expected to reach US$129.5 billion in 2027. The report pointed out that activities such as building reconstructions or renovations, response to rapidly growing urbanization and consequent increase in newly constructed buildings, large-scale investment in industrial and infrastructure sectors are the major factors that drive the market growth. In addition, rising income levels and improved water and sanitation facilities drive demand in developing countries.

① USA

Another report by 360iResearch in 2022 showed the demand for bathroom fixtures in the U.S. The demand in 2021 has slowed down and is expected to reach US$20.4 billion, an increase of 2.3% compared to 2020, but the compound annual growth rate of the US market is expected to reach 4.0% in 2022 to 2027, reaching US$26.3 billion in 2027.

COVID-19 has led to a decline in the construction of new buildings, but as the epidemic becomes stable, many delayed projects have been restarted, home renovations and constructions have increased, and demand for bathroom fixtures has also increased. In addition, the emergence of smart home concepts has stimulated the demand for advanced, energy-saving, and water-saving bathroom fixtures, further driving the market.

② Europe

According to a report by the market research firm Inkwood, the European market has benefited from relevant active measures implemented by the infrastructure industries and the growth of the building construction industries. Inkwood projects a compound annual growth rate of about 3.6% from 2022 to 2030.

The UK and Germany are the major sanitaryware markets in Europe. They were impacted by COVID-19 in 2020 and 2021, but it is expected to return to the scale before the epidemic in recent years. The British government continues to invest a large number of funds in infrastructure, and with Germany's booming building construction industry, especially an increase in demand for newly constructed buildings due to a large influx of refugees, which in turn drives the growth of bathroom products and the market.

(2) Growth potential:

According to the Europe HIMA (Home Improvement Manufacturers Association) report, despite the impact of COVID-19, the output value of the global home improvement sector still reached US$800.5 billion in 2020, an increase of 13.8% compared with 2019; of which the U.S. and Europe accounted for 61% and 27% respectively, with a total value of US$698.9 billion, an increase of 14.4% compared to 2019. According to HIRI (Home Improvement Research Institute), the home improvement industry in the North American market has seen rapid growth during the COVID-19, especially DIY projects, with a growth of 13% to $515.7 billion in 2021. With the easing of epidemic restrictions and the resumption of projects previously suspended due to the epidemic, the home improvement market will continue to grow, with an expected growth of 2.3% in 2022 and 2.9% in 2023-2025.

4. Competitive niches

(1) Increased brand power of self-owned brands and high market share

The Company's North American brand Gerber is 100 years old. The Company continues to invest in developing environmentally friendly and water-conserving features in our products; that's why our quality and reliability are widely recognized by the plumbing/electrician community and wholesale channels. We are third in market share in the U.S. porcelain fittings market, which gives us a very stable competitive edge. The North American bathroom market is roughly divided into two major channels, wholesale and retail, which account for approximately 45% and 55% respectively. Under the steady sales foundation among the North American bathroom market wholesale channels (approximately 45% of the overall market), Gerber's brand recognition and revenue have grown year by year. In 2019, the Company established a subsidiary in Mexico, which increased the production capacity to support the business development of the Group's Gerber brand to expand the retail market (approximately 55% of the overall market). Gerber has successfully entered retail channels in 2020, positioning the brand as a tier 1.5 brand to expand the target market and increase revenue.

(2) Clear strategic business placement and development models for core technology

- Self-owned brands and OEM two-pronged model:
  Utilizing the two-pronged model of self-owned brands and OEM, we combine porcelain and faucet product profiles and product life-cycle management systems to reduce development costs. This allows us to flexibly allocate production capacity and speed up product launch schedules. In terms of sales strategies, we introduce products that coincide with the legislation, functional, and price demands of their respective markets globally and improve our profits by focusing on high-value innovative products.
- The multi-country production strategy:
  The Company has implemented the deployment of multi-country manufacturing bases. Currently, there are the Globe Union (hardware and faucets) and Milim (porcelain) plants in China, and the GU PLUMBING de MEXICO S.A. de C.V. porcelain plant, which was set up in Mexico in 2019. The business team will plan the production capacity and a globally consistent manufacturing management system. Through global deployment, the Group will make more effective capacity planning decisions and serve customers with a more flexible supply chain to reduce costs.
- Mastering core development technology:
  We intend to take full advantage of key development technologies, actively research and develop high added-value products, and improve technical production procedures, paired with strategic patent deployment. This will allow us to enhance our products' value proposition.

(3) Strengthen the governance system of the Board of Directors and professional management teams, ensure that the Company does honest business and pursues sustainable development.

With rich organizational experience, the Company's technical capacity, production and manufacturing, customer relations, service network, and organizational and management policies and culture have reached maturity. Under the Board's supervision, professional management teams plan and develop short- and mid-term business plans with the goals of precise management and efficiency, improvement of quality and cost control, and eventually, a steady revenue stream and growth. We also abide by the Company's commitment to sustainable growth and strive to develop sustainably through long-term planning, cautiousness, and steady steps.

5. Favorable and unfavorable factors to long-term development and response measures

Favorable factors:

Products and brand positioning encompass different markets globally, reducing the risk of relying solely on one market. In terms of environmental protection and energy conservation, the demand for environmentally conscious products continues to increase in Western countries. The Company’s efforts to improve energy efficiency through integrated development of materials, production processes, and design have won us market recognition, which can spread across the globe to all other markets.

Unfavorable factors:

1. Exchange rate risk: Group revenues come mainly from Europe and the Americas. Procurement and production are located in China Mexico. The Group’s foreign exchange is therefore affected by fluctuations in EUR, USD and RMB.

   Response strategies: On the financial side, reasonable derivative financial products are used for foreign currency hedging; on the marketing side, we negotiate with our customers to share the exchange rate risks.

2. Environmental laws and regulations: The global market and Western countries in particular are becoming increasingly stringent with regard to environmental protection. This in turn poses greater challenges for further research in usable materials and processes.

   Response strategies: By constantly developing novel materials and even non-metallic processes, the Company can avoid possible metal pollution and meet environmental protection regulatory requirements in each country.

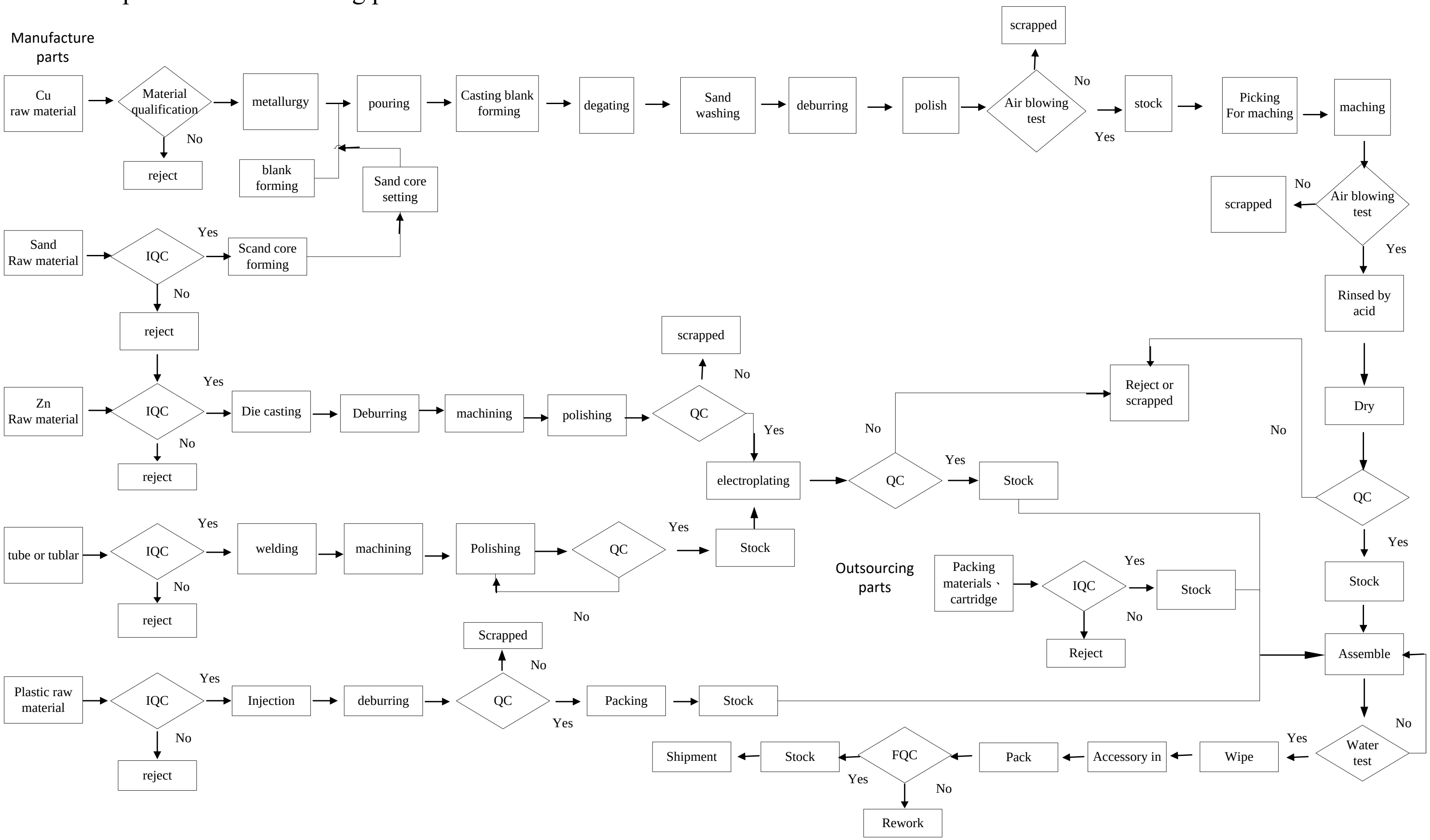
3. Market channel development: Most of the Group's customers are in Europe and the US. The growth of the physical channel market has been relatively slow.

   Response strategies: In physical channels, the Company's North American brand Gerber has adopted online retail sales and wholesales in North America beginning at the end of 2019 for purpose of expansion, and entered the physical retail market in 2020, with Tier 1.5 brand positioning. Meanwhile, efforts are made to strengthen relations with clients who are brand owners. With their brand power and operation sites plus our production and design capabilities, we are able to explore different layers of the distribution market. We are also continuing to study online sales systems in order to expand our reach to consumers and provide them with production information even more quickly.

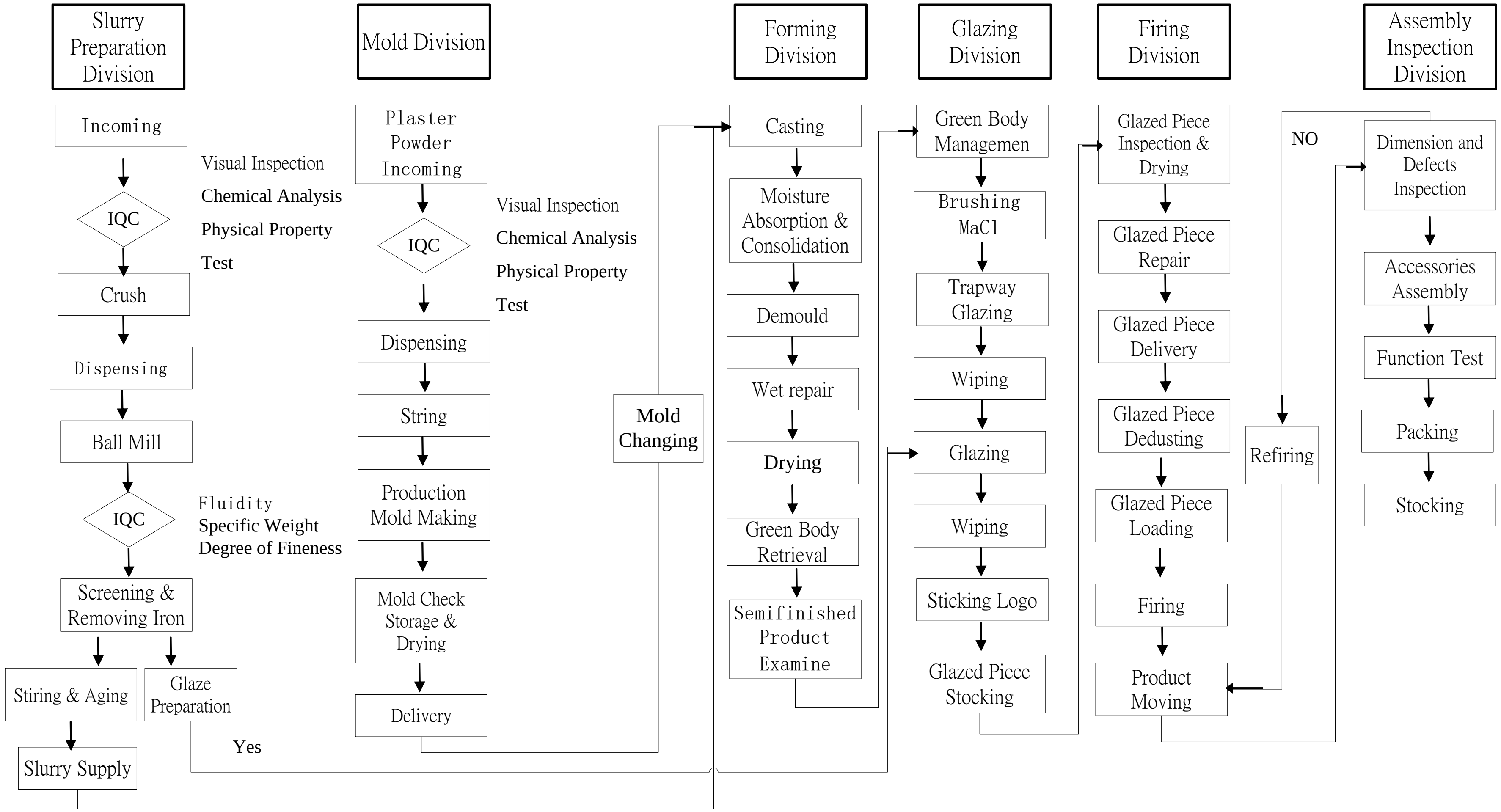
(II) Major applications and manufacturing processes of core products:

1. Major applications of core products: Suitable for bathroom, kitchen, and garden use.
2. Manufacturing processes of products:

   Faucet product manufacturing process:



Porcelain tank and toilet manufacturing process:



(III) Supply of main raw materials: A sound relationship with our suppliers ensures that our sources are stable.

(IV) Names of customers who accounted for more than 10% of the purchases/sales in any of the last two years, and purchases/sales amount and percentage, with explanations of the increase/decrease of such purchases/sales:

Information on main suppliers within the last two years: We buy many types of products from various suppliers. For this reason, no supplier accounted for more than 10% of the annual purchases.

Information on key sales customers during the past 2 years: Unit: Thousand NTD

Year / Item	2021				2020			
	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1.	Customer A	3,091,110	15.86	N/A	Customer A	2,041,800	14.32	N/A
	Other	16,400,245	84.14		Other	14,733,409	85.68	
	Net sales	19,491,355	100.00		Net sales	16,775,209	100.00	

Note: The sales numbers to Customer A in 2020 were mainly influenced by market demand, which impacted order amounts.

(V) Sales numbers for the last two years: Unit: Thousand NTD

Year / Core product	2021	2020	Notes
	Sales value	Sales value	
Faucets and showerheads	7,558,623	7,033,907	
Porcelain	7,554,154	6,403,446	
Kitchen products	(44)	16,040	Note 1
Other	4,378,622	3,321,816	Note 2
Total	19,491,355	16,775,209	

The Company has a large product portfolio and each product uses a different unit of measurement so sales volume is not listed here.

Note 1: Kitchen products include bundled kitchen systems and kitchenware.

Note 2: Other covers operating income from bathroom accessories, shower enclosures, cabinets, and distribution services.

III. Number of current employees, mean number of years in service, mean age, and distribution of education in the most recent two years and up to the date this annual report was printed:

Consolidated financial statements:

Year		2020	2021	From this year to February 28, 2022
Employee count	Direct employees	3,707	3,507	3,535
	Indirect employees	2,484	2,485	2,463
	Total	6,191	5,992	5,998
Average age		38.5	40.5	40.1
Average years of service		8.2	8.7	8.1
Education background (%)	Ph.D	0.04	0.02	0.02
	MA	1.71	3.28	2.85
	University/College	13.81	20.32	20.89
	High school	21.36	15.28	15.8
	Below high school	63.08	61.1	60.44

IV. Environmental protection expenditure information:

Losses incurred as a result of environmental pollution (including compensation and environmental protection audit results that violate environmental laws and regulations; the date of punishment, the number of the punishment, the provisions of the statute violated, the content of the statute violation, and the content of the punishment should be listed) in the most recent year and up to the date this annual report was printed, estimated values that might occur now and in the future, and their countermeasures: None.

V. Employer-employee relations:

Talent is the key to maintaining core competitiveness. Globe Union views employees as partners in sustainable growth based on the philosophy that "corporate growth is driven by constant innovation and developing the value of talent." We provide complete career development, an excellent workplace environment, and competitive pay. We also encourage teamwork and mutual learning to achieve better performance. This atmosphere shows that we take talent development very seriously, show care for organization members, and hope to help employees actively develop their individual and professional potential through constant learning and growth.

(I) The Company's employee welfare measures, continuing education, training, retirement regulations and their actual implementation, along with employer-employee agreements, and measures for protecting employee rights:

1. Employee welfare

   Remuneration:

   Includes monthly salaries, year-end bonuses, and employee bonuses distributed in accordance with the Articles of Association when the Company makes a profit.

   Annual performance evaluations are used to conduct objective assessments and provide employees with fair opportunities for promotion.

   Health and safety-related benefits:

   According to the Labor Health Protection Regulations, the Company hired qualified doctors/nurses since January 2020 to make monthly visits to the plants to help employees manage and check their health. Employees are provided with the best care and protection. Various matters concerning insurance coverage are taken care of according to the Labor Standards Act and Labor Insurance Act. In addition, group accident insurance is planned for employees in order to increase overall protection. Employee health management, periodic health examinations, employee cafeteria, breastfeeding rooms, and a safe, comfortable working environment are provided.

   Education and entertainment-related benefits:

   We provide scholarships for employees and their children, group travel subsidies; Dragon Boat and Mid-Autumn Festival bonuses; annual company banquets; performance bonuses; birthday bonuses; childbirth, marriage, bereavement and holiday bonuses; and fitness equipment and facilities; and encourage employees to establish clubs, including the badminton club, yoga club, basketball club, bicycle club, dance club, board games club, and billiards club. A fixed amount of subsidies is provided to each club on an annual basis.

   Related labor management measures are in compliance with applicable laws and regulations of the government, such as the Labor Standards Act, the Act of Gender Equality in Employment, the Occupational Safety and Health Act, and the Labor Insurance Act. We value employees' right to express their opinions, and therefore established an Employee Welfare Committee at our head office and unions in Shenzhen Globe Union and Milim. We also sign labor contracts when employees are hired to protect their rights.

2. Employee continuing education and training

   An abundance of high quality human resources is considered the foundation of corporate sustainability. We truly believe that "corporate growth is driven by constant innovation and developing the value of talent." Driven by this core business philosophy, we allocate a budget to provide employees with complete education and training every year, not only to improve their abilities and literacy, but also to bring out their potential and enhance our competitiveness.

   During 2021, a total of NT$6,115 thousands was spent on education and training, including 886 internal and external training sessions throughout the year that added up to 73,377 hours; a headcount of 38,911 people received the training. These mainly consisted leadership and management, culture and values, labor safety training, internal audit, quality management, technology R&D, accounting management, information management, sales management, and new employee orientation.

Continuing education for managers of Globe Union:

Name	Title	Course Name	Organizer	Date of Training	Hours
Tsung-Min Chen	Chief Financial Officer	How the board of directors reviews the ESG information disclosure standards in the sustainability report	Taiwan Corporate Governance Association (On-Site Course)	2021/12/3	3
Tsung-Min Chen	Chief Financial Officer	Protection of Business Secrets and Prohibition of Business Strife	Taiwan Corporate Governance Association (On-Site Course)	2021/11/5	3
Tsung-Min Chen	Chief Financial Officer	Advanced Practical Seminar for Directors and Supervisors (including Independent) and Corporate Governance Officers - Risks and Opportunities for the Business Operation resulting from Climate Change and Energy Policy Trends	Securities & Futures Institute	2021/10/12	3
Tsung-Min Chen	Chief Financial Officer	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Tsung-Min Chen	Chief Financial Officer	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Tsung-Min Chen	Chief Financial Officer	2021 Cathay Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation (TWSE)	2021/12/7	6
Lei-Hui Lee	Vice President	Design and Management of Matrix Organizations	Chinese Human Resource Management Association	2021/4/23	7
Lei-Hui Lee	Vice President	How the board of directors reviews the ESG information disclosure standards in the sustainability report	Taiwan Corporate Governance Association (On-Site Course)	2021/12/3	3

Name	Title	Course Name	Organizer	Date of Training	Hours
Lei-Hui Lee	Vice President	Protection of Business Secrets and Prohibition of Business Strife	Taiwan Corporate Governance Association (On-Site Course)	2021/11/5	3
Lei-Hui Lee	Vice President	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Lei-Hui Lee	Vice President	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Jung-Chao Lin	Assistant Vice President	Protection of Business Secrets and Prohibition of Business Strife	Taiwan Corporate Governance Association (On-Site Course)	2021/11/5	3
Jung-Chao Lin	Assistant Vice President	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Bhor-Chaou Chang	Assistant Vice President	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Bhor-Chaou Chang	Assistant Vice President	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Ming-Sheng Wei	Assistant Vice President	Basic Concepts and Introduction to Practices of TIPS	InnoVue Ltd. (On-Site Course)	2021/3/15	2
Ming-Sheng Wei	Assistant Vice President	Introduction to TIPS Regulations	InnoVue Ltd. (On-Site Course)	2021/3/24	3
Ming-Sheng Wei	Assistant Vice President	TIPS self-evaluation personnel’s education and training	InnoVue Ltd. (Online Course)	2021/7/27	2.5
Ming-Sheng Wei	Assistant Vice President	TIPS audit verification schedule and explanation of drill topics for each department	Inside the Company	2021/8/17	1
Ming-Sheng Wei	Assistant Vice President	TIPS Online and External Simulation Verification	InnoVue Ltd. (Online Course)	2021/10/13	5.5
Ming-Sheng Wei	Assistant Vice President	Protection of Business Secrets and Prohibition of Business Strife	Taiwan Corporate Governance Association (On-Site Course)	2021/11/5	3

Name	Title	Course Name	Organizer	Date of Training	Hours
Ming-Sheng Wei	Assistant Vice President	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Ming-Sheng Wei	Assistant Vice President	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Ming-Sheng Wei	Assistant Vice President	Cybersecurity Threats Encountered by Smart Manufacturing and Solutions	Trend Micro Incorporated. (Online Course)	2021/12/8	1
Jun-Hong Li	Assistant Vice President	Basic Concepts and Introduction to Practices of TIPS	InnoVue Ltd. (On-site Course)	2021/3/15	2
Jun-Hong Li	Assistant Vice President	Introduction to TIPS Regulations	InnoVue Ltd. (On-site Course)	2021/3/24	3
Jun-Hong Li	Assistant Vice President	TIPS self-evaluation personnel's education and training	InnoVue Ltd. (Online Course)	2021/7/27	2.5
Jun-Hong Li	Assistant Vice President	TIPS audit verification schedule and explanation of drill topics for each department	Inside the Company	2021/8/17	1
Jun-Hong Li	Assistant Vice President	TIPS Online and External Simulation Verification	InnoVue Ltd. (Online Course)	2021/10/13	5.5
Jun-Hong Li	Assistant Vice President	Trends and Challenges of Information Security Governance	Taiwan Corporate Governance Association (On-Site Course)	2021/9/3	3
Jun-Hong Li	Assistant Vice President	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Jun-Hong Li	Assistant Vice President	Mind Mapping Experience Workshop	Mind Mapping (Online Course)	2021/8/24	2
Jun-Hong Li	Assistant Vice President	Writing a Patent Certificate - Importance of the Inventor's Statement	Inside the Company	2021/12/10	0.75
Jun-Hong Li	Assistant Vice President	Write Logical Briefings	Pook.com.tw (On-site Course)	2021/12/22	3

Name	Title	Course Name	Organizer	Date of Training	Hours
Ying-Fan Chen	Head of Accounting	How the board of directors reviews the ESG information disclosure standards in the sustainability report	Taiwan Corporate Governance Association (On-Site Course)	2021/12/3	3
Ying-Fan Chen	Head of Accounting	Protection of Business Secrets and Prohibition of Business Strife	Taiwan Corporate Governance Association (On-Site Course)	2021/11/5	3
Ying-Fan Chen	Head of Accounting	Promotion of Labor Laws and Regulations	Inside the Company	2021/9/29	1
Ying-Fan Chen	Head of Accounting	Write Logical Briefings	Pook.com.tw (On-site Course)	2021/12/22	3.5
Ying-Fan Chen	Head of Accounting	Professional Development Course for Principal Accounting Officers of Issuers, Securities Firms, and Securities Exchanges	Accounting Research and Development Foundation	2021/8/19 ~2021/08/20	12

3. Pension scheme

The retirement plans of the Company are applicable to all formally hired employees. In compliance with the Labor Pension Act, the Company defines its appropriation plan and follows the plan by setting aside 6% from each employee's salary on a monthly basis to the personal pension account with the Bureau of Labor Insurance. All pension funds are under the management of the Labor Pension Reserve Supervision Committee and saved in the dedicated pension account in the name of the Labor Pension Reserve Supervision Committee. They are completely separated from the Company. In 2021, two employees retired under the old pension scheme. The appropriate pension was paid by the Company in accordance with the pension rates set out under Article 55 of the Labor Standards Act.

The employee pension regulations is a defined benefits plan under the Labor Standards Act. The payment of employee pensions are based on a function of their years of service as well as their average monthly salary at time of retirement. For the first fifteen (including or less) years of service, two points are given for every year of service. For additional years of service, one point is given for each year. The maximum number of points is 45. The Company has contributed to the pension fund in the dedicated account with the Bank of Taiwan in full in 2019. The processing zone has approved that no additional contributions are required. Before the end of each year, the Company calculates the balance of the aforementioned labor pension reserve account. If the balance is insufficient to pay the estimated pensions of employees eligible for retirement in the following year, a lump-sum payment is made before the end of March of the following year to make up for the difference.

For other overseas subsidiaries of the Group, pension contributions are made to the relevant pension management organizations in accordance with local laws. For subsidiaries in China, a set proportion of each employee's total salary is set aside for pension insurance and paid to the relevant government agency in accordance with local laws. This is then deposited into individual employee accounts.

4. Measures for protecting employee rights

The Company's employee management policy complies with the Labor Standards Act and relevant labor regulations. Internal management regulations are updated to reflect regulatory changes as necessary to ensure that employee rights are protected.

Establishment of mechanisms for regular employee communication to ensure that employees understand the Company's operating principles: Besides the dedicated email address available for employees to provide feedback (gu.careyou@globeunion.com), the Company uses electronic notices, timing announcements on monthly birthday celebration events, town hall, employer-employee meetings, occupational safety meetings, and quarterly briefings on current activities for relevant quarter to keep employee up to date on company affairs.

(II) Losses incurred as a result of employer-employee disputes (including labor inspection results that violate the Labor Standards Act; the date of punishment, the number of the punishment, the provisions of the statute violated, the content of the statute violation, and the content of the punishment should be listed) in the most recent year and as of the date the annual report was printed, estimated values that might be incurred now and in the future, and their countermeasures: An employment contract was disputed. A former senior manager of the Company filed a retirement application in September 2018. The Company agreed for the employee to retire on October 31, 2018 and paid the relevant amount according to the contract with the employee. However, the former employee filed a civil lawsuit in the Taiwan Taichung District Court on January 7, 2020, claiming that the Company still needs to pay remaining pension and remuneration amounts. As of the date the annual report was printed, the outcome and possible impact of the above litigation cannot be determined.

VI. Cybersecurity management:

(I) State the cybersecurity risk management framework, cybersecurity policies, specific management plans, and the resources invested in cybersecurity management.

Cyber Security Risk Management Framework:

The Company’s cybersecurity responsible unit is responsible for the cybersecurity department. This department has one information supervisor and several professional personnel of Information Technology. They are responsible for formulating internal cybersecurity policies, planning and implementing cybersecurity operations.

On March 2, 2021, the Company established the “Cybersecurity

Management Committee" to review its cybersecurity policies and supervise its cybersecurity operations. The "Cybersecurity Management Committee" operation mode adopts the PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of goals and continuous improvement.

Cybersecurity Policies:

The information system is a crucial part of the sustainable operation of the enterprise. In recent years, various small and large domestic and foreign enterprises have frequently reported cybersecurity incidents, such as: relevant ransomware, malware, commercial email scam, and malicious domain names. All of which has caused huge losses to the enterprises. For this reason, the Company has formulated relevant cybersecurity policies to ensure the smooth operation of the Company, prevent information or information and communication systems from being infringed, and maintain the integrity and confidentiality of the Company's information.

Specific management plans are as follows:

The Company's cybersecurity management mechanism includes the following four aspects:

1. Formulation of Information Policy
2. Use of Information Technology
3. Cybersecurity Promotion and Training
4. Cybersecurity audit and improvement

The cybersecurity management measures implemented by the Company include: authority management, access control, external threats, system availability, email security management, and other categories.

Since cybersecurity insurance is an emerging type of insurance, and considering the comprehensive results of issues such as insurance coverage, claims coverage, claims identification, qualifications of identification institutions, and applicable industries, the Company postponed the purchase of cybersecurity insurance after evaluation. However, to strengthen the response to the ever-changing cyberattack incidents, in addition to checking the firewall security policy regularly, updating the virus codes of anti-virus software regularly, and backing up data in different places regularly, disaster recovery drills are scheduled to be carried out every year to ensure normal operation of the backup mechanism and can meet the system recovery goals. The Company's reporting and handling of cybersecurity incidents are carried out in accordance with the Company's regulations on cybersecurity reporting procedures.

Please refer to the Company's website for the full content mentioned above https://tw.globeunion.com/sustainability/risk-management/information-security/

The resources invested in the cybersecurity management:
To maintain the Company's cybersecurity, we invest our maintenance budget of about NT$4 million in the "critical business operation system" annually. In terms of raising awareness of cybersecurity, in addition to the promotion of letters, cybersecurity education and training shall be held irregularly, so that all colleagues can understand the acts of cybersecurity incidents and the

preventive measures that should be taken to strengthen employees' response and sensitivity to cybersecurity incidents. From 2022 and as of the date the annual report was printed, the courses on the introduction of cybersecurity and endpoint security have been arranged in advance. The course lasts for 2 hours. 40 supervisors will first conduct education and training, and the remaining colleagues will be arranged to be educated and trained in groups.

(II) List any losses suffered by the company in the most recent year and as of the date the annual report was printed due to significant cybersecurity incidents, the possible impacts therefrom, and measures being or to be taken. If a reasonable estimate cannot be made, an explanation of the facts of why it cannot be made shall be provided: N/A.

VII. Important contracts:

Nature of contract	Contracting parties	Commencement date/Expiration date	Content	Restrictive clauses
Syndicated loan contract	Eleven lenders including CTBC Bank, O-Bank, E.SUN Commercial Bank, and Taipei Fubon Bank (lead arranger)	2018.07.25 -2023.07.25	Syndicated loan	For the duration of the loan, annual and Q2 consolidated financial statements that have been audited and reviewed by CPAs shall be used as the basis for calculations and specific financial ratios shall be maintained
Land Lease Contract	Taichung Export Processing Zone, Export Processing Zone Administration, MOEA	2013.10.01 -2023.09.30	Land lease	May only be used for the specified business purpose

F. Financial Overview

I. Condensed profit and loss statements, comprehensive income statements, names of CPAs, and audit opinions for the last five years

(I) Condensed profit and loss statements

Based on the International Financial Reporting Standards - Consolidated Financial Statements

Unit: Thousand NTD

Item \ Year		2017	2018	2019	2020	2021
Current assets		10,249,528	9,975,744	9,589,522	11,094,398	10,471,779
Property, plant and equipment		1,574,872	1,541,094	2,516,758	2,616,466	2,419,829
Right-of-use assets		-	-	2,056,539	1,956,842	2,117,441
Intangible assets (including business reputation)		853,373	823,222	765,340	757,409	713,916
Other assets		603,503	473,121	921,685	405,628	451,855
Total assets		13,281,276	12,813,181	15,849,844	16,830,743	16,174,820
Current liabilities	Before distribution	5,761,721	5,225,531	5,311,557	6,599,833	6,887,044
	After distribution	6,311,495	5,687,339	5,461,434	6,709,789	Not distributed
Non-current liabilities		1,420,317	1,612,835	4,964,677	4,713,633	4,115,091
Total liabilities	Before distribution	7,182,038	6,838,366	10,276,234	11,313,466	11,002,135
	After distribution	7,731,812	7,300,174	10,426,111	11,423,422	Not distributed
Equity attributable to owners of parent		6,023,651	5,897,630	5,573,610	5,517,277	5,172,685
Share capital		3,675,889	3,682,235	3,565,977	3,581,640	3,581,640
Capital reserve		1,026,759	1,032,019	995,214	938,667	877,995
Retained earnings	Before distribution	1,791,536	1,895,790	1,740,633	1,849,910	1,794,862
	After distribution	1,241,762	1,433,982	1,590,756	1,739,954	Not distributed
Other equity		(470,533)	(526,207)	(728,214)	(852,940)	(1,081,812)
Treasury stock		-	(186,207)	-	-	-
Non-controlling interests		75,587	77,185	-	-	-

Item \ Year		2017	2018	2019	2020	2021
Total equity	Before distribution	6,099,238	5,974,815	5,573,610	5,517,277	5,172,685
	After distribution	5,549,464	5,513,007	5,423,733	5,407,321	Not distributed

The above consolidated financial information has been audited and certified by the CPAs.

Condensed profit and loss statements
Based on the International Financial Reporting Standards - Standalone statements

Unit: Thousand NTD

Year / Item		2017	2018	2019	2020	2021
Current assets		2,069,151	2,242,070	2,212,406	2,380,196	2,665,254
Property, plant and equipment		86,414	84,413	76,923	73,182	69,537
Right-of-use assets		-	-	3,123	2,849	2,588
Intangible assets		46,038	31,244	19,667	10,939	2,114
Other assets		8,783,406	9,176,106	9,483,508	9,740,593	9,700,555
Total assets		10,985,009	11,533,833	11,795,627	12,207,759	12,440,048
Current liabilities	Before distribution	3,813,723	4,270,660	3,760,317	4,404,587	5,530,868
	After distribution	4,363,497	4,732,468	3,910,194	4,514,543	Not distributed
Non-current liabilities		1,147,635	1,365,543	2,461,700	2,285,895	1,736,495
Total liabilities	Before distribution	4,961,358	5,636,203	6,222,017	6,690,482	7,267,363
	After distribution	5,511,132	6,098,011	6,371,894	6,800,438	Not distributed
Equity attributable to owners of parent		6,023,651	5,897,630	5,573,610	5,517,277	5,172,685
Share capital		3,675,889	3,682,235	3,565,977	3,581,640	3,581,640
Capital reserve		1,026,759	1,032,019	995,214	938,667	877,995
Retained earnings	Before distribution	1,791,536	1,895,790	1,740,633	1,849,910	1,794,862
	After distribution	1,241,762	1,433,982	1,590,756	1,739,954	Not distributed
Other equity		(470,533)	(526,207)	(728,214)	(852,940)	(1,081,812)
Treasury stock		-	(186,207)	-	-	-
Total equity	Before distribution	6,023,651	5,897,630	5,573,610	5,517,277	5,172,685
	After distribution	5,473,877	5,435,822	5,423,733	5,407,321	Not distributed

The above consolidated financial information has been audited and certified by the CPAs.

(II) Condensed consolidated income statements
Based on the International Financial Reporting Standards- Consolidated Financial Statements

Unit: Thousand NTD

Item \ Year	2017	2018	2019	2020	2021
Operating income	17,910,124	17,879,120	17,023,426	16,775,209	19,491,355
Operating margin	5,076,134	4,894,358	4,797,880	4,616,751	4,799,037
Operating profit or loss	977,347	626,115	391,056	465,479	157,604
Non-operating income and expenses	10,210	177,277	92,475	(819)	18,800
Net income (loss) before tax	987,557	803,392	483,531	464,660	176,404
Continuing business units Net income (loss) for this period	706,729	618,916	336,055	287,487	12,797
Losses from discontinued operations	-	-	-	-	-
Net income (loss) for this period	706,729	618,916	336,055	287,487	12,797
Other comprehensive income (OCI) for this period (Net income after tax)	(142,657)	(23,631)	(199,926)	(153,059)	(186,761)
Total comprehensive income for this period	564,072	595,285	136,129	134,428	(173,964)
Profit attributable to owners of parent	698,342	618,220	335,173	287,487	12,797
Profit attributable to non-controlling interests	8,387	696	882	-	-
Total comprehensive income attributable to owners of parent	555,399	593,687	135,247	134,428	(173,964)
Total comprehensive income attributable to non-controlling interests	8,673	1,598	882	-	-
Earnings per share (NTD)	1.98	1.69	0.94	0.81	0.04

The above consolidated financial information has been audited and certified by the CPAs.

Condensed consolidated income statements

Based on the International Financial Reporting Standards- Standalone statements

Unit: Thousand NTD

Item \ Year	2017	2018	2019	2020	2021
Operating income	6,817,057	9,330,271	8,045,768	8,481,882	10,128,556
Operating margin	1,006,675	918,411	943,142	799,610	351,372
Operating profit or loss	478,459	93,152	134,540	219,817	(116,735)
Non-operating income and expenses	281,399	595,394	251,211	105,010	178,064
Net income (loss) before tax	759,858	688,546	385,751	324,827	61,329
Continuing business units Net income (loss) for this period	698,342	618,220	335,173	287,487	12,797
Losses from discontinued operations	-	-	-	-	-
Net income (loss) for this period	698,342	618,220	335,173	287,487	12,797
Other comprehensive income (OCI) for this period (Net income after tax)	(142,943)	(24,533)	(199,926)	(153,059)	(186,761)
Total comprehensive income for this period	555,399	593,687	135,247	134,428	(173,964)
Profit attributable to owners of parent	698,342	618,220	335,173	287,487	12,797
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	555,399	593,687	135,247	134,428	(173,964)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NTD)	1.98	1.69	0.94	0.81	0.04

The above consolidated financial information has been audited and certified by the CPAs.

(III) Names of auditing CPAs of the most recent five years and their audit opinions

Year	CPAs	Audit opinions
2017	Tzu-Ping Huang, Hung-Kang Lin	Unqualified opinion
2018	Tzu-Ping Huang, Hung-Kang Lin	Unqualified opinion
2019	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion
2020	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion
2021	Yu-Ting Huang, Ming-Hung Chen	Unqualified opinion

Reason for change of CPAs within the past five years:

The change of CPAs was due internal organizational adjustments at Ernst & Young.

II. Financial analysis for the last five years

(I) Based on the International Financial Reporting Standards - Consolidated Financial Analysis

Analysis item	Year	Financial analysis for the past five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt asset ratio	54.08	53.37	64.83	67.22	68.02
	Ratio of long term capital to property, plant and equipment	477.47	492.35	418.72	391.02	383.82
Solvency %	Current ratio	177.89	190.90	180.54	168.10	152.05
	Quick ratio	122.56	124.70	120.48	113.04	87.22
	Interest coverage ratio	20.71	17.56	4.40	3.54	1.99
Operating ability	Receivables turnover (times)	6.01	6.31	6.94	6.34	6.63
	Average collection days	60.73	57.84	52.59	57.57	55.05
	Inventory turnover (times)	4.13	4.06	3.84	3.76	3.81
	Payables turnover (times)	5.41	5.68	5.77	5.02	5.88
	Average days of sales	88.37	89.90	95.05	97.07	95.80
	Property, plant and equipment Turnover (times)	11.01	11.48	8.39	6.54	7.74
	Total asset turnover (times)	1.34	1.37	1.19	1.03	1.18
Profitability	Return on assets (%)	5.63	5.04	3.14	2.66	0.94
	Return on equity (%)	12.03	10.25	5.82	5.18	0.24
	Net income before tax to paid-in capital (%)	26.87	21.82	13.56	12.97	4.93
	Net profit margin (%)	3.90	3.46	1.97	1.71	0.07
	Earnings per share (NTD)	1.98	1.69	0.94	0.81	0.04
Cash flows	Cash flow ratio (%)	13.18	17.07	15.69	11.74	(12.38)
	Cash flow adequacy ratio (%)	92.62	84.33	87.62	95.92	39.98
	Cash reinvestment ratio (%)	4.49	3.79	3.68	5.92	(11.80)
Leverage	Operating leverage	1.30	1.45	2.55	2.37	5.64
	Financial leverage	1.06	1.08	1.57	1.58	(8.14)

Please explain reasons for changes in financial ratios in the past two years. (Analysis is not needed when increase/decrease is less than 20%)

Explanation for changes of over 20% between 2021 and 2020:

1. Decrease in quick ratio: This is mainly due to a NT$622,619 thousands decrease in current assets, a NT$871,430 thousands increase in inventories and a NT$287,211 thousands increase in current liabilities this year.
2. Decrease of interest coverage ratio: This is mainly due to a NT$288,256 thousands decrease in net profit before tax from continuing operations this

year.

3. Decrease in return on assets, return on equity, net profit margin, and earnings per share: This is mainly due to a NT$274,690 thousands decrease in net income after tax this year.
4. Decrease in net income before tax to paid-in capital ratio: This is mainly due to a NT$288,256 thousands decrease in net profit before tax this year.
5. Decrease in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: This is mainly due to a NT$1,627,179 thousands decrease in net cash flow from operating activities this year.
6. Increase in operating leverage and decrease in financial leverage: This is mainly due to a NT$307,875 thousands decrease in operating profit or loss this year.

The formulas are as follow:

1. Financial structure
   (1) Debt asset ratio = total liabilities / total assets.
   (2) Ratio of long-term capital to property, plant and equipment = (value of equity+ non-current liabilities) / net amount of property, plant and equipment.
2. Solvency
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
   (3) Interest coverage ratio = net income before income tax and interest expenses / interest expenses for this period.
3. Operating ability
   (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
   (2) Average collection days = 365 / receivables turnover.
   (3) Inventory turnover = cost of goods sold / average amount of inventory.
   (4) Payables (including accounts payable and business-related notes payable) turnover = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
   (5) Average days of sales = 365 / inventory turnover.
   (6) Property, plant and equipment turnover = net sales / average net amount of property, plant and equipment.
   (7) Total assets turnover = net sales / total average assets.
4. Profitability
   (1) Return on assets = [profit and loss after tax + interest expenses * (1 - tax rate)] / total average assets.
   (2) Return on equity = profit and loss after tax / net average shareholders' equity.
   (3) Net profit margin = profit and loss after tax / net sales.
   (4) Earnings per share = (Profit and loss attributable to owners of parent - stock dividends of preferred stocks) / weighted average number of outstanding shares.
5. Cash flows
   (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
   (2) Net cash flow adequacy ratio = net cash flows from operating activities in

the past five years / (capital expenditure + increase in inventory + cash dividends) in the past five years.

(3) Cash re-investment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + operating capital).

6. Leverage:
   (1) Operating leverage = (net operating income - current operating costs and expenses) / operating profit.
   (2) Financial leverage = operating profit / (operating profit - interest expenses).

(II) Based on the International Financial Reporting Standards - Individual Financial Analysis

Analysis item	Year	Financial analysis for the past five years				
		2017	2018	2019	2020	2021
Financial structure (%)	Debt asset ratio	45.16	48.87	52.75	54.81	58.42
	Ratio of long-term capital to property, plant and equipment	8,298.75	8,604.33	10,445.91	10,662.69	9,935.98
Solvency %	Current ratio	54.26	52.50	58.84	54.04	48.19
	Quick ratio	45.47	44.22	50.61	45.94	37.63
	Interest coverage ratio	23.29	22.57	11.24	7.49	2.27
Operating ability	Receivables turnover (times)	5.68	7.19	6.94	6.95	6.78
	Average collection days	64.26	50.76	52.59	52.52	53.83
	Inventory turnover (times)	27.10	29.03	25.96	27.94	23.81
	Payables turnover (times)	3.66	3.76	3.21	3.63	3.90
	Average days of sales	13.47	12.57	14.06	13.06	15.33
	Turnover of property, plant and equipment (times)	74.87	109.24	99.74	113.01	141.94
	Total asset turnover (times)	0.64	0.83	0.69	0.71	0.82
Profitability	Return on assets (%)	6.82	5.72	3.13	2.73	0.41
	Return on equity (%)	12.05	10.37	5.84	5.18	0.24
	Net income before tax to paid-in capital ratio (%)	20.71	18.70	10.83	9.07	1.71
	Net profit margin (%)	10.24	6.63	4.17	3.39	0.13
	Earnings per share (NTD)	1.98	1.69	0.94	0.81	0.04
Cash flows	Cash flow ratio (%)	18.28	16.21	7.73	(5.92)	(3.23)
	Cash flow adequacy ratio (%)	195.14	171.80	144.85	104.17	56.88
	Cash reinvestment ratio (%)	(23.15)	(7.97)	(80.70)	30.14	13.62
Leverage	Operating leverage	0.96	1.74	1.34	0.82	1.19
	Financial leverage	1.08	1.52	1.39	1.30	0.71

Please explain reasons for changes in financial ratios in the past two years. (Analysis is not needed when increase/decrease is less than 20%)

Explanation for changes of over 20% between 2021 and 2020:

1. Decrease in interest coverage ratio and decrease in net income before tax to paid-in capital ratio: This is mainly due to a NT$263,498 thousands decrease in net income before tax this year.
2. Increase in turnover of property, plant and equipment (times): This is mainly due to a NT$1,646,674 thousands increase in net sales this year.
3. Decrease in return on assets, return on equity, and net profit margin: This is mainly due to a NT$274,690 thousands decrease in profit and loss after tax this year.
4. Increase in cash flow ratio: This is mainly due to a NT$81,714 thousands increase in net cash flow from operating activities compared to last year.
5. Decrease in cash flow adequacy ratio: This is mainly due to a NT$192,564 thousands increase in inventory this year.
6. Decrease in cash re-investment ratio: This is mainly due to a NT$841,223 thousands decrease in operating capital.
7. Increase in operating leverage and decrease in financial leverage: This is mainly due to a NT$332,552 thousands decrease in operating profit this year.

III. Audit Committee Audit Report

Globe Union Industrial Corp.

Audit Committee Audit Report

The Board of Directors has prepared and submitted the 2021 business report, financial statements, and earnings distribution proposal. Ernst & Young audited the financial statements and submitted an audit report. The Audit Committee has reviewed the aforementioned business report, financial statements, and earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

Globe Union Industrial Corp.

Convener of the Audit Committee: Young-Sheng Hsu

April 11, 2022

IV. For financial reports of the most recent year, please refer to pages 187 to 306.

V. For the most recent CPA-certified standalone financial reports, please refer to pages 307 to 414.

VI. If the Company and its affiliated companies experienced instances of financial difficulties in the most recent year and up to the publication date of this annual report, state their impact on the financial position of the Company: None.

G. Review of Financial Conditions, Operating Results, and Risk Management

I. Financial position

Comparative analysis of financial position (consolidated financial statements)

Unit: Thousand NTD

Item \ Year	2021	2020	Difference	
			Amount	%
Current assets	10,471,779	11,094,398	(622,619)	(5.61)
Property, plant and equipment	2,419,829	2,616,466	(196,637)	(7.52)
Right-of-use assets	2,117,441	1,956,842	160,599	8.21
Intangible assets (including business reputation)	713,916	757,409	(43,493)	(5.74)
Other assets	451,855	405,628	46,227	11.40
Total assets	16,174,820	16,830,743	(655,923)	(3.90)
Current liabilities	6,887,044	6,599,833	287,211	4.35
Non-current liabilities	4,115,091	4,713,633	(598,542)	(12.70)
Total liabilities	11,002,135	11,313,466	(311,331)	(2.75)
Equity attributable to owners of parent	5,172,685	5,517,277	(344,592)	(6.25)
Share capital	3,581,640	3,581,640	-	-
Capital reserve	877,995	938,667	(60,672)	(6.46)
Retained earnings	1,794,862	1,849,910	(55,048)	(2.98)
Other equity	(1,081,812)	(852,940)	(228,872)	26.83
Treasury stock	-	-	-	-
Non-controlling interests	-	-	-	-
Total equity	5,172,685	5,517,277	(344,592)	(6.25)

1. Explanation for changes of over 20%:
   Decrease in other equity over 2020: This is mainly due to a NT$226,352 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations.
2. Impacts of changes in the financial standing over the past two years and countermeasures: No significant impact on financial position.

II. Financial performance

Comparative analysis of financial performance (consolidated financial statements)

Unit: Thousand NTD

Year / Item	2021	2020	Difference	
			Amount	%
Operating income	19,491,355	16,775,209	2,716,146	16.19
Operating margin	4,799,037	4,616,751	182,286	3.95
Operating profit or loss	157,604	465,479	(307,875)	(66.14)
Non-operating income and expenses	18,800	(819)	19,619	(2,395.48)
Net profit before tax	176,404	464,660	(288,256)	(62.04)
Net profit of continuing operations for this period	12,797	287,487	(274,690)	(95.55)
Losses from discontinued operations	-	-	-	-
Net income (loss) for this period	12,797	287,487	(274,690)	(95.55)
Other comprehensive income (OCI) for this period (Net income after tax)	(186,761)	(153,059)	(33,702)	22.02
Total comprehensive income for this period	(173,964)	134,428	(308,392)	(229.41)
Profit attributable to owners of parent	12,797	287,487	(274,690)	(95.55)
Profit attributable to non-controlling interests	-	-	-	-
Total comprehensive income attributable to owners of parent	(173,964)	134,428	(308,392)	(229.41)
Total comprehensive income attributable to non-controlling interests	-	-	-	-
Earnings per share (NTD)	0.04	0.81	(0.77)	(95.06)

1. Explanation for changes of over 20%:
   (1) Decrease in operating profit and loss over 2020: This is mainly due to a NT$182,286 thousands increase in operating margin and a NT$490,161 thousands increase in operating expenses.
   (2) Increase in non-operating income and expenses over 2020: This is mainly due to a NT$47,727 thousands decrease in other income and a NT$58,926 thousands increase in other gains and losses.
   (3) Decrease in net profit before tax, net profit of continuing operations for this period, net income for this period, profit attributable to owners of the parent over 2020: This is mainly due to a NT$182,286 thousands increase in

operating margin and a NT$490,161 thousands increase in operating expenses.

(4) Decrease in other comprehensive income (net income after tax) for this period over 2020: This is mainly due to a NT$93,380 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations and a NT$103,746 thousands increase in the remeasurement of the welfare plan.

(5) Decrease in comprehensive income for this period and total comprehensive income attributable to owners of the parent over 2020: This is mainly due to a NT$182,286 thousands increase in operating margin, a NT$490,161 thousands increase in operating expenses, a NT$93,380 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations, and a NT$103,746 thousands increase in the remeasurement of the welfare plan.

2. Sales forecast for the coming year and basis:

The Company's sales forecasts are based on the industry environment as well as supply and demand. Our production capacity and business development are also taken into account. The Company has a large product portfolio and each product uses a different unit of measurement so anticipated sales volume is not listed here. The anticipated distribution of product sales is: faucets & showerhead products 39%, porcelain products 39%, other 22%.

III. Cash flows:

(I) Analysis on the cash flow changes during the current year (consolidated financial statements)

Unit: Thousand NTD

Cash balance at the beginning of year	Annual net cash flow from operating activities	Annual net cash flow from investment activities	Annual net cash flow from fund-raising activities	Effects of changes in exchange rates	Cash balance at end of the year
3,572,319	(852,279)	(185,122)	(331,679)	78,058	2,281,297

Annual cash flow analysis

1. Net cash outflow from operating activities of NT$852,279 thousands:

Mainly due to:

Main cash inflow subtotal of NT$1,277,369 thousands:

Pre-tax net profits this year were NT$176,404 thousands and income charges (credits) not affecting cash were NT$770,070 thousands. Financial instruments measured at fair value through profit or loss decreased by NT$122,496 thousands, and other payables increased by NT$128,059 thousands.

Main cash outflow sub-total of NT$2,129,648 thousands:

A NT$1,001,805 thousands increase in inventory, a NT$452,026 thousands decrease in accounts payable, a NT$153,773 thousands decrease in other non-current liabilities, NT$177,205 thousands interest payment, and NT$167,072 thousands business income tax payment.

2. Net cash outflow for investment activities is NT$185,122 thousands:

Mainly due to: Cash outflow of NT$211,917 thousands for acquiring property, plant, and equipment.

3. Net cash outflow of NT$331,679 thousands from fund-raising activities:

Mainly due to: a NT$2,716,233 thousands increase in short-term borrowings (an increase of NT$2,495,881 thousands for Globe Union, an increase of NT$220,352 thousands for PJH), repayment of NT$2,049,832 thousands in short-term borrowings (NT$1,869,322 thousands for Globe Union, NT$180,510 thousands for PJH), NT$530,000 thousands increase in long-term borrowings (including loans that will mature within one year) (NT$530,000 thousands increase for Globe Union), repayment of NT$1,002,627 thousands in long-term borrowings (including loans will mature within one year) (Globe Union repaid NT$960,000 thousands, PJH repaid NT$42,627 thousands), NT$179,082 thousands in cash dividends distributed by Globe Union, decrease in lease liabilities by NT$346,371 thousands.

(II) Cash flow analysis for the coming year

Unit: Thousand NTD

Cash balance at beginning of period (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedial measures for expected cash deficit	
				Investment plan	Financing plan
2,281,297	675,329	45,020	2,911,606	-	-

1. Change in cash flow analysis for the coming year:
   Operational improvements are expected to generate cash flow from operating activities in 2022; the main expenses will be mainly lease liabilities payment and replacement of production equipment. This will lead to a minor total cash outflow.
2. Remedial measures for expected cash deficit and liquidity analysis: None.

IV. Effect of major capital expenditures on finance and business in the recent year: None.

V. Investment policy in the past year, profit/loss analysis, improvement plan, and investment plan for the coming year:

The re-investment policy of the Company adopts the equity method to focus on long-term strategic objectives. Please refer to pages 182 to 183 for re-investment profit or loss in the most recent year. The Company recognized the investment loss of NT$249,852 thousands for GU PLUMBING de MEXICO S.A. de C.V. in 2021. The main reason is that the re-invested business is in the initial stage of operation and is not yet stable. Currently, the yield and capacity increase plan has been implemented, and it is expected that investment effectiveness can be improved according to the plan. In the future, the Company will continue to carefully evaluate the re-investment plan based on the principle of long-term strategic investment.

VI. Risk analysis and evaluation of the following items in the most recent year and up to the date the annual report was printed:

(I) The effects that interest rates, exchange rate fluctuations, and inflation have on earnings and losses of the Company as well as response measures:

1. The effect of interest rate fluctuations on earnings and losses of the Company as well as response measures:

   Interest rate risk mainly comes from change of market interest rate, which causes fluctuations and risks in cash flow and the fair value of financial tools. The Group's interest rate risk mainly comes from loans with fixed and floating interest rates.

   The effect of interest rate fluctuations on earnings and losses of the Company:

   Thousand NTD; %

Item	2021
Net interest income (expense) A	(151,007)
Operating income B	19,491,355
Operating profit C	157,604
A/B	(0.77%)
A/C	(95.81%)

   The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with floating interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for 2021 and 2020 to increase/decrease by N$4,389 thousands and NT$4,195 thousands respectively.

   Future response measures: It is expected that the U.S. dollar and New Taiwan dollar will have a long-term interest rate risk from rising interest rate. The Company manages its interest rate risk by having a balanced portfolio with fixed and floating interest rates, and evaluates whether to enter into interest rate swaps or not. We will continue to monitor interest rate trends in the future in order to formulate and adjust the Company's investment and financing strategy.

2. The effect of exchange rate fluctuations on earnings and losses of the Company as well as response measures:

   Exchange rate risk is mainly linked to operating activities (when the currency used for income or expenses is different from the Group's functional currency) and net investments of overseas operating entities.

   The Group has certain foreign currency receivables denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as the aforementioned do not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the

Group.

Thousand NTD; %

Item	2021
Exchange gains and losses A	(30,303)
Operating income B	19,491,355
Operating profit C	157,604
A/B	(0.16%)
A/C	(19.23%)

When NTD appreciates by 1% against USD, its influence on the Company's equity or profit (loss) is as follows (thousand NTD):

	Equity increase (decrease)	Loss (profit)
2021	$-	$10,888

When NTD appreciates by 1% against RMB, its influence on the Company's equity or profit (loss) is as follows (thousand NTD):

	Equity increase (decrease)	Loss (profit)
2021	$-	$1,308

If the value of NTD depreciates against the above currencies while all other variables remain unchanged, then the impact in 2021 and 2020 will be equal in an opposite manner for the above currencies.

Future response measures: The Group's main source of exchange risk comes from conversion between NTD and USD, and between NTD and RMB. Account receivables and account payables in the same foreign currencies have a natural hedging effect. We routinely conduct pre-purchase of forward foreign exchange depending on risk exposure of the difference between receivables and payables, in order to reduce the exchange risks.

3. Response measures for inflation:

Copper and zinc, two of the raw materials required during the Company's production process, are not only affected by global production demand; their prices are also influenced by speculative hot money. Our Company looks at both commodity prices and overall economic developments to determine the timing of material purchases, and is integrating global purchasing volume to maximize synergy. We also examine product combinations to minimize interference with production from fluctuations in material prices.

(II) Policies of engaging in high-risk, high-leverage investments, lending to others, providing endorsement and guarantee, and derivatives transactions, profit/loss analysis, and future response measures:

To manage financial risk, the Company does not engage in high-risk, high-leverage investments or lending to others.

To control transaction risks, the Company has defined international management regulations and operating procedures aimed at ensuring sound finances and operations in accordance with the relevant government laws and regulations. The management regulations *Procedure for the Acquisition and Disposal of Assets*, *Operating Procedures of Fund Lending*, and the *Endorsement Assurance Guidelines*.

All Company transactions in derivative financial products are for hedging purposes rather than for trading or speculative purposes. Exposure to major risks are therefore limited.

(III) Future R&D projects and estimated R&D expenditure:

We integrate R&D technology and resources and set the self-owned brand Gerber porcelain + copperware as the core. We set "the matching of porcelain with copperware product line", "structure platform optimization development", "surface treatment technology integration" and "user experience optimized product function development" as our four core aspects, and continue to design bathroom products with perfect quality, performance, and appearance. It is expected that there will be environmentally-friendly anhydrous electro-platings, QuietClean, EasyClean introduced into VC Avanlanche product line, faucet BL elegant black product line paired with VC Maxwell faucet product line.

In terms of intellectual property management, the TIPS intellectual property management system has been introduced and certified. In addition to implementing business secret protection, we will continue to promote technology patent deployment and reward patent proposals while monitoring the industry and customer-related patented technologies to properly apply patents to create value. The abovementioned projects require an R&D and patent budget of NT$45,000 thousands.

(IV) Major changes in government policies and laws at home and broad and the impact on finance and business of the Company and response measures:

The Company asks professional legal and accounting units to provide assessments, advice as well as response measures to ensure compliance and reduce the impact on finance and business of the Company. Important government policies as well as legal changes at home and abroad in recent years have had no major impact on the Company's operations.

(V) Impact of recent technological (including information security risks) and market changes on finance and business of the Company, and response measures:

Risk of cyberattacks:

We did not face or discover any major cyberattacks or operations being affected by damaged systems from 2021 to the publication date of this annual report. There was no material negative impact on our business and operations, and we were not involved in any legal cases or investigated for related incidents.

Denial of Service (DoS) attacks can be launched externally or through an infected system in the intranet and sabotage the Company's operations or damage the Company's business reputation under the guise of regular connection. Thus, in the event of a severe cyberattack, our systems may lose important data or production lines may be temporarily shut down because issues caused by the attack cannot be resolved in time.

Cyberattacks may also attempt to steal the Company's trade secrets or other intellectual property and confidential information, such as exclusive information of customers or other stakeholders, and personal information of employees. Hackers will attempt to infect and break into the Company's network system externally or internally through a computer virus, malware, or ransomware, and interfere with the Company's operations or use control over computer systems to extort the Company or access classified information. These attacks may cause the Company to sustain damages from needing to compensate customers due to delay or suspension of purchase orders, or incurring massive expenses for remedial and improvement measures. This may also cause the Company to be involved in legal cases or be investigated for leaking information of customers or third parties that the Company is obligated to keep confidential, and will cause the Company to bear great liability.

We ensure the security, completeness, and effectiveness of data through constant backups and annual reviews of network security regulations and protocols, such as setting up a firewall, regular disaster drills, and reviewing and auditing the recovery plan, as well as continuous upgrades of information security. We are using integrated information security equipment of credible third parties, and continue to subscribe to virus and threat protection updates, as well as security updates to establish the front line of defense for information security.

Furthermore, due to business and operational requirements, we need to share highly sensitive information with third parties of the Company or our affiliated enterprises around the globe, or their employees, so that they can provide relevant services. Even though we require third party service providers to comply with confidentiality and/or network security regulations in the service contract, this does not fully guarantee that every third party service provider will, nor force them to, comply with or strictly abide by relevant obligations. The intranet system and/or external cloud network (such as servers) maintained by the above service providers and/or their contractors are also at risk of relevant cyberattacks. If the Company or service providers cannot immediately resolve the difficult technical issues caused by cyberattacks that make business operations difficult; ensure the reliability and availability of the Company's data (and data that belongs to the Company's customers or other third parties) or maintain control over computer systems of the Company or other service providers, it may severely damage our commitment to customers and other stakeholders. It may also have a severely negative effect on our business results, financial position, future prospects, and reputation.

In summary, we have established a complete network and computer security system to control or maintain important corporate functions, such as sales, development, production, and accounting, which reasonably lowers risk. However, network security is a volatile field and we cannot guarantee that the Company will not be affected by emerging risks and attacks. It also does not ensure that our computer systems can entirely avoid cyberattacks from a paralyzed third party system or similar forms.

Risk of phishing attacks:

Hackers use phishing emails to manipulate recipients into clicking on malicious links. These threats result in leaks of sensitive or personal information. The hacker may sell this sensitive information or use it for other malicious purposes. Phishing attacks usually use fake senders and socially engineered email content to make recognition by employees difficult, resulting in them accidentally opening the attached malware, click on malicious links, or both. The emails are entry points for malware. The sender of these deceptive emails pose as a legitimate source, such as a familiar contact, customer, or enterprise of the victim. This type of malicious email poses two different types of threats to businesses. The first type is malicious emails that impersonate corporate domains. Such fraudulent attacks will cause great damage to corporate reputation, especially when the victim is also a customer. The second type, a more serious threat, is fraudulent emails that hackers use to attack corporate employees. They bypass the external security system to launch attacks from the inside. Despite the continuous evolution of protection and security awareness, phishing emails are also evolving, and more and more cyber attacks are used as a starting point now, such as business email compromise (BEC) attacks, which cause huge and direct losses.

The Company has introduced Microsoft Office 365 to the Group's email in Q2 2019, and enabled EOP, its cloud-based email filtering service, to protect the Company from spam and malware. It also includes features that safeguard the Company from messaging policy violations. Incoming mail will initially pass through connection filtering, which checks the sender's reputation and inspects the email for malware through the anti-malware module. Emails continue through content filtering before entering the recipient's mailbox to prevent the first type of attack.

To cope with and strengthen our defense against phishing emails, beginning in Q4 2019, our head office and Group subsidiaries have fully enabled multi-factor authentication (MFA) to strengthen the security of email account verification. When a user logs onto Office 365, in addition to the first password verification, MFA will perform a second real-time authentication by SMS or through the mobile app to help protect against improper access to personal data and applications, while maintaining the convenience of account use. Two-factor authentication is required, and a series of easy-to-use authentication methods are provided for strong authentication and additional security by enabling MFA. Thus, even if the hacker obtains the user's password via phishing, it is impossible to log into the email to obtain company information without MFA verification. We thereby avoid the second type of threat and its related losses caused by malicious theft from phishing employees.

To further strengthen email security, the Company subscribed to Microsoft Defender for Office 365 in the third quarter of 2020. Microsoft Defender for Office 365 features protection capabilities such as safe attachments (malicious attachments filtering), safe links (malicious links filtering), and anti-phishing. It also offers safe attachments for SharePoint, OneDrive, and Microsoft Teams. Microsoft Defender for Office 365 routes all emails and attachments to a special environment where machine learning and analysis technologies are used to detect malicious intent to provide real-time protection. Emails are then forwarded to users’ mailboxes if no suspicious activities are detected.

Endpoint security risks:

Based on cybersecurity considerations, protect the Company's intellectual property and business secrets from being destroyed to prevent endangering the Company's operating profits and causing damages to the Company. Personal IT equipment issued by the Company, such as personal computers, laptops, and tablets, all have endpoint protection software installed to prevent malicious programs, Trojans, worms, and viruses from entering.

(VI) Impact of change in corporate image on risk management and response measures: The Company enjoys a good corporate image and there have been no reports that detract from our corporate image.

(VII) Expected benefits and potential risks of mergers and acquisitions, and response measures: N/A.

(VIII) Expected benefits and potential risks of capacity expansion, and response measures: N/A.

(IX) Risks associated with over-concentration in purchases or sales, and response measures: This event did not occur at the Company.

(X) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures: N/A.

(XI) The impact and risk of a change in ownership on the Company, and response measures: N/A.

(XII) Litigation or non-litigation events:

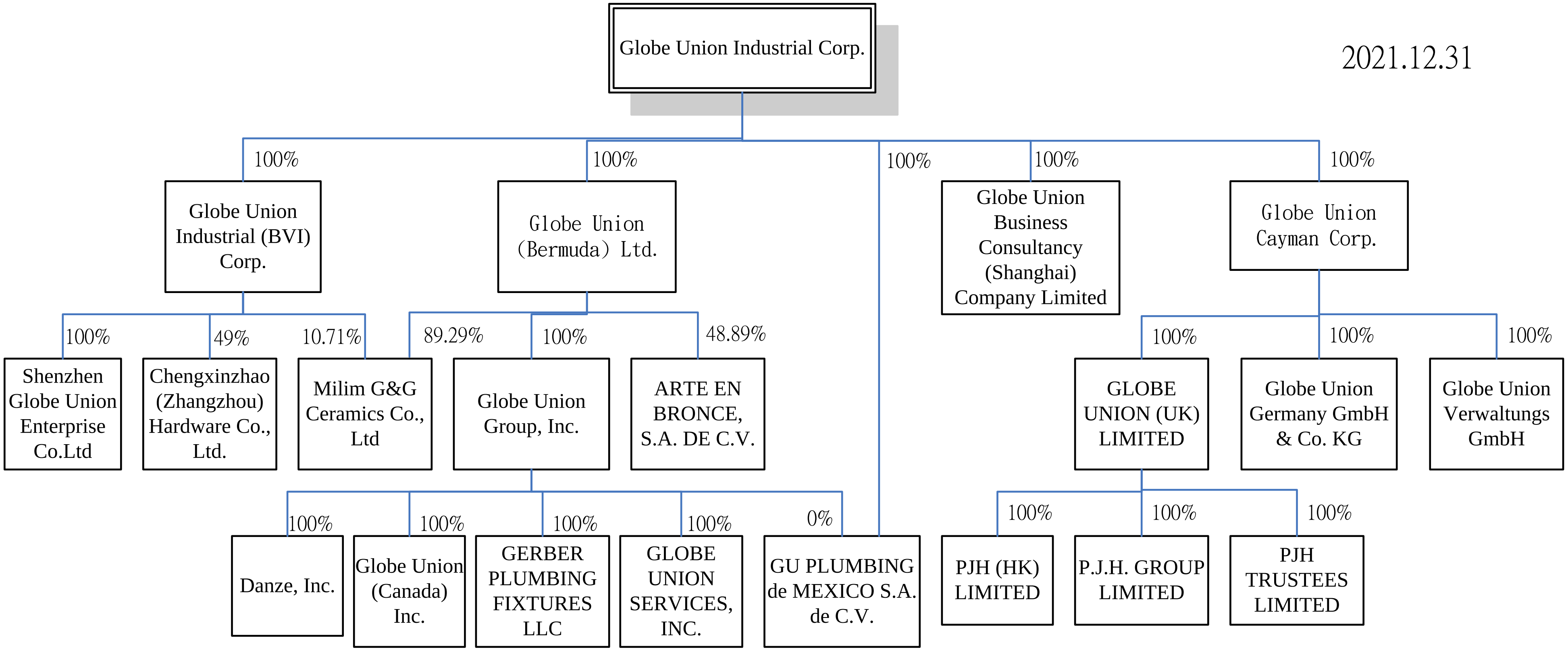
Involving the Company or the Company's directors, supervisors, president, de facto company representative, majority shareholders holding more than 10% of the Company's shares, or subsidiaries: N/A.

(XIII) Other significant risks and countermeasures: N/A.

VII. Other important matters: None.

H. Special Disclosures

I. Information on affiliates and subsidiaries: 1. Corporate affiliation chart (Contribution %)



(II) Affiliate profiles

December 31, 2021

Company name	Date of establishment	Address	Paid-in capital	Main business/products
Globe Union Industrial (BVI)Corp.	1996.07.26	P.O. BOX 3340,Road Town, Tortola, British Virgin Islands	NT$1,434,538,392	Holding company
Shenzhen Globe Union Enterprise Co., Ltd.	2001.03.13	Fushan Industrial District, Qiaotou Community of Fuyong Subdistrict, Bao'an District, Shenzhen City, People's Republic of China	RMB 380,459,896.03	Manufacture and sale of faucets and related parts
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	2006.04.11	Chihu Industrial Park, Zhangpu County, Fujian Province, People's Republic of China	RMB 40,340,025.73	Manufacture and sale of bathroom accessories
Globe Union Cayman Corp.	2004.09.02	Scotia Center, 4th Floor, P.O.Box 2804, George Town, Grand Cayman, Cayman Islands	NT$2,687,628,838	Holding company
Globe Union Germany GmbH&Co.KG (Previously Lenz Badkultur GmbH & Co. KG)	2004.12.01	Dreherstr. 11, 59425 Unna, Germany	€5,743,075.94	Sale of faucets and related parts
Globe Union Verwaltungs GmbH (Previously Globe Union Germany GmbH)	2004.10.08	Dreherstr. 11, 59425 Unna, Germany	€1,755,000	Holding company
Milim G&G Ceramics Co., Ltd.	1992.10.05	Jinshangwa Town, Fangzi District, Weifang City, Shandong Province, People's Republic of China	RMB 243,808,100	Manufacture and sale of porcelain bathroom fittings
Globe Union (Bermuda)Ltd.	2000.03.06	21 Laffan Street, Hamilton, HM 09 Bermuda	NT$3,098,446,597	Holding company
ARTE EN BRONCE, S.A. DE C.V.	1978.08.11	Alfredo Del Mazo No.15 C.Col.Parque Industrial E1 Cerrillo Lerma, Edo, De Mexico	Mex$9,000,000	Product sales and service center, customer service center
Globe Union Group, Inc.	2002.03.27	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US$63,734,859	Holding company
Globe Union (Canada)Inc.	1999.06.08	9260 Cote de Liesse, QC, H8T1A1, Canada	CA$7,298,630	Sales and marketing support services
DANZE, INC.	2000.05.15	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US$33,035,522.60	Overseas sales and maintenance center

Company name	Date of establishment	Address	Paid-in capital	Main business/products
GERBER PLUMBING FIXTURES LLC	2003.02.14	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US$42,236,382	Assembly and sale of bathroom products
GLOBE UNION SERVICES, INC.	2005.04.29	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US$1,000,000	Marketing support services
GLOBE UNION (UK) LIMITED	2007.02.02	Alder House Slackey Brow Kearsley Bolton Lancashire BL4 8SL	£39,529,845	Holding company
P.J.H. GROUP LIMITED	1972.05.26	Alder House Kearsley Bolton BL4 8 SL	£7,500,000	Sale of kitchen and bathroom products
PJH TRUSTEES LIMITED	1994.06.09	Alder House, Slackey Brow, Kearsley, Bolton, UK, BL4 8 SL	£2	Trust company
PJH (HK) LIMITED	2005.07.21	FLAT/RM 05-6 17/F 248 QUEEN'S ROAD EAST WANCHAI HK	HK$10	Holding company
Globe Union Business Consultancy (Shanghai) Company Limited	2006.01.05	Room 2906, No. 1701, Beijing West Road, Jing'an District, Shanghai, People's Republic of China	RMB 519,514.05	Consulting company
GU PLUMBING de MEXICO S.A. de C.V.	2019.08.30	Isidro Lopez Zertuche#3745, Saltillo, Coahuila, MEXICO, CP 25240	Mex$1,078,362,220	Manufacture and sale of porcelain bathroom fittings

(III) Controlling and subordinate companies with identical shareholders: N/A

(IV) Overall businesses covered by affiliates: The business activities of the Company and our affiliates include:The manufacturing industry, the trading industry, and investment companies.

(V) Information on the directors and supervisors of affiliates

December 31, 2021 Unit: Thousand NTD Shares: %

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
Globe Union Industrial (BVI)Corp.	Director	Shane Ouyang Tsung-Min Chen (Representative of Globe Union Industrial Corp.)	44,427,680	100.00
Shenzhen Globe Union Enterprise Co., Ltd.	Director Director Supervisor	Shane Ouyang Jun-Chao Lin, Tsun-Chu Chou Tsung-Min Chen (Representative of Globe Union Industrial (BVI) Corp.)	No issued shares	100.00
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	Director Director Director Supervisor	Song-Shan Chung Min-Chih Chung, Kuo-Chi Yen Chiu-Chih Chung, Ta-Ying Chang Chien-Chie Chung (Representative of Globe Union Industrial (BVI) Corp.)	No issued shares	49.00
Globe Union Cayman Corp.	Director	Shane Ouyang Tsung-Min Chen (Representative of Globe Union Industrial Corp.)	81,555,901	100.00
Globe Union Germany GmbH&Co.KG (Previously Lenz Badkultur GmbH & Co. KG)	Director	Shane Ouyang Tsung-Min Chen Todd Alex Talbot Nathalie Vandecraen (Representative of Globe Union Cayman Corp.)	No issued shares	100.00
Globe Union Verwaltungs GmbH (Previously Globe Union Germany GmbH)	Director	Shane Ouyang Tsung-Min Chen Todd Alex Talbot Nathalie Vandecraen (Representative of Globe Union Cayman Corp.)	1,755,000	100.00
Milim G&G Ceramics Co., Ltd.	Director Director Supervisor	Shane Ouyang Zhen-Hui Jin, Hong-Ting Wang Kuo-Hsiang Tsao, Chun-Hsien Chen, Tsung-Min Chen (Representative of Globe Union (Bermuda) Ltd.) (Representative of Globe Union Industrial (BVI) Corp.)	No issued shares	89.29 10.71
Globe Union (Bermuda)Ltd.	Director	Shane Ouyang, Tsung-Min Chen (Representative of Globe Union Industrial	93,449,027	100.00

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
		Corp.)		
ARTE EN BRONCE, S.A. DE C.V.	Director	RODOLFO MIJARES GARZA SCOTT OUYOUNG MICHAEL ERIC WERNER GUILLERMINA MIJARES OVIEDO PEDRO MIJARES OVIEDO (Representative of Globe Union (Bermuda) Ltd.)	4,400,000	48.89
Globe Union Group, Inc.	Director	Shane Ouyang, Keith Edward Yurko (Representative of Globe Union (Bermuda) Ltd.)	100	100.00
Globe Union (Canada)Inc.	Director	Shane Ouyang Keith Edward Yurko Corey Dunwoodie (Representative of Globe Union Group Inc.)	5,824,000	100.00
DANZE, INC.	Director	Shane Ouyang (Representative of Globe Union Group Inc.)	700	100.00
GERBER PLUMBING FIXTURES LLC	Director	Shane Ouyang Keith Edward Yurko Tsung-Min Chen (Representative of Globe Union Group Inc.)	Ordinary shares 9,335,000 Preferred shares 32,901,382	100.00
GLOBE UNION SERVICES, INC.	Director	Keith Edward Yurko (Representative of Globe Union Group Inc.)	100	100.00
GLOBE UNION (UK) LIMITED	Director	Tsung-Min Chen、Lei-Hui Lee RICHARD IAN GEORGE、JASON DAVID SHAW (Representative of Globe Union Cayman Corp.)	39,529,854	100.00
P.J.H. GROUP LIMITED	Director	JASON DAVID SHAW、RICHARD IAN GEORGE (Representative of Globe Union (UK) Limited)	7,500,000	100.00
PJH TRUSTEES LIMITED	Director	RICHARD IAN GEORGE (Representative of Globe Union (UK) Limited)	2	100.00
PJH (HK) LIMITED	Director	ANDREW YATES、JASON DAVID SHAW, RICHARD IAN GEORGE (Representative of Globe Union (UK) Limited)	1	100.00

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
Globe Union Business Consultancy (Shanghai) Company Limited	Director Supervisor	Zhen-Hui Jin, Tsung-Min Chen, Lei-Hui Lee Ying-Fan Chen	1	100.00
GU PLUMBING de MEXICO S.A. de C.V.	Director	Keith Edward Yurko, Shane Ouyang, Todd Alex Talbot	1,078,362,220	100.00

(VI) Operational overview of each affiliate

Unit: Thousand NTD

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings (loss) per share (NTD) (after tax)
Globe Union Industrial (BVI) Corp.	1,434,538	3,829,501	18,419	3,811,082	0	(175)	119,039	2.68
Shenzhen Globe Union Enterprise Co., Ltd.	1,653,098	3,957,441	911,216	3,046,225	4,806,756	104,310	103,454	NA(Note 1)
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	175,277	42,247	1,247	41,000	0	(2,111)	(283)	NA(Note1)
Globe Union Cayman Corp.	2,687,629	1,440,231	2,492	1,437,739	0	(355)	201,970	2.48
Globe Union Germany GmbH&Co.KG (Previously Lenz Badkultur GmbH & Co. KG)	179,931	496,741	168,341	328,400	670,399	49,909	46,619	NA(Note1)
Globe Union Verwaltungs GmbH (Previously Globe Union Germany GmbH)	54,984	4,501	(4)	4,505	0	0	31	0.02
Milim G&G Ceramics Co., Ltd.	1,059,346	1,911,217	574,566	1,336,651	2,079,000	47,799	45,792	NA(Note1)
Globe Union (Bermuda)Ltd.	3,098,447	3,767,162	0	3,767,162	0	(121)	51,523	0.55
Globe Union Group, Inc.	1,763,544	2,264,417	0	2,264,417	0	0	0	0
Globe Union (Canada)Inc.	157,869	462,388	273,085	189,303	633,348	38,696	28,141	4.83
DANZE, INC.	914,093	294,783	15	294,768	0	(387)	(387)	(553)
GERBER PLUMBING FIXTURES LLC	1,168,681	4,715,816	2,884,621	1,831,195	8,887,189	(15,578)	(16,962)	(1.82)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings (loss) per share (NTD) (after tax)
GLOBE UNION SERVICES, INC.	27,670	89,870	0	89,870	0	(28)	(28)	(280)
GLOBE UNION (UK) LIMITED	1,474,463	1,257,607	0	1,257,607	0	0	0	0
P.J.H. GROUP LIMITED	279,750	2,666,823	1,938,652	728,171	6,471,585	222,912	155,415	20.72
PJH TRUSTEES LIMITED	0	0	0	0	0	0	0	0
PJH (HK) LIMITED	0	0	0	0	0	0	0	0
Globe Union Business Consultancy (Shanghai) Company Limited	2,257	3,796	204	3,592	5,108	(796)	329	329,000
GU PLUMBING de MEXICO S.A. de C.V.	1,568,889	2,857,492	2,011,158	846,334	1,542,769	(181,183)	(244,907)	(0.01)

2021.12.31 exchange rate:

USD/NTD=1：27.67、CAD/NTD=1：21.63、HKD/NTD=1：3.551、CNY/NTD=1：4.345、GBP/NTD=1：37.3、EUR/NTD=1：31.33、MXN/NTD=1：1.344

Note 1: No issued shares.

(VII) Consolidated financial statements of affiliates: Please refer to the statement.

(VIII)Reports of affiliates: None.

Statement

We hereby state that the companies that should be included in the 2021 (January 1, 2021 to December 31, 2021) consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to the companies that should be included in the consolidated financial statements of the parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10, and the information that should be disclosed in the consolidated financial statements of affiliates has been duly disclosed in the aforesaid consolidated financial statements of the parent company and subsidiaries. The Company is therefore not required to prepare a separate consolidated financial statements of affiliates.

Hereby declares

Globe Union Industrial Corp.

Legal representative: Shane Ouyang

March 8, 2022

Statement of Internal Control System for Public Companies
Indicates that the design and implementation are both effective
(This statement is applicable for all compliance sections)

Globe Union Industrial Corp.
Statement of Internal Control System

Date: March 8, 2022

The Company hereby makes the following statement about its internal control system for the year 2021 based on the assessments it performed:

I. The Company takes recognizance of the fact that the establishment, execution, and maintenance of its internal control system are the responsibilities of the Company's Board of Directors and managers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.

II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.

III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in Governing Regulations for Public Company's Establishment of Internal Control System (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The measures based on which to evaluate the internal control system adopted under the Governing Regulations are its five underlying elements, namely:1. control environment, 2. risk assessment and reaction, 3. control process, 4. information and communication, and 5. supervision. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.

IV. The Company has adopted the aforementioned measures for an evaluation of the effectiveness of the design and implementation of the internal control system.

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2021 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.

VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.

VII. This statement was approved unanimously by all 7 Directors present at the meeting of the Board on March 8, 2022.

Globe Union Industrial Corp.

Chairman : Shane Ouyang

II. Private placement of securities in the last year up to the date of this annual report: None.

III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of this annual report: None.

IV. Other supplemental information: None.

V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the date the annual report was printed: None.

REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Globe Union Industrial Corp.

Opinion

We have audited the accompanying consolidated balance sheets of Globe Union Industrial Corp. (the "Company") and its subsidiaries as at 31 December 2021 and 2020, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries (the "Group") as at 31 December 2021 and 2020, and their consolidated financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 judgment, were of most significance in our audit of 2021 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Goodwill assessment

As at 31 December 2021, the goodwill was carried at NT$683,574 thousand which accounted for 4% of the total assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. The impairment testing indicated that the value in use of certain cash-generating units was higher than their carrying amount. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group; the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

Our audit procedures included, but were not limited to, evaluating whether the components of the cash-generating units have significantly changed, including analyzing the sales model and regions involved; evaluating the management's assessment approaches and assumptions of value in use; involving internal expert to assist us in evaluating the reasonableness of key assumptions used by management such as growth rates, discount rates, and gross margin; involving internal expert to assist us in evaluating the reasonableness of key components of discount rates such as cost of equity, company-specific risk premium and market risk premium by comparing them to other companies of similar size with the cash-generating units; interviewing management and assessing the reasonableness of assumptions used in their model such as cash flows, gross margin, growth rates, and the expected future market and economic conditions; comparing the actual financials to date with previously forecast financials and analyzing the Company's historical data and performance to assess the reasonableness of the cash flow forecast. We also assessed the adequacy of the disclosures related to result of impairment test and assumption's sensitivity in Notes 4, 5 and 6 to the financial statements.

Inventory valuation

As at 31 December 2021, the net inventories amounted to NT$4,289,152 thousand, which accounted for 26% of the total consolidated assets. The determination of the provisions for obsolete inventories involved a high level of management judgment, and were subject to uncertainty due to product diversity. Furthermore, the cost of inventory included direct labor, raw material, and overhead, and the calculation and allocation were complex. Also, the allocation basis could have a material impact on the financial statements. As such, we determined this to be a key audit matter.

Our audit procedures included, but were not limited to, understanding and testing the design and operating effectiveness of internal control over inventory cost and allowance for inventory; performing inventory price testing to verify the allocation of cost, direct labor, and overhead is reasonable; assessing the appropriateness of the policy of provision for excess and obsolete inventory by testing the accuracy of inventory ageing and analyzing movement of the ageing, analyzing the difference between the policy of the current year and the prior year, and analyzing the difference between the historical provisions and the actual write-off amount; verifying that inventories were valued at the lower of cost or net realizable value by comparing the book value of inventories at the balance sheet date with recent sales price on selected samples; verifying the existence and completeness of inventories by tracing items on the final inventory listing to the physical inventory compilation; attending inventory counts to understand the status of the inventories and evaluate the appropriateness of the excess and obsolescence provision. We also assessed the adequacy of the disclosures related to inventories in Notes 4,5 and 6 to the financial statements.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company and its subsidiaries.

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

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

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

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

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 ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated 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 and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor’s report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Other

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2021 and 2020.

Huang Yu Ting

Ming Hung Chen

Ernst & Young, Taiwan
8 March 2022

Notice to Readers
The accompanying consolidated financial statements are intended only to present the consolidated financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

		As at	
Assets	Notes	31 Dec 2021	31 Dec 2020
Current assets			
Cash and cash equivalents	4, 6(1)	$2,281,297	$3,572,319
Financial assets at fair value through profit or loss, current	4, 6(2)	10,973	31,235
Financial assets measured at amortized cost, current	4, 6(3), 8	106,445	146,289
Accounts receivable, net	4, 5, 6(4), 8	2,879,295	3,003,885
Inventories, net	4, 5, 6(5)	4,289,152	3,417,722
Prepayment	6(6)	175,556	216,291
Other current assets	7	729,061	706,657
Total current assets		10,471,779	11,094,398
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(7)	36,480	39,000
Investments accounted for under the equity method	4, 6(8)	20,090	20,391
Property, plant and equipment	4, 6(9), 8	2,419,829	2,616,466
Right-of-use assets	4, 6(23)	2,117,441	1,956,842
Intangible assets	4, 6(10)	30,342	39,406
Goodwill	4, 5, 6(10),6(11)	683,574	718,003
Deferred tax assets	4, 6(27)	192,706	236,148
Deposits-out		34,137	34,581
Other non-current assets	6(12)	168,442	75,508
Total non-current assets		5,703,041	5,736,345
Total assets		$16,174,820	$16,830,743

(The accompanying notes are an integral part of the consolidated financial statements)
(continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 Dec 2021	As at 31 Dec 2020
Current liabilities			
Short-term loans	4, 6(13)	$2,159,121	$1,492,720
Financial liabilities at fair value through profit or loss, current	4, 6(14)	3,500	3,109
Contract liabilities, current	6(21)	2,806	5,158
Notes payable		58,788	60,269
Accounts payable		2,177,220	2,705,251
Other payables	6(15)	253,750	308,978
Accrued expenses	6(16)	1,343,849	1,160,813
Current tax liabilities	4	72,518	101,218
Lease liabilities, current	4, 6(23)	248,831	235,330
Current portion of long-term loans	4, 6(17)	519,947	442,059
Other current liabilities		46,714	84,928
Total current liabilities		6,887,044	6,599,833
Non-current liabilities			
Long-term loans	4, 6(17)	1,710,000	2,260,515
Deferred tax liabilities	4, 6(27)	15,057	7,056
Lease liabilities, non-current	4, 6(23)	1,988,523	1,801,468
Other non-current liabilities		389,375	543,148
Net defined benefit obligation, non-current	4, 6(18)	12,136	101,446
Total non-current liabilities		4,115,091	4,713,633
Total liabilities		11,002,135	11,313,466
Equity attributable to the parent company	4, 6(19)		
Capital			
Common stock		3,581,640	3,581,640
Capital surplus		877,995	938,667
Retained earnings			
Legal reserve		886,922	861,006
Special reserve		852,940	728,214
Retained earnings		55,000	260,690
Total retained earnings		1,794,862	1,849,910
Other components of equity			
Exchange differences on translation of foreign operations		(1,087,092)	(860,740)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		5,280	7,800
Total other components of equity		(1,081,812)	(852,940)
Total equity		5,172,685	5,517,277
Total liabilities and equity		$16,174,820	$16,830,743

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2021	2020
Net sales	6(21)	$19,491,355	$16,775,209
Cost of sales	6(5), 6(24)	(14,692,318)	(12,158,458)
Gross profit		4,799,037	4,616,751
Operating expenses	6(23), 6(24)		
Selling and marketing		(1,930,816)	(1,577,998)
General and administrative		(2,450,474)	(2,279,716)
Research and development		(245,774)	(281,422)
Expected credit losses	6(22)	(14,369)	(12,136)
Total operating expenses		(4,641,433)	(4,151,272)
Operating income		157,604	465,479
Non-operating income and expenses	6(25)		
Other revenue		115,156	162,883
Other gains and losses		80,731	21,805
Financial costs		(176,954)	(183,590)
Share of profit or loss of associates and joint ventures	4, 6(8)	(133)	(1,917)
Total non-operating income and expenses		18,800	(819)
Income from continuing operations before income tax		176,404	464,660
Income tax expense	6(27)	(163,607)	(177,173)
Income from continuing operations, net of tax		12,797	287,487
Other comprehensive income (loss)	6(18), 6(26)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		68,319	(35,427)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(2,520)	7,800
Income tax related to items that may not to be reclassified subsequently to profit or loss		(26,208)	7,094
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(226,184)	(132,804)
Share of other comprehensive of associates and joint ventures	6(8)	(168)	278
Total other comprehensive loss, net of tax		(186,761)	(153,059)
Total comprehensive (loss) income		$(173,964)	$134,428
Net income attributable to:			
Stockholders of the parent		$12,797	$287,487
Non-controlling interests		-	-
		$12,797	$287,487
Comprehensive (loss) income attributable to:			
Stockholder of the parent		$(173,964)	$134,428
Non-controlling interests		-	-
		$(173,964)	$134,428
Earnings per share (NTD)	6(28)		
Earnings per share-basic		$0.04	$0.81
Earnings per share-diluted		$0.04	$0.81

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Capital		Additional Paid-in Capital	Retained Earnings			Other components of equity		Total equity
		Common Stock	Advance Receipts for Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive	
Balance as at 1 Jan 2020	6(19)	$3,562,130	$3,847	$995,214	$830,341	$522,707	$387,585	$(728,214)	$ -	$5,573,610
Appropriations of earnings, 2019:										
Legal reserve					30,665		(30,665)			-
Special reserve						205,507	(205,507)			-
Cash dividends							(149,877)			(149,877)
Cash dividends distributed from additional paid-in capital				(64,232)						(64,232)
Net income in 2020							287,487			287,487
Other comprehensive income (loss), net of tax in 2020							(28,333)	(132,526)	7,800	(153,059)
Total comprehensive income (loss)							259,154	(132,526)	7,800	134,428
Share-based payment transactions-Exercise of employee stock option (Note1)			18,517							18,517
Share-based payment transactions-Conversion of advance receipts for common stock (Note 2)		19,510	(22,364)	2,854						-
Share-based payment transactions-Share-based payment expense				4,831						4,831
Balance as at 31 Dec 2020	6(19)	$3,581,640	$ -	$938,667	$861,006	$728,214	$260,690	$(860,740)	$7,800	$5,517,277
Balance as at 1 Jan 2021	6(19)	$3,581,640	$ -	$938,667	$861,006	$728,214	$260,690	$(860,740)	$7,800	$5,517,277
Appropriations of earnings, 2020:										
Legal reserve					25,916		(25,916)			-
Special reserve						124,726	(124,726)			-
Cash dividends							(109,956)			(109,956)
Cash dividends distributed from additional paid-in capital				(69,126)						(69,126)
Net income in 2021							12,797			12,797
Other comprehensive income (loss), net of tax in 2021							42,111	(226,352)	(2,520)	(186,761)
Total comprehensive income (loss)							54,908	(226,352)	(2,520)	(173,964)
Share-based payment transactions-Share-based payment expense	6(20)			8,454						8,454
Balance as at 31 Dec 2021	6(19)	$3,581,640	$ -	$877,995	$886,922	$852,940	$55,000	$(1,087,092)	$5,280	$5,172,685

(The accompanying notes are an integral part of the consolidated financial statements)

Note 1: The Company issued employee share option in 2015. During the year of 2020, employees converted their options into 310,000 shares at NT$11.8 per share, and 1,315,000 shares at NT$11.3 per share. Total consideration received was $18,517 thousand.

Note 2: As at 31 December 2020, 1,951,000 shares under capital collected in advance in the amount of $22,364 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by $19,510 thousand and $2,854 thousand, respective

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

		For the Years Ended 31 December	
	Notes	2021	2020
Cash flows from operating activities:			
Net income before tax		$176,404	$464,660
Adjustments to reconcile net income to net cash provided by operating			
Depreciation		707,317	693,974
Amortization		24,454	18,919
Expected credit losses		14,369	12,136
Net gain of financial assets/liabilities at fair value through profit or loss		(101,843)	(138,307)
Interest expense		176,954	183,590
Interest income		(25,947)	(38,626)
Dividends income		(2,694)	-
Share-based payment expense		8,454	4,831
Share of profit or loss of subsidiaries, associates and joint ventures		133	1,917
Loss on disposal of property, plant and equipment		3,305	9,090
Gain on financial assets measured at fair value through profit or loss		-	(20)
Gain on lease modification		(34,432)	(271)
Changes in operating assets and liabilities:			
Financial assets/liabilities at fair value through profit or loss, current		122,496	118,180
Accounts receivable		13,658	(779,426)
Inventories, net		(1,001,805)	(218,708)
Prepayments		40,735	(82,104)
Other current assets		(21,795)	(173,327)
Other assets-others		(92,934)	25,205
Notes payable		(1,481)	(5,157)
Accounts payable		(452,026)	720,202
Other payables		128,059	335,275
Contract liabilities, current		(2,352)	(15,114)
Other current liabilities		(13,673)	20,993
Defined benefit obligation		(45,532)	(11,495)
Other liabilities-others		(153,773)	(32,202)
Cash (used in) generated from operations		(533,949)	1,114,215
Interest received		25,947	38,626
Interest paid		(177,205)	(182,937)
Income tax paid		(167,072)	(195,004)
Net cash (used in) generated from operating activities		(852,279)	774,900

(The accompanying notes are an integral part of the consolidated financial statements)

(Continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2021	2020
(Continued)			
Cash flows from investing activities:			
Acquisition of financial assets measured at fair value through other comprehensive income		$ -	$(31,200)
Disposal of financial assets at fair value through profit or loss		-	104,735
Acquisition of property, plant and equipment		(211,917)	(220,471)
Disposal of property, plant and equipment		1,209	12,939
Decrease in deposits-out		444	2,307
Decrease in financial assets measured at amortized cost, current		39,844	79,776
Acquisition of intangible assets		(17,396)	(13,758)
Dividends received		2,694	-
Net cash used in investing activities		(185,122)	(65,672)
Cash flows from financing activities:			
Increase in short-term loans		2,716,233	717,720
Decrease in short-term loans		(2,049,832)	(785,566)
Increase in long-term loans		530,000	720,000
Decrease in long-term loans		(1,002,627)	(618,598)
Cash dividends		(179,082)	(214,109)
Decrease in lease liabilities		(346,371)	(337,692)
Exercise of employee stock option		-	18,517
Net cash used in financing activities		(331,679)	(499,728)
Effect of changes in exchange rate on cash and cash equivalents		78,058	123,420
Net (decrease) increase in cash and cash equivalents		(1,291,022)	332,920
Cash and cash equivalents at beginning of period	6(1)	3,572,319	3,239,399
Cash and cash equivalents at end of period		$2,281,297	$3,572,319

(The accompanying notes are an integral part of the consolidated financial statements)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
Notes to Consolidated Financial Statements
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

GLOBE UNION INDUSTRIAL CORP. ("the Company") was incorporated on 29 October 1979 to manufacture and sell plumbing products. On 1 December 1995, the Company acquired Chen Ling Industrial Co. Ltd., a company specializing in manufacturing and sale of plumbing products. The Company applied to be listed on the GreTai Securities Market on 1 June 1998, and was authorized to trade its shares over the counter on 7 May 1999. The Company applied to be listed on Taiwan Stock Exchange on 16 June 2000 and its shares were authorized to be listed on Taiwan Stock Exchange on 11 September 2000. The Company's registered office and the main business location is at No.22, Chien-Kuo Rd., Tanzi Dist., Taichung, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The consolidated financial statements of the Company and its subsidiaries ("the Group") for the years ended 31 December 2021 and 2020 were authorized for issue by the Company's board of directors on 8 March 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. Each new standards and amendments had no material impact on the Group.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)
The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities. In addition, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)
The amendments prohibit a company from deducting the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)
The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. As the Group is still currently determining the potential impact of the standards and interpretations listed aforementioned, it is not practicable to estimate their impact on the Group at this point in time.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Group as at the end of the reporting period are listed below.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 “Insurance Contracts”

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Group’s financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (c), (d), (e) and (f) it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers (“the Regulations”), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC (collectively referred to as “TIFRSs”).

(2) Basis of Preparation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The consolidated financial statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Basis of consolidation

(a) Preparation principle of consolidated financial statements

Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

A. power over the investee (i.e. existing rights that give it the current ability to direct the relevant activities of the investee)
B. exposure, or rights, to variable returns from its involvement with the investee; and
C. the ability to use its power over the investee to affect its returns

When the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

A. the contractual arrangement with the other vote holders of the investee
B. rights arising from other contractual arrangements
C. the Group's voting rights and potential voting rights

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Subsidiaries are fully consolidated from the acquisition date, being the date on which the Company obtains control, and continue to be consolidated until the date that such control ceases. The financial statements of the subsidiaries are prepared for the same reporting period as the parent company, using uniform accounting policies. All intra-group balances, income and expenses, unrealized gains and losses and dividends resulting from intra-group transactions are eliminated in full.

A change in the ownership interest of a subsidiary, without a change of control, is accounted for as an equity transaction.

Total comprehensive income of the subsidiaries is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

If the Company loses control of a subsidiary, it:

A. derecognizes the assets (including goodwill) and liabilities of the subsidiary
B. derecognizes the carrying amount of any non-controlling interest
C. recognizes the fair value of the consideration received
D. recognizes the fair value of any investment retained
E. recognizes any surplus or deficit in profit or loss
F. reclassifies the parent’s share of components previously recognized in other comprehensive income to profit or loss

(b) The consolidated entities are as follows:

			Percentage of ownership (%)		
Investor	Subsidiary	Main Business	31 December 2021	31 December 2020	Note
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Holding company	100.00%	100.00%	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling bathroom products	100.00%	100.00%	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	10.71%	10.71%	
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Holding company	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Verwaltungs GmbH	Holding company	100.00%	100.00%	

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Investor	Subsidiary	Main Business	Percentage of ownership (%) 31 December 2021	31 December 2020	Note
Globe Union Cayman Corp.	Globe Union Germany GmbH & Co. KG	Selling faucets and accessories	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union (UK) Ltd.	Holding company	100.00%	100.00%	
Globe Union (UK) Ltd.	PJH Trustees Limited	Trust industry	100.00%	100.00%	
Globe Union (UK) Ltd.	PJH Group Limited	Selling kitchen and bathroom products	100.00%	100.00%	
Globe Union (UK) Ltd.	PJH (HK) Limited	Holding company	100.00%	100.00%	
PJH (HK) Limited	PJH Business Consultancy Shanghai Company Limited	Consulting industry	-	100.00%	Note
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Holding company	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Globe Union Group, Inc.	Holding company	100.00%	100.00%	
Globe Union Group, Inc.	Danze, Inc.	Sales and maintenance center	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union (Canada) Inc.	Sales and customer service center	100.00%	100.00%	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	Assembling and selling faucets and sanitary ceramic wares	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union Services, Inc.	Customer service center	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	89.29%	89.29%	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Manufacturing and selling sanitary ceramic wares	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	100.00%	-	Note

Note : The Company purchased PJH Business Consultancy Shanghai Company Limited from PJH (HK) Limited in March 2021 and changed its name to Globe Union Business Consultancy Shanghai Company Limited in March 2021.

(4) Foreign Currency Transactions

The Group's consolidated financial statements are presented in NT$, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

Transactions in foreign currencies are initially recorded by the Group's entities at their respective functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rate of exchange ruling at the reporting date. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(5) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized. The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and
(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(6) Current and non-current distinction

An asset is classified as current when:

(a) The Group expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Group holds the asset primarily for the purpose of trading.
(c) The Group expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Group expects to settle the liability in its normal operating cycle.
(b) The Group holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Group does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(8) Financial Instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a)Financial instruments: Recognition and Measurement

The Group accounts for regular way purchase or sales of financial assets on the trade date.

The Group classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Group's business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as accounts receivables, financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition

B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and

B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (i) purchased or originated credit-impaired financial assets. For those financial assets, the Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Group made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Group measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes;
B. the time value of money;
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions.

D. The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: The credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.
B. At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Group needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for further details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Group has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Group classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.
A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument).

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the group is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(9) Derivative instrument

The Group uses derivative instruments to hedge its foreign currency risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(10) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(11) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Raw materials and parts – Purchase cost on weighted average method.

Finished goods and work in progress – Cost of direct materials and labor and a proportion of manufacturing overheads based on normal operating capacity but excluding borrowing costs on weighted average method.

Merchandise – Purchase cost on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(12) Investments accounted for under the equity method

The Group’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

Under the equity method, the investment in the associate or an investment in a joint venture is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Group’s share of net assets of the associate or joint venture. After the interest in the associate or joint venture is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate or joint venture. Unrealized gains and losses resulting from transactions between the Group and the associate or joint venture are eliminated to the extent of the Group’s related interest in the associate or joint venture.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Group's percentage of ownership interests in the associate, the Group recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate or joint venture issues new stock, and the Group's interest in an associate or a joint venture is reduced or increased as the Group fails to acquire shares newly issued in the associate or joint venture proportionately to its original ownership interest, the increase or decrease in the interest in the associate or joint venture is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate or joint venture is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Group disposes the associate or joint venture.

The financial statements of the associate or joint venture are prepared for the same reporting period as the Group. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

The Group determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures.* If this is the case the Group calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Group estimates:

Its share of the present value of the estimated future cash flows expected to be generated by the associate or joint venture, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(a) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets*.

Upon loss of significant influence over the associate, the Group measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss. Furthermore, if an investment in an associate becomes an investment in a joint venture or an investment in a joint venture becomes an investment in an associate, the entity continues to apply the equity method and does not remeasure the retained interest.

(13) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～55 years
Machinery and equipment	3～11 years
Transportation equipment	5～6 years
Furniture, fixtures and equipment	2～10 years
Other equipment	2～6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Leases

On the date that contracts are established, the Group assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Group assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Group accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Group allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Group for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Group estimates the stand-alone price, maximising the use of observable information.

Group as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Group recognizes right-of-use asset and lease liability for all leases which the Group is the lessee of those lease contracts.

At the commencement date, the Group measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
(c) Amounts expected to be payable by the lessee under residual value guarantees.
(d) The exercise price of a purchase option if the Group is reasonably certain to exercise that option.
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Group measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Group measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Group measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Group measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Group by the end of the lease term or if the cost of the right-of-use asset reflects that the Group will exercise a purchase option, the Group depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Group depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Group applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Group accounted for as short-term leases or leases of low-value assets, the Group presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Group elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Group elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. The Group have applied the practical expedient to all rent concessions that meet the conditions for it.

Group as a lessor

At inception of a contract, the Group classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Group recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Group allocates the consideration in the contract applying IFRS 15.

The Group recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(15) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is its fair value as at the date of acquisition. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Group’s intangible assets is as follows:

	Trademarks	Computer software
Useful lives	10～15 years	3～5 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight- line basis
Internally generated or acquired	Acquired	Acquired

(16) Impairment of non-financial assets

The Group assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Group estimates the asset’s recoverable amount. An asset’s recoverable amount is the higher of an asset’s or cash-generating unit’s (“CGU”) fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Group estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

A cash generating unit, or groups of cash-generating units, to which goodwill has been allocated is tested for impairment annually at the same time, irrespective of whether there is any indication of impairment. If an impairment loss is to be recognized, it is first allocated to reduce the carrying amount of any goodwill allocated to the cash generating unit (group of units), then to the other assets of the unit (group of units) pro rata on the basis of the carrying amount of each asset in the unit (group of units). Impairment losses relating to goodwill cannot be reversed in future periods for any reason.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(17) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Group's consolidated financial statements. Pension benefits for employees of the overseas subsidiaries and the branches are provided in accordance with the respective local regulations.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due. Overseas subsidiaries and branches make contribution to the plan based on the requirements of local regulations.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Group recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(18) Provisions

Provisions are recognized when the Group has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Group expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are faucets and plumbing products and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. So the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 60 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(20) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

(22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met.

However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Group recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(23) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(24)Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

(1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model.

The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

(c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate and expected salary raise/cut or changes. Please refer to Note 6 for more details.

(d) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(e) Revenue recognition – estimation of sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(f) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on deferred tax assets that the Group have not recognized as at 31 December 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(h) Evaluation of inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2021	2020
Cash on hand	$774	$1,016
Demand deposits	1,607,501	2,580,469
Time deposits	673,022	990,834
Total	$2,281,297	$3,572,319

Cash and cash equivalents were not pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Financial assets at fair value through profit or loss- Current

	As at 31 December	
	2021	2020
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$10,973	$31,235

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12(8) for more details on forward foreign exchange contracts.

(3) Financial assets measured at amortized cost- Current

	As at 31 December	
	2021	2020
Bank deposits-time deposit (longer than three months)	$6,731	$50,703
Bank deposits-time deposit-pledged	56,032	57,672
Bank deposits-reserve account	43,682	37,914
Subtotal (total carrying amount)	106,445	146,289
Less: loss allowance	-	-
Total	$106,445	$146,289

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(4) Accounts receivables, net

	As at 31 December	
	2021	2020
Accounts receivables	$3,022,791	$3,129,646
Less: allowance for sales discounts	(135,459)	(112,440)
Less: loss allowance	(8,037)	(13,321)
Total	$2,879,295	$3,003,885

Accounts receivables are generally on 60-150 day terms. The total carrying amount as at 31 December 2021 and 2020 were $3,022,791 and $3,129,646, respectively. Please refer to Note 6(22) for more details on loss allowance of accounts receivables for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

Please refer to Note 8 for more details on accounts receivables under pledge.

(5) Inventories

(a) Details as follows:

	As at 31 December	
	2021	2020
Raw materials	$261,972	$296,031
Supplies & parts	144,303	173,077
Work in progress	300,056	310,737
Finished goods	588,759	462,459
Merchandise	2,994,062	2,175,418
Total	$4,289,152	$3,417,722

(b) The cost of inventories recognized in expenses for the years ended 31 December 2021 and 2020 were $14,692,318 and $12,158,458, respectively. The profit and loss related to cost of goods sold are as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	For the years ended 31 December	
	2021	2020
Losses on obsolete inventory price recovery	$(33,430)	$(63,113)
Scraps	(12,397)	(21,369)
Gain (loss) on physical inventory count	191	(15,279)
Net	$(45,636)	$(99,761)

Please refer to Note 8 for more details on inventories under pledge.

(6) Prepayments

	As at 31 December	
	2021	2020
Prepayment for purchases	$20,637	$25,648
Offset against VAT	29,124	27,991
Other prepayments	125,795	162,652
Total	$175,556	$216,291

Prepayments were not pledged.

(7) Financial assets at fair value through other comprehensive income - Non Current

	As at 31 December	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income - Non Current:		
Listed company stocks	$36,480	$39,000

Financial assets at fair value through other comprehensive income were not pledged.

Please refer to Note 12 for more details on the credit risk of the equity instrument investments measured at fair value through other comprehensive income.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As at 31 December			
	2021		2020	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:				
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	$20,090	49.00%	$20,391	49.00%
Arte En Bronce, S.A. DE C.V.	-	48.89%	-	48.89%
Total	$20,090		$20,391	

After the interest in the associate - Arte En Bronce, S.A. DE C.V. was reduced to zero, additional losses were provided for, and a liability was recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

The Group's investments in Chengxinzhao (Zhangzhou) Hardware Co., Ltd. and Arte En Bronce, S.A. DE C.V. are not individually material. The aggregate financial information based on Group's share of associates is as follows:

	For the years ended 31 December	
	2021	2020
Loss from continuing operations	$(133)	$(1,917)
Other comprehensive (loss) gain	(168)	278
Total comprehensive loss	$(301)	$(1,639)

The associates had no contingent liabilities or capital commitments as at 31 December 2021 and 2020, and did not provide any guarantee.

(9) Property, plant and equipment

	As at 31 December	
	2021	2020
Owner occupied property, plant and equipment	$2,419,829	$2,616,466

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at 1 Jan. 2021	$825,877	$3,062,840	$49,640	$295,076	$620,142	$35,299	$4,888,874
Additions	9,812	36,547	4,078	28,540	24,164	108,776	211,917
Disposals	-	(18,590)	(1,277)	(5,307)	(18,412)	-	(43,586)
Transfers	803	59,559	-	26	37,700	(98,379)	(291)
Exchange differences	(9,745)	(58,466)	(1,695)	(5,999)	(12,117)	(701)	(88,723)
As at 31 Dec. 2021	$826,747	$3,081,890	$50,746	$312,336	$651,477	$44,995	$4,968,191
As at 1 Jan. 2020	$817,024	$2,977,630	$52,369	$545,212	$758,149	$13,250	$5,163,634
Additions	21,254	32,084	1,927	22,275	49,492	93,439	220,471
Disposals	(18,308)	(337,286)	(4,895)	(264,797)	(136,944)	-	(762,230)
Transfers	1,734	430,540	-	585	(47,782)	(71,574)	313,503
Exchange differences	4,173	(40,128)	239	(8,199)	(2,773)	184	(46,504)
As at 31 Dec. 2020	$825,877	$3,062,840	$49,640	$295,076	$620,142	$35,299	$4,888,874
Depreciation and impairment:							
As at 1 Jan. 2021	$557,363	$1,008,199	$40,662	$230,254	$435,930	$-	$2,272,408
Depreciation	33,447	215,031	6,397	27,242	62,920	-	345,037
Disposals	-	(15,489)	(1,150)	(5,171)	(17,262)	-	(39,072)
Transfers	-	(5,665)	-	-	5,665	-	-
Exchange differences	(6,721)	(9,049)	(1,652)	(4,313)	(8,276)	-	(30,011)
As at 31 Dec. 2021	$584,089	$1,193,027	$44,257	$248,012	$478,977	$-	$2,548,362
As at 1 Jan. 2020	$538,723	$1,096,220	$41,104	$475,714	$495,115	$-	$2,646,876
Depreciation	32,707	216,659	4,109	25,920	77,819	-	357,214
Disposals	(16,432)	(320,737)	(4,825)	(264,371)	(133,836)	-	(740,201)
Transfers	-	1,814	-	560	(2,374)	-	-
Exchange differences	2,365	14,243	274	(7,569)	(794)	-	8,519
As at 31 Dec. 2020	$557,363	$1,008,199	$40,662	$230,254	$435,930	$-	$2,272,408
Net carrying amount:							
31 Dec. 2021	$242,658	$1,888,863	$6,489	$64,324	$172,500	$44,995	$2,419,829
31 Dec. 2020	$268,514	$2,054,641	$8,978	$64,822	$184,212	$35,299	$2,616,466

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) The major components of the Group's buildings are main buildings, freight elevator, water and power supply, and are depreciated according to their useful life of 55, 16 and 11 years, respectively.
(c) Please refer to Note 8 for more details on property, plant and equipment under pledge as at 31 December 2021.
(d) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2021 and 2020.

(10) Intangible assets and goodwill

	Computer software	Trademarks	Goodwill	Total
Cost:				
As at 1 Jan. 2021	$228,176	$77,790	$1,360,712	$1,666,678
Addition-acquired separately	17,396	-	-	17,396
Disposal	(2,395)	(10,364)	-	(12,759)
Reclassification	(609)	-	-	(609)
Exchange differences	(6,918)	(3,643)	(69,148)	(79,709)
As at 31 Dec. 2021	$235,650	$63,783	$1,291,564	$1,590,997
As at 1 Jan. 2020	$216,013	$77,978	$1,364,166	$1,658,157
Addition-acquired separately	13,758	-	-	13,758
Reclassification	(1,471)	-	-	(1,471)
Exchange differences	(124)	(188)	(3,454)	(3,766)
As at 31 Dec. 2020	$228,176	$77,790	$1,360,712	$1,666,678
Amortization and impairment				
As at 1 Jan. 2021	$198,422	$68,138	$642,709	$909,269
Amortization	16,110	8,344	-	24,454
Disposal	(2,395)	(10,364)	-	(12,759)
Exchange differences	(5,710)	(3,454)	(34,719)	(43,883)
As at 31 Dec. 2021	$206,427	$62,664	$607,990	$877,081
As at 1 Jan. 2020	$185,657	$62,658	$644,502	$892,817
Amortization	13,484	5,435	-	18,919
Reclassification	(980)	-	-	(980)
Exchange differences	261	45	(1,793)	(1,487)
As at 31 Dec. 2020	$198,422	$68,138	$642,709	$909,269
Net carrying amount:				
31 Dec. 2021	$29,223	$1,119	$683,574	$713,916
31 Dec. 2020	$29,754	$9,652	$718,003	$757,409

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2021	2020
Operating costs	$1,162	$1,108
Operating expenses	$23,292	$17,811

(11) Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combinations have been allocated to two cash-generating units which are also reportable operating segments. Carrying amount of goodwill allocated to each cash-generating units are as follows:

	As at 31 December	
	2021	2020
Goodwill		
- Channel unit	$601,761	$636,124
- Manufacturing unit	81,813	81,879
Total	$683,574	$718,003

Channel cash-generating unit

The recoverable amount of the channel unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were both 11.1% as at 31 December 2021 and 2020, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2021 and 2020, that was the same as the long-term average growth rate for the channel unit's industry. As a result of this analysis, management did not identify any impairment for goodwill of $601,761 which is allocated to this cash-generating unit.

Manufacturing cash-generating unit

The recoverable amount of the manufacturing unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were both 15.4% as at 31 December 2021 and 2020, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2021 and 2020, that does not exceed the long-term average growth rate for the manufacturing unit's industry. As a result of this analysis, management did not identify any impairment for goodwill of $81,813 which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both channel and manufacturing units are most sensitive to the following assumptions:

(a) Gross margin
(b) Discount rates; and
(c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins – Gross margins are based on average values achieved in the one year preceding the start of the budget period. These exclude the possibility of margin increase over the budget period for anticipated efficiency improvements. The gross margins applied for the channel unit and the manufacturing unit remained the same.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Growth rate estimates – Rates are based on industry average growth rates or local industry research. For the reasons explained above, the long-term average growth rates used to extrapolate the budget for the channel unit and the manufacturing unit have been adjusted based on industry average growth rates.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the channel unit and the manufacturing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The implications of the key assumptions for the recoverable amount are discussed below:

Raw materials price inflation – Management has considered the possibility of raw material price inflation. The Group used past actual raw material price movements as an indicator of future price movements. Management believes there is no raw materials price deviating from the budget for the years ended 31 December 2021 and 2020, and therefore no further impairment may arise.

Growth rate assumptions – Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts included in the budget. The estimated long-term growth rate of channel unit, and manufacturing unit were 0%, 0%, and 0%, 0% for the years ended 31 December 2021 and 2020, respectively. Management deemed these growth rates reasonable after considering the long-term growth rate and the economic environment for the years ended 31 December 2021 and 2020. Therefore, no further impairment may result.

(12) Other non-current assets

	As at 31 December	
	2021	2020
Prepayment for equipment	$167,308	$73,575
Others	1,134	1,933
Total	$168,442	$75,508

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Short-term loans

	As at 31 December	
	2021	2020
Unsecured bank loans	$1,938,769	$1,335,000
Secured bank loans	220,352	157,720
Total	$2,159,121	$1,492,720
Interest Rates (%)	0.65%-2.45%	0.83%-1.40%

The Group's unused short-term lines of credits amounted to $1,879,889 and $2,521,610 as at 31 December 2021 and 2020, respectively.

Please refer to Note 8 for more details on secured loans.

(14) Financial liabilities at fair value through profit or loss – current

	As at 31 December	
	2021	2020
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	$3,500	$3,109

Please refer to Note 12(8) for more details on forward foreign exchange contracts.

(15) Other payables

	As at 31 December	
	2021	2020
Accrued VAT payables	$26,914	$25,366
Output tax	160,152	186,511
Others	66,684	97,101
Total	$253,750	$308,978

(16) Accrued expenses

	As at 31 December	
	2021	2020
Accrued payroll and bonus	$300,581	$348,443
Accrued sales discounts	432,707	373,833
Accrued freight	269,481	102,390
Others	341,080	336,147
Total	$1,343,849	$1,160,813

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(17) Long-term loans

(a) As at 31 Dec. 2021

Lenders	Type	As at 31 Dec. 2021	Maturity date and terms of repayment	Guarantee
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$700,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.	None
Yuanta Bank	Credit	210,000	2020/06-2022/03 Interest is paid monthly.	None
KGI Bank	Credit	180,000	2021/09-2023/09 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2021/09-2023/09 Interest is paid monthly.	None
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.	None
O-Bank	Credit	100,000	2021/09-2023/09 Interest is paid monthly.	None
Shin Kong Bank	Credit	100,000	2021/07-2023/03 Interest is paid monthly.	None
Far Eastern International Bank	Credit	100,000	2021/01-2023/01 Interest is paid monthly.	None
CTBC Bank	Credit	50,000	2021/12-2023/12 Interest is paid monthly.	None
HSBC UK BANK PLC	Credit	9,947	2019/09-2022/03 Interest is paid monthly. Payable quarterly after the grace period.	None
Subtotal		$2,229,947		
Less: current portion		(519,947)		
Total		$1,710,000		
Interest rate		0.950%-1.797%		

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) As at 31 Dec. 2020

Lenders	Type	As at 31 Dec. 2021	Maturity date and terms of repayment	Guarantee
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$900,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.	None
CTBC Bank	Credit	100,000	2020/04-2023/12 Interest is paid monthly.	None
Yuanta Bank	Credit	300,000	2020/06-2022/03 Interest is paid monthly.	None
Taipei Fubon Commercial Bank	Credit	240,000	2020/10-2023/11 Interest is paid monthly.	None
KGI Bank	Credit	180,000	2020/09-2021/09 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2020/06-2022/04 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2019/06-2021/06 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2020/11-2022/11 Interest is paid monthly.	None
Bank SinoPac	Credit	100,000	2020/04-2022/06 Interest is paid monthly.	None
O-Bank	Credit	100,000	2019/09-2021/06 Interest is paid monthly.	None
HSBC UK BANK PLC	Credit	52,574	2019/09-2022/03 Interest is paid monthly. Payable quarterly after the grace period.	None
Shin Kong Bank	Credit	50,000	2020/07-2023/03 Interest is paid monthly.	None
Subtotal		$2,702,574		
Less: current portion		(442,059)		
Total		$2,260,515		
Interest rate		0.950%-1.797%		

Please refer to Note 9(3) for more details on syndicated bank loans.

(18) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were $189,403 and $147,455, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, The Company's 2019 pension fund deposited at the Bank of Taiwan has reached sufficient allocation and does not require further allocation based on the approval of the management department of processing zone. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $673 to its defined benefit plan in the next year starting from 31 December 2021.

The average duration of the defined benefits plan obligation as at 31 December 2021 and 2020, were 18 years and 18 years.

Pension costs recognized in profit or loss for the years ended 31 December 2021 and 2020:

	For the years ended 31 December	
	2021	2020
Current period service costs	$3,535	$2,324
Interest income or expense	7,214	9,587
Prior period service costs	-	1,972
Total	$10,749	$13,883

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2021	31 December 2020	1 January 2020
Defined benefit obligation	$1,150,061	$1,402,967	$1,253,624
Plan assets at fair value	(1,137,252)	(1,276,307)	(1,150,896)
Defined benefit obligation	$12,809	$126,660	$102,728
Other current liabilities - the Group expects to contribute in the coming year	(673)	(25,214)	(37,256)
Other non-current liabilities - defined benefit obligation	$12,136	$101,446	$65,472

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2020	$1,253,624	$(1,150,896)	$102,728
Current period service costs	2,324	-	2,324
Net interest expense (income)	23,920	(14,333)	9,587
Past period service costs	1,972	-	1,972
Subtotal	1,281,840	(1,165,229)	116,611
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	3,652	-	3,652
Actuarial gains and losses arising from changes in financial assumptions	166,431	-	166,431
Experience adjustments	467	-	467
Remeasurements of the net defined benefit asset	-	(135,123)	(135,123)
Subtotal	170,550	(135,123)	35,427
Payments from the plan	(39,770)	38,674	(1,096)
Contributions by employee	-	-	-
Contributions by employer	-	(24,289)	(24,289)
Effect of changes in foreign exchange rates	(9,653)	9,660	7
As at 31 December 2020	$1,402,967	$(1,276,307)	$126,660

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2021	$1,402,967	$(1,276,307)	$126,660
Current period service costs	3,535	-	3,535
Net interest expense (income)	15,424	(8,210)	7,214
Past service cost	-	-	-
Subtotal	1,421,926	(1,284,517)	137,409
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(7,544)	-	(7,544)
Actuarial gains and losses arising from changes in financial assumptions	(50,183)	-	(50,183)
Experience adjustments	1,172	-	1,172
Remeasurements of the net defined benefit asset	-	(11,764)	(11,764)
Subtotal	(56,555)	(11,764)	(68,319)
Payments from the plan	(147,831)	120,017	(27,814)
Contributions by employee	-	-	-
Contributions by employer	-	(23,313)	(23,313)
Effect of changes in foreign exchange rates	(67,479)	62,325	(5,154)
As at 31 December 2021	$1,150,061	$(1,137,252)	$12,809

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at 31 December	
	2021	2020
Discount rate	0.73%-1.80%	0.37%-4.25%
Expected rate of salary increases	0.00%-3.00%	0.00%-3.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020 is, as shown below:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$5,791	$-	$6,734
Discount rate decrease by 0.5%	6,275	-	7,330	-
Future salary increase by 0.5%	6,101	-	7,099	-
Future salary decrease by 0.5%	-	5,695	-	6,599

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(19) Equities

(a) Common stock

The Company’s authorized capital was $6,000,000 as at 31 December 2019, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,562,130 with 356,538,962 shares issued. Among the issued and outstanding shares, 326,000 shares have not completed the registration process and were booked as collection in advance in the amount of $3,847. Each share has one voting right and a right to receive dividends. The above share options executed amounted to 326,000 shares which have completed the registration process in the first quarter of 2020 and have converted into common stock.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2020, the employees converted their options into 310,000 shares at NT$11.8 per share and 1,315,000 shares at NT$11.3 per share. The above share options executed amounted to 1,625,000 shares have completed the registration process.

As at 31 December 2020 and 2021, the Company's authorized capital were both $6,000,000, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,581,640, divided into 358,163,962 shares. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at 31 December	
	2021	2020
Additional paid-in capital	$824,430	$893,556
Share of changes in net assets of associates and joint ventures accounted for using the equity method	6,005	6,005
Premium from merger	1,895	1,895
Share-based payment transactions	45,665	37,211
Total	$877,995	$938,667

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues.
B. Offset prior years’ operation losses.
C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve.
D. Set aside or reverse special reserve in accordance with law and regulations.
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders’ meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not have any special reserve due from first-time adoption of the TIFRS.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the shareholders' meeting on 2 August 2021 and 29 May 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$25,916	$30,665		
Special reserve	124,726	205,507		
Common stock - cash dividend	109,956	149,877	$0.307	$0.42
Capital surplus - cash	69,126	64,232	$0.193	$0.18

Please refer to Note 6(24) for more details on employees' compensation and remuneration to directors.

(20) Share-based payment plans

(a) On 2 October 2015, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,500 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. For the 1,800 units firstly issued, the optionee may exercise 50% of the options starting two years and three years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

B. For the 8,700 units secondly issued, the optionee may exercise 100% of the options starting two years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The employee share options expired on 28 October 2020.

C. The following table contains more details on the aforementioned share-based payment plan as at 31 December:

	For the year ended 31 December 2020	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	3,055	$11.80
Converted	(1,625)	11.40
Forfeited	(1,430)	11.30
Outstanding at end of period	-	
Weighted average fair value of share options (NT$)	$-	

D. The forementioned shared based payment plan expired on 28 October 2020. Therefore, both total number of options outstanding and shares exercisable to option holders were zero.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of $0 in 2020. The following table lists the inputs to the model used for the plan:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the 1,800 units first issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%; 33.99%
Risk-free interest rate (%)	0.6227%; 0.6769%
Expected option life (Years)	3.5 years; 4 years

For the 8,700 units secondly issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%
Risk-free interest rate (%)	0.6227%
Expected option life (Years)	3.5 years

(b) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,200 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 2021, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT$)
10 August 2020	10,200	8,250	-	$12.40

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. The following table contains more details on the aforementioned share-based payment plan:

	For the years ended 31 December			
	2021		2020	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	10,200	$12.75	-	$-
Additions	-	-	10,200	12.75
Converted	-	-	-	-
Forfeited	(1,950)	12.40	-	-
Outstanding at end of period	8,250	$12.40	10,200	$12.75
Weighted average fair value of share options (NT$)	$3.1		$3.1	

B. The following table contains more details on the aforementioned share-based payment plan as at 31 December 2021:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
2020/8/10 Share options plan - 10,200 units issued	$12.40	8,250	2025/8/9	3.61	$12.40	-	$12.40

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of $8,454 and $4,831 in 2021 and 2020. The following table lists the inputs to the model used for the plan:

For the 10,200 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

(21) Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$21,121,732	$18,127,539
sales returns and allowance	(1,630,377)	(1,352,330)
Total	$19,491,355	$16,775,209

(a) Disaggregation of revenue

2021.1.1~2021.12.31

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	$2,517,074	$141,680	$9,686,380	$7,146,221	$19,491,355
Timing of revenue recognition					
At a point in time	$2,517,074	$141,680	$9,686,380	$7,146,221	$19,491,355

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

2020.1.1~2020.12.31

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	$3,588,061	$144,024	$7,323,888	$5,719,236	$16,775,209
Timing of revenue recognition					
At a point in time	$3,588,061	$144,024	$7,323,888	$5,719,236	$16,775,209

(b) Contract balances

Contract liabilities - current

	2021.12.31	2020.12.31	2020.1.1
Sales of goods	$2,806	$5,158	$20,272

The significant changes in the Group's balances of contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
The opening balance transferred to revenue	$(4,868)	$(16,368)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,527	2,147
Exchange differences	(11)	(893)

(22) Expected credit losses

	For the years ended 31 December	
	2021	2020
Operating expenses – Expected credit losses		
Accounts receivables	$14,369	$12,136

Please refer to Note 12 for more details on credit risk.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Group measures the loss allowance of its accounts receivables at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2021 and 2020 is as follows:

(a) The Group considers the grouping of accounts receivables by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

2021.12.31

		Overdue				
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$2,442,323	$369,450	$22,090	$10,380	$43,089	$2,887,332
Loss ratio	-%	-%	0.44%	2.48%	17.83%	
Lifetime Expected credit losses	-	-	(98)	(257)	(7,682)	(8,037)
Carrying amount	$2,442,323	$369,450	$21,992	$10,123	$35,407	$2,879,295

2020.12.31

		Overdue				
	Not yet due	1-90 days	90-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$2,676,925	$291,412	$33,170	$1,212	$14,487	$3,017,206
Loss ratio	0.05%	0.61%	0.12%	40.84%	65.80%	
Lifetime Expected credit losses	(1,460)	(1,792)	(41)	(495)	(9,533)	(13,321)
Carrying amount	$2,675,465	$289,620	$33,129	$717	$4,954	$3,003,885

(b) The movement in the provision for impairment of note receivables and accounts receivables during the years ended 31 December 2021 and 2020 is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Accounts receivables
Beginning balance at 2021.1.1	$13,321
Addition for the current period	14,369
Write off	(18,424)
Exchange differences	(1,229)
Ending balance at 2021.12.31	$8,037
Beginning balance at 2020.1.1	$24,392
Addition for the current period	12,136
Write off	(22,832)
Exchange differences	(375)
Ending balance at 2020.12.31	$13,321

(23) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 2 to 47 years. There are no restrictions placed upon the Group by entering into these leases.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As at 31 December	
	2021	2020
Land	$59,968	$63,081
Buildings	1,915,782	1,771,893
Machinery and equipment	52,149	45,687
Transportation equipment	76,875	30,511
Other equipment	12,667	45,670
Total	$2,117,441	$1,956,842

During the year ended 31 December 2021 and 2020, the Group's additions to right-of-use assets amounted to $922,366 and $408,951, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(ii) Lease liabilities

	As at 31 December	
	2021	2020
Lease liabilities	$2,237,354	$2,036,798
Current	$248,831	$235,330
Non-current	$1,988,523	$1,801,468

Please refer to Note 6(25)(c) for the interest on lease liabilities recognized during the year ended 31 December 2021 and 2020, and refer to Note 12(5) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2021.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$2,636	$2,614
Buildings	270,499	250,991
Machinery and equipment	23,106	16,974
Transportation equipment	35,798	16,023
Other equipment	30,241	50,158
Total	$362,280	$336,760

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$27,170	$22,832
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	607	-
The expenses relating to variable lease payments not included in the measurement of lease liabilities	9,038	7,460
Total	$36,815	$30,292

As at the year ended at December 31 2020, the related rent reductions of $1,218 directly resulted from Covid-19 were recognized in other income to reflect changes in lease payment caused by relevant expedient practices.

D. Cash outflow relating to leasing activities

During the year ended 31 December 2021 and 2020, the Group's total cash outflows for leases amounted to $506,310 and $491,394, respectively.

E. Other information relating to leasing activities

(i) Variable lease payments

Some of the Group's warehouse rental agreements contain variable payment terms that are linked to daily usage of pallets in warehouses, which is common in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option. These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(24) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2021 and 2020:

Function / Nature	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,504,989	$1,781,195	$3,286,184	$1,281,942	$1,601,805	$2,883,747
Labor and health insurance	18,286	138,039	156,325	17,557	122,659	140,216
Pension	129,623	70,529	200,152	92,937	68,401	161,338
Other employee benefits expense	66,134	41,566	107,700	45,471	33,534	79,005
Depreciation	336,441	370,876	707,317	325,056	368,918	693,974
Amortization	1,162	23,292	24,454	1,108	17,811	18,919

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% as employees' compensation and no higher than 2% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended 31 December 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2021 to be 3 % and 0% of profit of the current year, respectively, recognized as salary expense. The employees' compensation and remuneration to directors for the year ended 31 December 2021 amount to $1,897 and $0, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be 4% and 0% of profit of the current year, respectively. The employees' compensation and remuneration to directors for the year ended 31 December 2020 amount to $13,534 and $0, respectively, recognized as salary expense.

A resolution was passed at the board meeting held on 8 March 2022 to distribute $1,897 and $0 in cash as 2021 employees' compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A resolution was passed at a board meeting held on 11 March 2021 to distribute $13,215 and $0 in cash as 2020 employees' compensation and remuneration to directors, respectively. The difference of $(319) between the actual employee bonuses and the estimated amount of $13,534 was recognized as an adjustment to current income in 2021.

(25) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2021	2020
Interest income		
Financial assets measured at amortized cost	$25,947	$38,626
Dividends income	2,694	-
Others	86,515	124,257
Total	$115,156	$162,883

(b) Other gains and losses

	For the years ended 31 December	
	2021	2020
Losses on disposal of property, plant and equipment	$(3,305)	$(9,090)
Gains on disposal of investment	-	20
Foreign exchange losses, net	(30,303)	(93,237)
Gains on financial assets and liabilities at fair value through profit or loss	101,843	138,307
Gains on leases modification, net	34,432	271
Others	(21,936)	(14,466)
Total	$80,731	$21,805

(c) Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	$53,830	$60,180
Interest on lease liabilities	123,124	123,410
Total	$176,954	$183,590

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(26) Components of other comprehensive income

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$68,319	$-	$68,319	$(26,208)	$42,111
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	(2,520)	-	(2,520)	-	(2,520)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(226,184)	-	(226,184)	-	(226,184)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(168)	-	(168)	-	(168)
Total of other comprehensive income	$(160,553)	$-	$(160,553)	$(26,208)	$(186,761)

For the year ended 31 December 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(35,427)	$-	$(35,427)	$7,094	$(28,333)
Unrealized gains (losses) from equity instrument investments measured at fair value through other comprehensive income	7,800	-	7,800	-	7,800
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(132,804)	-	(132,804)	-	(132,804)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	278	-	278	-	278
Total of other comprehensive income	$(160,153)	$-	$(160,153)	$7,094	$(153,059)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(27) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$212,764	$129,874
Adjustments in respect of current income tax of prior periods	(1,428)	8,741
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(47,729)	38,519
Deferred tax expense relating to changes in tax rate or the imposition of new taxes	-	39
Total income tax expense	$163,607	$177,173

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$26,208	$(7,094)
Income tax relating to components of other comprehensive income	$26,208	$(7,094)

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$176,404	$464,660
Tax at the domestic rates applicable to profits in the country concerned	$123,696	$228,947
Tax effect of revenues exempt from taxation	(38,252)	(72,618)
Tax effect of expenses not deductible for tax purposes	79,591	12,774
Deferred tax effect of tax rate change	-	39
Adjustments in respect of current income tax of prior periods	(1,428)	8,741
Tax credits of investment	-	(710)
Total income tax expenses recorded in profit or loss	$163,607	$177,173

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Deferred tax assets (liabilities) relate to the following:

(i) For the year ended 31 December 2021:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	$80,373	$7,942	$-	$(2,212)	86,103
Defined benefit Liability–Non-current	2,166	(2,830)	(26,208)	25,544	(1,328)
Unrealized intragroup profits and losses	75,186	(11,928)	-	-	63,258
Unrealized accrued expense	17,776	(4,416)	-	457	12,903
Allowance for sales discounts	30,656	(9,543)	-	(7)	21,106
Bad debt loss	6,744	2,429	-	(208)	8,965
Unrealized exchange gain or loss	10,580	(10,558)	-	-	22
Revaluations of financial assets and liabilities at fair value through profit or loss	(6,217)	4,537	-	-	(1,680)
Depreciation	11,828	(23,362)	-	(166)	(11,700)
Deferred tax expense/ (income)		$(47,729)	$(26,208)	$22,494	
Net deferred tax assets/ (liabilities)	$229,092				$177,649
Reflected in balance sheet as follows:					
Deferred tax assets	$236,148				$192,706
Deferred tax liabilities	$(7,056)				$(15,057)

(ii) For the year ended 31 December 2020:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	$58,290	$25,529	$-	$(3,446)	$80,373
Defined benefit Liability–Non-current	17,861	(15,329)	7,094	(7,460)	2,166
Unrealized intragroup profits and losses	91,861	(16,675)	-	-	75,186
Accrued expense	(6,643)	24,965	-	(546)	17,776
Allowance for sales discounts	29,063	(7,674)	-	9,267	30,656
Bad debt loss	7,338	(247)	-	(347)	6,744
Unrealized exchange gain or loss	(1,777)	12,357	-	-	10,580
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,676)	(4,542)	-	1	(6,217)
Depreciation	(8,770)	20,174	-	424	11,828
Deferred tax expense/ (income)		$38,558	$7,094	$(2,107)	
Net deferred tax assets/ (liabilities)	$185,547				$229,092
Reflected in balance sheet as follows:					
Deferred tax assets	$215,181				$236,148
Deferred tax liabilities	$(29,634)				$(7,056)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(iii) Unrecognized deferred tax assets

As at 31 December 2021 and 2020, deferred tax assets that have not been recognized amount to $217,787 and $139,541, respectively.

(iv) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2021 and 2020, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $3,795,546 and $3,620,967, respectively.

(e) The unutilized accumulated losses for the Group were as follows:

		Balance of unused investment tax credits as at		
Occurrence Year	Accumulated losses	31 December 2021	31 December 2020	Expiration Year
2019	$116,127	$35,840	$116,127	2029
2020	300,294	25,817	300,294	2030
2021	96,612	96,612	-	2031

(f) The assessment of income tax returns

As at 31 December 2021, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
Globe Union Industrial Corp.	Assessed and approved up to 2019

As at 31 December 2021, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2020.

(28) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NT$)	$12,797	$287,487
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	358,164	355,892
Basic earnings per share (NT$)	$0.04	$0.81
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NT$)	$12,797	$287,487
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$12,797	$287,487
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	358,164	355,892
Dilution effect:		
Employee compensation－stock (in thousands)	283	1,035
Employee stock options (in thousands)	1,002	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	359,449	356,927
Diluted earnings per share (NT$)	$0.04	$0.81

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Chengxinzhao (Zhangzhou) Hardware Co., Ltd	Associate

(1) Other receivables – related parties (recorded under other current assets)

	As at 31 December	
	2021	2020
Chengxinzhao (Zhangzhou) Hardware Co., Ltd	$-	$1,692

(2) Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$196,412	$174,708
Post-employment benefits	24,549	3,345
Termination benefits	21,313	-
Share-based payment	7,347	4,168
Total	$249,621	$182,221

8. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Group pledged as security:

	Carrying amount as at 31 December		
Assets pledged for security	2021	2020	Secured liabilities
Machinery and Equipment	$1,127,481	$1,281,869	Secured for other non-current liabilities
Inventory	1,109,888	120,198	Secured for other non-current liabilities and loans
Accounts receivable	746,483	858,240	Secured for loans
Financial assets measured at amortized cost - current	99,714	95,586	Secured for loans
Other Equipment	44,857	-	Secured for loans
Buildings	35,126	-	Secured for loans
Office Equipment	24,395	24	Secured for other non-current liabilities and loans
Transportation Equipment	551	-	Secured for loans
Total	$3,188,495	$2,355,917	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) On 1 October 2013, the Company has entered into a land lease agreement with the Taichung Branch of the Export Processing Zone Administration. The lease term is ten years, starting from 1 October 2013 to 30 September 2023. The rent is adjusted based on the land price, and current monthly rent is $64.

(2) The Company and its subsidiaries provided endorsement/guarantee to related parties. Please refer to Note 13(1) (b) for more details.

(3) In June 2018, the Company has entered into a syndicated loan agreement with CTBC Bank and ten other lending institutions of syndicated credits, such as O-Bank, E.SUN Commercial Bank, and Taipei Fubon Commercial Bank. The Company should review these ratios every half year based on the audited annual and semi-annual consolidated financial statements.The agreement contains the following restrictive covenants:

(a) The current ratio shall not be lower than 100%.
(b) The liability ratio shall not be higher than 180%.
(c) The interest coverage ratio shall not be lower than 2.

(4) As of 31 December 2021, the Group’s unrecognized commitment of acquisition of property, plant and equipment amounted to $166,501.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Financial assets

	As at 31 December	
	2021	2020
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$10,973	$31,235
Financial assets measured at amortized cost (Note)	5,266,263	6,721,477
Financial assets at fair value through other comprehensive income	36,480	39,000

Financial liabilities

	As at 31 December	
	2021	2020
Financial liabilities at amortized cost:		
Short-term borrowings	$2,159,121	$1,492,720
Notes and accounts payable	2,236,008	2,765,520
Long-term loans (including current portion with maturity less than 1 year)	2,229,947	2,702,574
Leases liabilities (including current portion with maturity less than 1 year)	2,237,354	2,036,798
Other payables	253,750	308,978
Accrued expenses	1,343,849	1,160,813
Financial liabilities at fair value through profit or loss:		
Held for trading	3,500	3,109

Note: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (excluding cash on hand), accounts receivables, and so on.

(2) Financial risk management objectives and policies

The Group’s principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group’s policy and risk appetite.

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

(3) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk, and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

(a) Foreign currency risk

The Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

The Group has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Group also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Group.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analyses as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$10,888
For the year ended 31 December 2020	$-	$19,260

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$1,308
For the year ended 31 December 2020	$-	$592

For a 1% weakening of NTD against the relevant currencies when all the other factors remain the same, there would be a comparable impact on the pre-tax profit or equity, and the balances above would be negative.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2021 and 2020 to decrease/increase by $4,389 and $4,195, respectively.

(c) Equity price risk

The fair value of the Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could have an impact of $1,824 and $1,950 on the equity attributable to the Group for the years ended 31 December 2021 and 2020, respectively.

Please refer to Note 12 (9) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivables) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As at 31 December 2021 and 2020, accounts receivable from top ten customers represented 47.14% and 38.09% of the total accounts receivable of the Group, respectively. The credit concentration risk of other accounts receivables is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Group’s treasury in accordance with the Group’s policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Group used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 31 December 2021 and 2020, the Group’s accounts receivable overdue amounted to $445,009 and $340,281, respectively. As at 31 December 2021 and 2020, the expected credit loss was estimated at 1.81% and 3.91%, respectively, while the loss allowances was measured at $8,037 and $13,321, respectively.

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses), including accounts receivable.

Financial assets are written off when there is no realistic prospect of future recovery (the issuer or the debtor is in financial difficulties or bankruptcy).

(5) Liquidity risk management

The Group’s objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company’s financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2021					
Short-term borrowings	$2,163,110	$-	$-	$-	$2,163,110
Notes and accounts payable	2,236,008	-	-	-	2,236,008
Long-term borrowings (including current portion with maturity less than 1 year)	547,861	1,727,485	-	-	2,275,346
Other payables	253,750	-	-	-	253,750
Accruced expenses	1,343,849	-	-	-	1,343,849
Leases liabilities	403,460	746,038	611,000	1,651,920	3,412,418
As at 31 December 2020					
Short-term borrowings	$1,495,923	$-	$-	$-	$1,495,923
Notes and accounts payable	2,765,520	-	-	-	2,765,520
Long-term borrowings (including current portion with maturity less than 1 year)	477,927	2,296,162	-	-	2,774,089
Other payables	308,978	-	-	-	308,978
Accrued expenses	1,160,813	-	-	-	1,160,813
Leases liabilities	358,782	576,215	495,615	1,754,162	3,184,774

Derivative financial liabilities

As at 31 December 2021					
Inflows	$356,663	$-	$-	$-	$356,663
Outflows	(360,163)	-	-	-	(360,163)
Net	$(3,500)	$-	$-	$-	$(3,500)
As at 31 December 2020					
Inflows	$376,168	$-	$-	$-	$376,168
Outflows	(379,277)	-	-	-	(379,277)
Net	$(3,109)	$-	$-	$-	$(3,109)

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 January 2021	$1,492,720	$2,702,574	$2,036,798	$6,232,092
Cash flows	666,401	(472,627)	(346,371)	(152,597)
Non-cash flows (Note)	-	-	546,927	546,927
As at 31 December 2021	$2,159,121	$2,229,947	$2,237,354	$6,626,422

Note: The Group's right-of-use assets and lease liabilities increased by $922,366, while right-of-use assets and lease liabilities decreased by $341,007 and $375,439, respectively, due to lease termination.

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 January 2020	$1,560,566	$2,601,172	$2,056,591	$6,218,329
Cash flows	(67,846)	101,402	(337,692)	(304,136)
Non-cash flows (Note)	-	-	317,899	317,899
As at 31 December 2020	$1,492,720	$2,702,574	$2,036,798	$6,232,092

Note: The Group's right-of-use assets and lease liabilities increased by $408,951, while right-of-use assets and lease liabilities decreased by $90,781 and $91,052, respectively, due to lease termination.

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

D. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

E. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount (in thousands)	Expiry Date
As at 31 December 2021		
Forward currency contract	Sell USD 55,730	From January 2022 to April 2022
Forward currency contract	Buy USD 9,000	January 2022
Forward currency contract	Sell EUR 650	January 2022
Forward currency contract	Sell GBP 6,293	From January 2022 to June 2022
As at 31 December 2020		
Forward currency contract	Sell USD 51,785	From January 2021 to April 2021
Forward currency contract	Sell EUR 3,000	From January 2021 to Febuary 2021
Forward currency contract	Sell GBP 3,271	From November 2020 to March 2021

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$10,973	$-	$10,973
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	36,480	-	-	36,480
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	3,500	-	3,500

As at 31 December 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$31,235	$-	$31,235
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	39,000	-	-	39,000
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	3,109	-	3,109

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

None.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: Thousands

	As at 31 December 2021			As at 31 December 2020		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$62,607	27.67	$1,732,336	$85,213	28.48	$2,426,866
CNY	298,603	4.345	1,297,430	342,004	4.38	1,497,978
EUR	5,866	31.33	183,782	7,387	35.06	258,988
CAD	10,907	21.63	235,918	6,949	22.37	155,449
GBP	20,928	37.46	783,963	26,355	39.43	1,039,178
Financial liabilities						
Monetary items:						
USD	23,259	27.67	643,577	$17,588	28.48	$500,906
CNY	268,498	4.345	1,166,624	328,494	4.38	1,438,804
EUR	2,476	31.33	77,573	2,050	35.06	71,873
CAD	4,503	21.63	97,400	1,164	22.37	26,039
GBP	26,934	37.46	1,008,948	39,175	39.43	1,544,670

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities have too many functional currencies. The exchange losses for the years ended 31 December 2021 and 2020 were $30,303 and $93,237, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Financial asset transfer information

The group entered into assignment agreements with recourse with financial institutions regarding some of its accounts receivable. Although the group transfers the contract rights of the cash flow from such accounts receivable, the group still has to bear the credit risk in accordance with the agreement in the event the accounts receivable are not recoverable. The transaction information is as follows:

2021.12.31

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	$746,483	$220,352

2020.12.31

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	$858,240	$-

Note: Reported on short-term loans.

(13) The Company incorporated the Mexican subsidiary, GU PLUMBING de Mexico S.A. de C.V. in August 2019 and planned to lease NAMCE, S. DE R. L. DE C. V.'s ceramic factory and land in Mexico through the subsidiary. The Company purchased equipment and inventory from the ceramic factory amounted to $1,878,900 (USD 60,000 thousand). As of 31 December 2021, the unpaid amount totaled $378,366 (USD 13,674 thousand), secured by equipment and inventory. Please refer to Note 8 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) The board of directors of the Company resolved on 17 June 2020 to enter into a joint venture with Thai Kin Co., Ltd. to subscribe for 51% shares of its existing subsidiary Paokin Co., Ltd.. The investment limit is USD 14,768 thousand or equivalent in Thai baht. Upon an in-depth evaluation of the subsequent changes in the business environment by both parties, it was determined that the originally anticipated benefits and goals of the joint venture could not be achieved. As at 7 April 2021, the Company and Thai Kin Co., Ltd. therefore agreed to terminate the unexecuted joint venture.

13. OTHER DISCLOSURE

(1) Information on significant transactions

(a) Financing provided to others for the year ended 31 December 2021: All transactions below were between consolidated entities and have been eliminated in consolidation.

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 9)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Globe Union Industrial Corp.	PJH Group Limited	Other receivable	Yes	$157,520 (GBP 4,000,000)	$- (GBP-)	$- (GBP-)	-%	2	$-	For operating	$-	-	$-	$517,268 (Note3)	$2,069,074 (Note2)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Other receivable	Yes	$241,079 (USD 8,450,000)	$- (USD-)	$- (USD-)	-%	2	$-	For operating	$-	-	$-	$517,268 (Note3)	$2,069,074 (Note2)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Other receivable	Yes	$413,793 (USD 14,890,000)	$412,006 (USD 14,890,000)	$412,006 (USD 14,890,000)	1.80%	1	$1,176,802	For Business	$-	-	$-	$1,176,802 (Note4)	$2,069,074 (Note2)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 9)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
1	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Other receivable	Yes	$639,170 (USD 23,000,000)	$636,410 (USD 23,000,000)	$385,443 (USD 13,930,000)	5.50%	2	$-	For operating	$-	-	$-	$732,478 (Note6)	$1,098,717 (Note5)
2	Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	Other receivable	Yes	$97,410 (EUR 3,000,000)	$93,990 (EUR 3,000,000)	$93,990 (EUR 3,000,000)	1.50%	2	$-	For operating	$-	-	$-	$328,400 (Note7)	$328,400 (Note8)

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

(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: Total financing was limited to 40% of net equity of the lender as at 31 December 2021.

Note 3: Financing to individual counterparty was limited to 10% of the net equity of the lender as at 31 December 2021.

Note 4: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 5: Total financing was limited to 60% of net equity of the lender as at 31 December 2021.

Note 6: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2021.

Note 7: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2021.

Note 8: Total financing was limited to 100% of net equity of the lender as at 31 December 2021.

Note 9: Code 1 represents an intercompany transaction calls for a loan arrangement; code 2 represents short-term financing

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2021.

No (Note1)	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the year ended 31 December 2021	Amount drawn	Value of Collaterals Properties	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee from Mainland China
		Company Name	Relationship (Note 4)										
0	Globe Union Industrial Corp.	PJH Group Limited	2	$1,551,805 (Note2)	$31,504	$-	$-	$-	-%	$2,586,342 (Note3)	Y	-	-
0	Globe Union Industrial Corp	GU PLUMBING de MEXICO S.A. de C.V.	2	$1,551,805 (Note2)	$639,170	$636,410	$385,443	$-	12.30%	$2,586,342 (Note3)	Y	-	-

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

(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2021.

Note 3: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2021.

Note 4: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

(1) A company that has a business relationship with the provider.

(2) A subsidiary in which the provider holds directly over 50% of equity interest.

(3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.

(4) An investee in which the provider holds directly and indirectly over 90% of equity interest.

(5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.

(6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.

(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(c) Securities held as at 31 December 2021 (excluding subsidiaries, associates and joint venture):

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	Account Stated	As at 31 December 2021			
				Number of shares	Book Value	Ratio%	Fair Value
Globe Union Industrial Corp.	Stocks Tai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	$36,480	1.68%	$36,480

Note 1: The column is not required, if the securities issuer is not related party.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2021:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd.	Sub-subsidiary	Purchase	$4,513,559	30.72%	180 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(2,108,655)	(94.30%)	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	$1,967,342	13.39%	30 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(103,526)	(4.63%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Sub-subsidiary	Purchase	$1,483,716	10.10%	14 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(333,597)	(14.92%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	$(7,207,631)	(36.98%)	7 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$905,011	31.43%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	$(388,728)	(1.99%)	90 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$96,049	3.34%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(4,513,559)	(23.16%)	180 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$2,108,655	73.24%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(1,967,342)	(10.09%)	30 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$103,526	3.60%	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(1,483,716)	(7.61%)	14 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$333,597	11.59%	-
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	$7,207,631	49.06%	7 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(905,011)	(40.47%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	$388,728	2.65%	90 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(96,049)	(4.30%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	$(274,953)	(1.41%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$46,595	1.62%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	$274,953	1.87%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(46,595)	(2.08%)	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at 31 December 2021:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$2,108,655 RMB 485,561,763	2.12 times	$-	-	$348,517 RMB 80,210,983	$-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	$905,011	8.68 times	$-	-	$836,809	$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$103,526 RMB 23,826,470	22.51 times	$-	-	$103,526 RMB 23,826,470	$-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	$333,597 USD 12,037,190	8.03 times	$-	-	$40,780 USD 1,473,792	$-

(i) Financial instruments and derivative transactions:

Company Name	Item	Transaction	Nominal Amount	Expiry Date	Fair Value
Globe Union Industrial Corp.	Forward currency contract	Sell	USD 51,230 thousand	2022/01-2022/04	$7,806
	Forward currency contract	Buy	USD 9,000 thousand	2022/01	598
				Subtotal	$8,404
PJH Group LTD	Forward currency contract	Sell	GBP 6,293 thousand	2022/01-2022/06	$(989)
Shenzhen Globe Union Enterprise	Forward currency contract	Sell	EUR 650 thousand	2022/01	$18
	Forward currency contract	Sell	USD 4,500 thousand	2022/01	40
				Subtotal	$58
				Total	$7,473

(j) Significant intercompany transactions between consolidated entities are as follows:
(amount exceeding the lower of NT$100 million or 20 percent of the capital stock)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Purchases	$4,513,559	Note 4 (1)	23.16%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(2,108,655)	Note 4 (3)	(13.04%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,967,342	Note 4 (1)	10.09%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(103,526)	Note 4 (3)	(0.64%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,483,716	Note 4 (1)	7.61%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Accounts payable	(333,597)	Note 4 (3)	(2.06%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	412,624	Note 4 (4)	2.55%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(7,207,631)	Note 4 (2)	(36.98%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	905,011	Note 4 (3)	5.60%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(388,728)	Note 4 (2)	(1.99%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(4,513,559) RMB (1,036,125,764)	Note 4 (2)	(23.16%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	2,108,655 RMB 485,561,763	Note 4 (3)	13.04%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(274,953) RMB (62,957,147)	Note 4 (2)	(1.41%)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	7,207,631 USD 257,954,144	Note 4 (1)	36.98%
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(905,011) USD (32,707,280)	Note 4 (3)	(5.60%)
2	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	388,679 USD 14,046,938	Note 4 (5)	2.40%
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,967,342) RMB (450,370,603)	Note 4 (2)	(10.09%)
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	103,526 RMB 23,826,470	Note 4 (3)	0.64%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,483,716) USD (53,093,013)	Note 4 (2)	(7.61%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Accounts receivable	333,597 USD 12,037,190	Note 4 (3)	2.06%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Others payables	(412,624) USD (14,912,342)	Note4 (4)	(2.55%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Others payables	(388,679) USD (14,046,938)	Note4 (5)	(2.40%)
5	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	388,728 CAD 17,429,923	Note 4 (1)	1.99%

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
6	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	274,953 EUR 8,250,753	Note 4 (1)	1.41%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can’t be compared with other goods purchased from the third parities.

(2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.

(3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.

(4) Financing, ratio 1.80%.

(5) Financing, ratio 5.5%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as at 31 December 2021, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2021 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2021	31 December 2020	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.)Corp.	P.O. Box 3340, Road Town, Tortola, British Virgin Islands	Holding company	$1,434,538	$1,434,538	44,427,680	100%	$3,793,853	$119,039	$130,884	Note 1
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd.	21 Laffan Street, Hamilton HM09, Bermuda	Holding company	$3,098,447	$3,098,447	93,449,027	100%	$3,539,629	$51,523	$78,717	Note 1
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor ,P.O. Box 2804, GerogeTown, Grand Cayman, Cayman Islands	Holding company	$2,590,324	$2,590,324	81,555,901	100%	$1,446,397	$201,970	$201,970	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Blvd. Isidro López Zertuche No. 3745 La Salle, Saltillo, Coahuila, 25240 Mexico	Manufacturing and selling sanitary ceramic wares	$1,736,117	$1,736,117	1,078,362,220	100%	$846,334	$(249,853)	$(249,853)	

Note 1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China

(a) Information on investments in Mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp. and Globe Union (Bermuda) Ltd. as at 31 December 2021:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2021	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2021	Accumulated Inward Remittance of Earnings as at 31 December 2021
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling plumbing products	$1,653,098 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	$-	$-	$-	$-	$104,157	100%	$104,157 (Note 1)	$3,046,225	$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	$1,059,346 (RMB 243,808,100)	Investment in Mainland China companies through a company invested and established in a third region	$464,420 (USD 16,784,252)	$-	$-	$464,420 (USD 16,784,252)	$45,952	100%	$45,952 (Note 1)	$1,418,464	$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	$2,257 (RMB 519,514)	Directly invested Mainland China company	$-	$-	$-	$3,257 (RMB 749,658)	$355	100%	$355 (Note 1)	$3,592	$-

Accumulated Investment in Mainland China as at 31 December 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$467,677 (USD 16,784,252 and RMB 749,658)	$1,537,086 (USD 55,484,324 and GBP 49,191)	Not applicable (Note 2)

Note 1: Based on the financial statements reviewed by the certified accountants of the parent company in Taiwan.

Note 2: According to Letter No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 3: The accumulated investment amount in Mainland China as at 31 December 2021 was USD16,784,252. The information of the existing investee companies is as follows:

i. The accumulated investment in Mainland China subsidiaries that were disposed of by the Company (Shenzhen Globe Union Industrial Corp., Qingdao Lin Hong Precision Industrial Corp., and Qingdao Globe Union Technology Industrial Corp.) in the amount of USD 22,441,000 has not been included.

ii. The accumulated amount of dividends distributed by mainland subsidiaries that were not included in the above amount is as the following: Shenzhen Globe Union Industrial Corp.: USD 2,666,816; Shenzhen Globe Union Enterprise Co., Ltd.: USD 5,374,001.

(b) Please refer to Note 13(1) and (2) for more details on the significant transactions between the Company and investees in Mainland China.

(4) Information on major shareholders:

31 December 2021

Shares / Name	Shareholding	Shareholding ratio
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.30%
Ming-Ling Co., Ltd.	23,366,692	6.52%
Su-Hsiang Ouyang Chang	21,486,175	5.99%
Trust property account of Scott Ouyang at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.74%
Lei Ouyang	20,373,132	5.68%
Hsien Ouyang	20,151,496	5.62%
Scott Ouyang	20,000,000	5.58%

Note:

1. The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares and special shares held by the shareholders, which have completed the delivery and registration of dematerialized shares (including treasury shares) that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

2. If the above information included the shareholder's shares transferred to the trust, it will be disclosed by the trustee who opened the trust account individually. As for shareholders who declared insider equity holding for more than 10% of shareholding in accordance with the Securities Exchange Act, such shareholdings shall include their shareholdings plus their shares that have been delivered to the trust and shares of the trust that they have control of. Please refer to the information on insider equity declaration in the “Market Observation Post System” on the website of the TWSE.

14. SEGMENT INFORMATION

For the purpose of operation, the Company operates in a single industry segment by different strategic segments, and they are classified into two segments as follows:

(1) Segment A: In charge of selling faucets and other plumbing products and providing related services.
(2) Segment B: In charge of manufacturing faucets and other plumbing products.

No operating segments have been aggregated to form the above reportable operating segments.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the financial costs, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information on profit or loss of the reportable segment:

(a) For the year ended 31 December 2021

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	$19,349,675	$141,680	$-	$19,491,355
Inter-segment	9,319,878	6,783,502	(16,103,380)	-
Total revenue	$28,669,553	$6,925,182	$(16,103,380)	$19,491,355
Interest expenses	$188,113	$2,483	$(13,642)	$176,954
Depreciation and amortization	$516,654	$219,668	$(4,551)	$731,771
Investment incomes (losses)	$(38,810)	$150,330	$(111,653)	$(133)
Segment profit	$74,285	$213,226	$(111,107)	$176,404
Assets				
Investments accounted for using the equity method	$5,141,435	$4,488,370	$(9,609,715)	$20,090
Capital expenditure of non-current assets	$189,097	$40,216	$-	$229,313
Segment assets	$24,155,542	$6,655,729	$(14,636,451)	$16,174,820
Segment liabilities	$14,116,459	$1,504,405	$(4,618,729)	$11,002,135

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) For the year ended 31 December 2020

	Segment A	Segment B	Adjustment and elimination	Consolidated
Revenue				
External customer	$16,631,185	$144,024	$-	$16,775,209
Inter-segment	5,801,931	6,256,938	(12,058,869)	-
Total revenue	$22,433,116	$6,400,962	$(12,058,869)	$16,775,209
Interest expenses	$179,346	$4,244	$-	$183,590
Depreciation and amortization	$492,547	$228,482	$(8,136)	$712,893
Investment incomes (losses)	$(162,048)	$240,732	$(80,601)	$(1,917)
Segment profit	$244,236	$343,565	$(123,141)	$464,660
Assets				
Investments accounted for using the equity method	$5,278,262	$4,369,606	$(9,627,477)	$ 20,391
Capital expenditure of non-current assets	$197,850	$36,379	$-	$234,229
Segment assets	$23,503,629	$6,885,784	$(13,558,670)	$16,830,743
Segment liabilities	$12,933,927	$1,867,218	$(3,487,679)	$11,313,466

(2) Geographic information

(a) Revenue from external customers

	For the years ended 31 December	
	2021	2020
United States	$9,933,668	$9,030,859
Britain	6,441,784	4,943,031
Canada	1,392,054	1,261,830
Mainland China	146,196	139,417
Other countries	1,577,653	1,400,072
Total	$19,491,355	$16,775,209

The revenue information above is based on the location of the customer.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Non-current assets

	As at 31 December	
	2021	2020
Mexico	$1,835,140	$1,961,705
Mainland China	1,203,055	1,220,362
Britain	1,265,019	1,211,709
United States	993,554	921,903
Taiwan	75,654	84,635
Germany	40,511	31,199
Canada	40,832	9,293
Total	$ 5,453,765	$5,440,806

Non-current assets do not include financial assets at fair value through other comprehensive income, investments accounted for under the equity method and deferred tax assets.

(3) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2021 and 2020 is as follows:

	2021		2020	
Client name	Sales amount	%	Sales amount	%
Customer A	$3,091,110	15.86	$2,401,800	14.32

REPORT OF INDEPENDENT ACCOUNTANTS

English Translation of a Report Originally Issued in Chinese

To Globe Union Industrial Corp.

Opinion

We have audited the accompanying parent company only balance sheets of Globe Union Industrial Corp. (the "Company") as at 31 December 2021 and 2020, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2021 and 2020, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at 31 December 2021 and 2020, and its parent company only financial performance and cash flows for the years ended 31 December 2021 and 2020, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in 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 (the "Norm"), and we have fulfilled our other ethical responsibilities in accordance with the Norm. 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 judgment, were of most significance in our audit of 2021 the 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, and we do not provide a separate opinion on these matters.

Impairment evaluation accounted for under equity method (Goodwill impairment test by subsidiary)

The long-term equity investment of Globe Union Industrial Corp. amounted to NT$9,629,805 thousand, accounting for 77% of the total assets. The Company conducts impairment tests on the relevant cash generating units in accordance with the International Financial Reporting Standards (IFRS). The Company was unable to reliably measure the fair value. According to the results of the impairment test, the value in use of the cash generating unit was higher than its book value, so there is no investment loss estimated in this year. As the calculation of the discounted future cash flow of each cash-generating unit to support the value of the investees required significant management judgment with respect to the assumptions for cash flow forecast, we therefore considered this a key audit matter.

The auditor's audit procedures included, but are not limited to, analyzing whether component of cash-generating unit has significant changed, including analyzing its sales pattern and region; analyzing the management's method and assumptions to assess the value in use; inviting internal experts to assist in assessing the reasonableness of management’s key assumptions of the growth rate, discount rate and gross margin, including referring to a company of similar size of the cash generation unit to assess the reasonableness of the key assumptions, such as the equity cost of the components of the discount rate, the Company’s specific risk premium and market risk premium; interviewing management and analyzing the cash flow, gross margin rate and revenue growth rate of financial forecast, and the reasonableness of the overall market and economic forecasts; comparing the current financial predictions and the results that have achieved so far; analyzing the Company’s historical data and performance to assess the rationality of its cash flow forecasts. In addition, we also considered the adequacy of the impairment test results and hypothetical sensitivity disclosures stated in Notes 4 and 6 to the financial statements.

Inventory valuation

The net inventory of the Company (including inventories of the investees accounted for under the equity method) amounted to $4,289,152 thousand, accounting for 34% of the total assets. Due to the uncertainty arising out of product diversification, the allowance for inventory valuation loss and slowing-moving or obsolete inventory required significant management judgement and calculation of inventory cost, including direct labor, direct raw material and allocation of manufacturing cost was complex whose allocation basis had material impact on the financial statements, we therefore considered this key audit matter.

The audit procedures included, but are not limited to, understanding and testing the design and operating effectiveness of internal control over inventory cost and allowance for inventory; performing inventory price testing to verify the allocation of cost, direct labor, and overhead is reasonable; assessing the appropriateness of the policy of provision for excess and obsolete inventory by testing the accuracy of inventory ageing and analyzing movement of the ageing, analyzing the difference between the policy of the current year and the prior year, and analyzing the difference between the historical provisions and the actual write-off amount; verifying that inventories were valued at the lower of cost or net realizable value by comparing the book value of inventories at the balance sheet date with recent sales price on selected samples; verifying the existence and completeness of inventories by tracing items on the final inventory listing to the physical inventory compilation; attending inventory counts to understand the status of the inventories and evaluate the appropriateness of the allowance for damaged or obsolete inventory valuation loss. We also assessed the adequacy of the disclosures related to inventories in Notes 4, 5 and 6 to the financial statements.

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 requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, Interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China and for such internal control as management determines is necessary to enable the preparation of the 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 ability to continue as a going concern of the Company, 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 audit committee or supervisors, are responsible for overseeing the financial reporting process of the Company.

Auditor's 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 auditor's 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 auditing standards generally accepted in the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

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

1. Identify and assess the risks of material misstatement of the 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 internal control of the Company.

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 ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's 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 accompanying notes, 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 and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2021 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang Yu Ting
Ming Hung Chen

Ernst & Young, Taiwan
8 March 2022

Notice to Readers

The accompanying parent company only financial statements are intended only to present the parent company only financial position, results of operations and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally accepted and applied in the Republic of China.

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at 31 Dec 2021	As at 31 Dec 2020
Current assets			
Cash and cash equivalents	4, 6(1)	$74,693	$270,874
Financial assets at fair value through profit or loss, current	4, 6(2)	10,149	31,235
Accounts receivable, net	4, 5, 6(3)	512,429	632,948
Accounts receivable, net- Related parties	4, 6(3), 7	1,001,060	842,541
Other receivables	7	472,047	224,456
Inventories, net	4, 5, 6(4)	526,742	294,685
Prepayment	6(5)	57,506	62,141
Other current assets		10,628	21,316
Total current assets		2,665,254	2,380,196
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(6)	36,480	39,000
Investments accounted for under the equity method	4, 5, 6(7)	9,629,805	9,647,868
Property, plant and equipment	4, 6(8)	69,537	73,182
Right-of-use assets	4, 6(20)	2,588	2,849
Intangible assets	4, 6(9)	2,114	10,939
Deferred tax assets	4, 6(24)	32,855	51,509
Other non-current assets		1,415	2,216
Total non-current assets		9,774,794	9,827,563
Total assets		$12,440,048	$12,207,759

(The accompanying notes are an integral part of the parent company only financial statements)

(continued)

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2021 and 31 December 2020
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 Dec 2021	As at 31 Dec 2020
Current liabilities			
Short-term loans	4, 6(10)	$1,938,769	$1,335,000
Financial liabilities at fair value through profit or loss, current	4, 6(11)	1,745	145
Contract liabilities, current	6(18)	2,797	2,117
Accounts payable		110,155	106,068
Accounts payable- Related parties	7	2,545,778	2,256,952
Other payables	6(12), 7	103,683	20,250
Accrued expenses	6(13), 7	262,238	223,020
Current tax liabilities	4, 6(24)	48,243	47,721
Lease liabilities, current	4, 6(20)	1,995	1,130
Current portion of long-term loans	4, 6(14)	510,000	400,000
Other current liabilities		5,465	12,184
Total current liabilities		5,530,868	4,404,587
Non-current liabilities			
Long-term loans	4, 6(14)	1,710,000	2,250,000
Deferred tax liabilities	4, 6(24)	11,287	15,548
Lease liabilities, non-current	4, 6(20)	569	1,682
Other non-current liabilities		128	163
Net defined benefit obligation, non-current	4, 6(15)	14,511	18,502
Total non-current liabilities		1,736,495	2,285,895
Total liabilities		7,267,363	6,690,482
Equity attributable to the parent company	4, 6(16)		
Capital			
Common stock		3,581,640	3,581,640
Capital surplus		877,995	938,667
Retained earnings			
Legal reserve		886,922	861,006
Special reserve		852,940	728,214
Retained earnings		55,000	260,690
Total retained earnings		1,794,862	1,849,910
Other components of equity			
Exchange differences on translation of foreign operations		(1,087,092)	(860,740)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		5,280	7,800
Total other components of equity		(1,081,812)	(852,940)
Total equity		5,172,685	5,517,277
Total liabilities and equity		$12,440,048	$12,207,759

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December 2021	2020
Net sales	4, 6(18), 7	$10,128,556	$8,481,882
Cost of sales	6(4), 7	(9,777,184)	(7,682,272)
Gross profit		351,372	799,610
Unrealized intercompany profit		(256,437)	(302,779)
Realized intercompany profit		302,779	367,562
Gross profit		397,714	864,393
Operating expenses	6(21), 7		
Selling and marketing		(218,550)	(321,456)
General and administrative		(226,063)	(267,013)
Research and development		(69,836)	(56,107)
Total operating expenses		(514,449)	(644,576)
Operating (loss) income		(116,735)	219,817
Non-operating income and expenses	6(22)		
Other revenue		23,343	8,758
Other gains and losses		86,798	36,269
Financial costs		(47,808)	(50,795)
Share of profit of subsidiaries, associates and joint ventures	4, 6(7)	115,731	110,778
Total non-operating income and expenses		178,064	105,010
Income from continuing operations before income tax		61,329	324,827
Income tax expense	6(24)	(48,532)	(37,340)
Income from continuing operations, net of tax		12,797	287,487
Other comprehensive income (loss)	6(7), 6(15), 6(23)		
Items that may not to be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		4,208	(1,615)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(2,520)	7,800
Share of other comprehensive income (loss) accounted for using the equity method-remeasurements of defined benefit plans		38,744	(27,041)
Income tax related to items that may not to be reclassified subsequently to profit or loss		(841)	323
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		(226,352)	(132,526)
Total other comprehensive income, net of tax		(186,761)	(153,059)
Total comprehensive (loss) income		$(173,964)	$134,428
Earnings per share (NTD)	6(25)		
Earnings per share-basic		$0.04	$0.81
Earnings per share-diluted		$0.04	$0.81

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Capital		Additional Paid-in Capital	Retained Earnings			Other components of equity		Total
		Common Stock	Advance Receipts for Common Stock		Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translation of Foreign Operations	Unrealized Gains or Losses on Financial Assets at Fair Value Through Other Comprehensive Income	
Balance as at 1 Jan 2020	6(16)	$3,562,130	$3,847	$995,214	$830,341	$522,707	$387,585	$(728,214)	$ -	$5,573,610
Appropriations of earnings, 2019:										
Legal reserve					30,665		(30,665)			-
Special reserve						205,507	(205,507)			-
Cash dividends							(149,877)			(149,877)
Cash dividends distributed from additional paid-in capital				(64,232)						(64,232)
Net income in 2020							287,487			287,487
Other comprehensive income, net of tax in 2020							(28,333)	(132,526)	7,800	(153,059)
Total comprehensive income							259,154	(132,526)	7,800	134,428
Share-based payment transactions-Exercise of employee stock option (Note 1)			18,517							18,517
Share-based payment transactions-Conversion of advance receipts for common stock (Note 2)		19,510	(22,364)	2,854						-
Share-based payment transactions-Share-based payment expense				4,831						4,831
Balance as at 31 Dec 2020	6(16)	$3,581,640	$ -	$938,667	$861,006	$728,214	$260,690	$(860,740)	$7,800	$5,517,277
Balance as at 1 Jan 2021	6(16)	$3,581,640	$ -	$938,667	$861,006	$728,214	$260,690	$(860,740)	$7,800	$5,517,277
Appropriations of earnings, 2020:										
Legal reserve					25,916		(25,916)			-
Special reserve						124,726	(124,726)			-
Cash dividends							(109,956)			(109,956)
Cash dividends distributed from additional paid-in capital				(69,126)						(69,126)
Net income in 2021							12,797			12,797
Other comprehensive income, net of tax in 2021							42,111	(226,352)	(2,520)	(186,761)
Total comprehensive income							54,908	(226,352)	(2,520)	(173,964)
Share-based payment transactions-Share-based payment expense				8,454						8,454
Balance as at 31 Dec 2021	6(16)	$3,581,640	$ -	$877,995	$886,922	$852,940	$55,000	$(1,087,092)	$5,280	$5,172,685

(The accompanying notes are an integral part of the parent company only financial statements)

Note 1: The Company issued employee share option in 2015. During the year of 2020, employees converted their options into 310,000 shares at NT$11.8 per share, and 1,315,000 shares at NT$11.3 per share, respectively. Total consideration received was $18,517

Note 2: As at 31 December 2020, 1,951,000 shares under capital collected in advance in the amount of $22,364 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by $19,510 thousand and $2,8

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2021	2020
Cash flows from operating activities:			
Net income before tax		$61,329	$324,827
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation		13,543	14,207
Amortization		10,326	11,598
Net gain of financial assets/liabilities at fair value through profit or loss		(99,760)	(131,230)
Interest expense		47,808	50,795
Interest income		(6,383)	(3,226)
Dividends income		(2,694)	-
Share-based payment expense		4,252	2,509
Gain on financial assets measured at fair value through profit or loss		-	(20)
Share of profit or loss of subsidiaries, associates and joint ventures		(115,731)	(110,778)
Gain of unrealized intercompany profit		256,437	302,779
Gain of realized intercompany profit		(302,779)	(367,562)
Gain on lease modification		-	(86)
Changes in operating assets and liabilities:			
Financial assets and liabilities at fair value through profit or loss		122,446	108,522
Accounts receivable		(38,000)	(511,039)
Other receivables		(247,591)	(86,301)
Inventories, net		(232,057)	(7,399)
Prepayments		4,635	(8,135)
Other current assets		10,688	89
Other assets-others		801	799
Accounts payable		292,913	492,181
Accrued expenses		39,469	(35,974)
Other payables		83,433	(80,174)
Contract liabilities, current		680	(122,153)
Other current liabilities		(6,719)	5,011
Defined benefit obligation		217	494
Other liabilities-others		(35)	35
Cash used in operations		(102,772)	(150,231)
Interest received		6,383	3,226
Interest paid		(48,059)	(50,142)
Income tax paid		(34,458)	(63,473)
Net cash used in operating activities		(178,906)	(260,620)

(The accompanying notes are an integral part of the parent company only financial statements)

(Continued)

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2021 and 2020

(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2021	2020
(Continued)			
Cash flows from investing activities:			
Acquisition of financial assets measured at fair value through other comprehensive income		-	(31,200)
Disposal of financial assets measured at fair value through profit or loss		-	104,735
Acquisition of property, plant and equipment		(8,318)	(9,415)
Acquisition of intangible assets		(1,501)	(2,870)
Acquisition of investments accounted for under the equity method		(3,270)	(219,319)
Decrease in deposits-out		-	80
Dividends received		2,694	-
Net cash used in investing activities		(10,395)	(157,989)
Cash flows from financing activities:			
Increase in short-term loans		2,495,881	1,661,728
Decrease in short-term loans		(1,892,112)	(1,561,728)
Increase in long-term loans		530,000	720,000
Decrease in long-term loans		(960,000)	(600,000)
Cash dividends		(179,082)	(214,109)
Decrease in lease liabilities		(1,567)	(1,026)
Exercise of employee stock option		-	18,517
Net cash (used in) generated from financing activities		(6,880)	23,382
Net decrease in cash and cash equivalents		(196,181)	(395,227)
Cash and cash equivalents at beginning of period	6(1)	270,874	666,101
Cash and cash equivalents at end of period		$74,693	$270,874

(The accompanying notes are an integral part of the parent company only financial statements)

GLOBE UNION INDUSTRIAL CORP.
Notes to Parent Company Only Financial Statements
For the Years Ended 31 December 2021 and 2020
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

1. HISTORY AND ORGANIZATION

GLOBE UNION INDUSTRIAL CORP. ("the Company") was incorporated on 29 October 1979 to manufacture and sell plumbing products. On 1 December 1995, the Company acquired Chen Ling Industrial Co. Ltd., a company operated in manufacturing and sale of plumbing products. The Company applied to be listed on the GreTai Securities Market on 1 June 1998, and was authorized to trade its shares over the counter on 7 May 1999. The Company applied to be listed on Taiwan Stock Exchange on 16 June 2000 and its shares were authorized to be listed on Taiwan Stock Exchange on 11 September 2000. The Company's registered office and the main business location is at No.22, Chien-Kuo Rd., Tanzi Dist., Taichung, Taiwan (R.O.C.).

2. DATE AND PROCEDURES OF AUTHORIZATION OF FINANCIAL STATEMENTS FOR ISSUE

The Parent Company Only Financial Statements of the Company for the years ended 31 December 2021 and 2020 were authorized for issue by the Company's board of directors on 8 March 2022.

3. NEWLY ISSUED OR REVISED STANDARDS AND INTERPRETATIONS

(1) Changes in accounting policies resulting from applying for the first time certain standards and amendments

The Company applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission ("FSC") and become effective for annual periods beginning on or after 1 January 2021. Each new standards and amendments had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("IASB") which are endorsed by FSC, but not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements	1 January 2022

(a) Narrow-scope amendments of IFRS, including Amendments to IFRS 3, Amendments to IAS 16, Amendments to IAS 37 and the Annual Improvements

A. Updating a Reference to the Conceptual Framework (Amendments to IFRS 3)

The amendments updated IFRS 3 by replacing a reference to an old version of the Conceptual Framework for Financial Reporting with a reference to the latest version, which was issued in March 2018. The amendments also added an exception to the recognition principle of IFRS 3 to avoid the issue of potential "day 2" gains or losses arising from liabilities and contingent liabilities. In addition, the amendments clarify existing guidance in IFRS 3 for contingent assets that would not be affected by replacing the reference to the Conceptual Framework.

B. Property, Plant and Equipment: Proceeds before Intended Use (Amendments to IAS 16)

The amendments prohibit a company from deducting the cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use. Instead, a company will recognise such sales proceeds and related cost in profit or loss.

C. Onerous Contracts - Cost of Fulfilling a Contract (Amendments to IAS 37)

The amendments clarify what costs a company should include as the cost of fulfilling a contract when assessing whether a contract is onerous.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

D. Annual Improvements to IFRS Standards 2018 - 2020

Amendment to IFRS 1
The amendment simplifies the application of IFRS 1 by a subsidiary that becomes a first-time adopter after its parent in relation to the measurement of cumulative translation differences.

Amendment to IFRS 9 Financial Instruments
The amendment clarifies the fees a company includes when assessing whether the terms of a new or modified financial liability are substantially different from the terms of the original financial liability.

Amendment to Illustrative Examples Accompanying IFRS 16 Leases
The amendment to Illustrative Example 13 accompanying IFRS 16 modifies the treatment of lease incentives relating to lessee's leasehold improvements.

Amendment to IAS 41
The amendment removes a requirement to exclude cash flows from taxation when measuring fair value thereby aligning the fair value measurement requirements in IAS 41 with those in other IFRS Standards.

The abovementioned standards and interpretations were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2022. As the Company is still currently determining the potential impact of the standards and interpretations listed aforementioned, it is not practicable to estimate their impact on the Company at this point in time.

(3) Standards or interpretations issued, revised or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	IFRS 10 "Consolidated Financial Statements" and IAS 28 "Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures	To be determined by IASB
b	IFRS 17 "Insurance Contracts"	1 January 2023
c	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2023

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
d	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
e	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
f	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

(a) IFRS 10"Consolidated Financial Statements" and IAS 28"Investments in Associates and Joint Ventures" — Sale or Contribution of Assets between an Investor and its Associate or Joint Ventures

The amendments address the inconsistency between the requirements in IFRS 10 *Consolidated Financial Statements* and IAS 28 *Investments in Associates and Joint Ventures*, in dealing with the loss of control of a subsidiary that is contributed to an associate or a joint venture. IAS 28 restricts gains and losses arising from contributions of non-monetary assets to an associate or a joint venture to the extent of the interest attributable to the other equity holders in the associate or joint ventures. IFRS 10 requires full profit or loss recognition on the loss of control of the subsidiary. IAS 28 was amended so that the gain or loss resulting from the sale or contribution of assets that constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized in full.

IFRS 10 was also amended so that the gains or loss resulting from the sale or contribution of a subsidiary that does not constitute a business as defined in IFRS 3 between an investor and its associate or joint venture is recognized only to the extent of the unrelated investors' interests in the associate or joint venture.

(b) IFRS 17 "Insurance Contracts"

IFRS 17 provides a comprehensive model for insurance contracts, covering all relevant accounting aspects (including recognition, measurement, presentation and disclosure requirements). The core of IFRS 17 is the General (building block) Model, under this model, on initial recognition, an entity shall measure a group of insurance contracts at the total of the fulfilment cash flows and the contractual service margin. The carrying amount of a group of insurance contracts at the end of each reporting period shall be the sum of the liability for remaining coverage and the liability for incurred claims.

Other than the General Model, the standard also provides a specific adaptation for contracts with direct participation features (the Variable Fee Approach) and a simplified approach (Premium Allocation Approach) mainly for short-duration contracts.

IFRS 17 was issued in May 2017 and it was amended in 2020 and 2021. The amendments include deferral of the date of initial application of IFRS 17 by two years to annual beginning on or after 1 January 2023 (from the original effective date of 1 January 2021); provide additional transition reliefs; simplify some requirements to reduce the costs of applying IFRS 17 and revise some requirements to make the results easier to explain. IFRS 17 replaces an interim Standard – IFRS 4 Insurance Contracts – from annual reporting periods beginning on or after 1 January 2023.

(c) Classification of Liabilities as Current or Non-current – Amendments to IAS 1

These are the amendments to paragraphs 69-76 of IAS 1 Presentation of Financial statements and the amended paragraphs related to the classification of liabilities as current or non-current.

(d) Disclosure Initiative - Accounting Policies – Amendments to IAS 1

The amendments improve accounting policy disclosures that to provide more useful information to investors and other primary users of the financial statements.

(e) Definition of Accounting Estimates – Amendments to IAS 8

The amendments introduce the definition of accounting estimates and included other amendments to IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors to help companies distinguish changes in accounting estimates from changes in accounting policies.

(f) Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12

The amendments narrow the scope of the recognition exemption in paragraphs 15 and 24 of IAS 12 so that it no longer applies to transactions that, on initial recognition, give rise to equal taxable and deductible temporary differences.

The abovementioned standards and interpretations issued by IASB have not yet endorsed by FSC at the date when the Company's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Company is still currently determining the potential impact of the standards and interpretations listed under(a), (c), (d), (e) and (f) it is not practicable to estimate their impact on the Company at this point in time. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(1) Statement of Compliance

The Parent Company Only Financial Statements of the Company for the years ended 31 December 2021 and 2020 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), which is endorsed by the FSC.

(2) Basis of Preparation

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The Parent Company Only Financial Statements have been prepared on a historical cost basis, except for financial instruments that have been measured at fair value. The Parent Company Only Financial Statements are expressed in thousands of New Taiwan Dollars ("$") unless otherwise stated.

(3) Foreign Currency Transactions

The Parent Company Only Financial Statements of the Company are presented in NT$, which is also the Company’s functional currency.

Transactions in foreign currencies are initially recorded by the Company at functional currency rates prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency closing rates of exchange at the reporting date. Non-monetary items measured at fair value in foreign currencies are translated using the exchange rates at the date when the fair value is determined. Non-monetary items that are measured at historical cost in foreign currencies are translated using the exchange rates as at the dates of the initial transactions.

All exchange differences arising on the settlement of monetary items or on translating monetary items are taken to profit or loss in the period in which they arise except for the following:

(a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.

(b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.

(c) Exchange differences arising on a monetary item that forms part of a reporting entity’s net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

When a gain or loss on a non-monetary item is recognized in other comprehensive income, any exchange component of that gain or loss is recognized in other comprehensive income. When a gain or loss on a non-monetary item is recognized in profit or loss, any exchange component of that gain or loss is recognized in profit or loss.

(4) Translation of financial statements in foreign currency

The assets and liabilities of foreign operations are translated into NT$ at the closing rate of exchange prevailing at the reporting date and their income and expenses are translated at an average rate for the period. The exchange differences arising on the translation are recognized in other comprehensive income. On the disposal of a foreign operation, the cumulative amount of the exchange differences relating to that foreign operation, recognized in other comprehensive income and accumulated in the separate component of equity, is reclassified from equity to profit or loss when the gain or loss on disposal is recognized.

The following partial disposals are accounted for as disposals:

(a) when the partial disposal involves the loss of control of a subsidiary that includes a foreign operation; and

(b) when the retained interest after the partial disposal of an interest in a joint arrangement or a partial disposal of an interest in an associate that includes a foreign operation is a financial asset that includes a foreign operation.

On the partial disposal of a subsidiary that includes a foreign operation that does not result in a loss of control, the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is re-attributed to the non-controlling interests in that foreign operation. In partial disposal of an associate or joint arrangement that includes a foreign operation that does not result in a loss of significant influence or joint control, only the proportionate share of the cumulative amount of the exchange differences recognized in other comprehensive income is reclassified to profit or loss.

Any goodwill and any fair value adjustments to the carrying amounts of assets and liabilities arising on the acquisition of a foreign operation are treated as assets and liabilities of the foreign operation and expressed in its functional currency.

(5) Current and non-current distinction

An asset is classified as current when:

(a) The Company expects to realize the asset, or intends to sell or consume it, in its normal operating cycle.
(b) The Company holds the asset primarily for the purpose of trading.
(c) The Company expects to realize the asset within twelve months after the reporting period.
(d) The asset is cash or cash equivalent unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(a) The Company expects to settle the liability in its normal operating cycle.
(b) The Company holds the liability primarily for the purpose of trading.
(c) The liability is due to be settled within twelve months after the reporting period.
(d) The Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits and short-term, highly liquid time deposits (including ones that have maturity within 3 months) or investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(7) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities within the scope of IFRS 9 *Financial Instruments* are recognized initially at fair value plus or minus, in the case of investments not at fair value through profit or loss, directly attributable transaction costs.

(a) Financial instruments: Recognition and Measurement

The Company accounts for regular way purchase or sales of financial assets on the trade date.

The Company classified financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or fair value through profit or loss considering both factors below:

A. the Company’s business model for managing the financial assets and
B. the contractual cash flow characteristics of the financial asset.

Financial assets measured at amortized cost

A financial asset is measured at amortized cost if both of the following conditions are met and presented as note receivables, accounts receivable financial assets measured at amortized cost and other receivables etc., on balance sheet as at the reporting date:

A. the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Such financial assets are subsequently measured at amortized cost (the amount at which the financial asset is measured at initial recognition minus the principal repayments, plus or minus the cumulative amortization using the effective interest method of any difference between the initial amount and the maturity amount and adjusted for any loss allowance) and is not part of a hedging relationship. A gain or loss is recognized in profit or loss when the financial asset is derecognized, through the amortization process or in order to recognize the impairment gains or losses.

Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:

A. purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
B. financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

Financial asset measured at fair value through other comprehensive income

A financial asset is measured at fair value through other comprehensive income if both of the following conditions are met:

A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Recognition of gain or loss on a financial asset measured at fair value through other comprehensive income are described as below:

A. A gain or loss on a financial asset measured at fair value through other comprehensive income recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses, until the financial asset is derecognized or reclassified.
B. When the financial asset is derecognized the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment.
C. Interest revenue is calculated by using the effective interest method. This is calculated by applying the effective interest rate to the gross carrying amount of a financial asset except for:
   (i) purchased or originated credit-impaired financial assets. For those financial assets, the Company applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition.
   (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Company applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

In addition, for certain equity investments within the scope of IFRS 9 that is neither held for trading nor contingent consideration recognized by an acquirer in a business combination to which IFRS 3 applies, the Company made an irrevocable election to present the changes of the fair value in other comprehensive income at initial recognition. Amounts presented in other comprehensive income shall not be subsequently transferred to profit or loss (when disposal of such equity instrument, its cumulated amount included in other components of equity is transferred directly to the retained earnings) and these investments should be presented as financial assets measured at fair value through other comprehensive income on the balance sheet. Dividends on such investment are recognized in profit or loss unless the dividends clearly represents a recovery of part of the cost of investment.

Financial assets at fair value through profit or loss

Financial assets were classified as measured at amortized cost or measured at fair value through other comprehensive income based on aforementioned criteria. All other financial assets were measured at fair value through profit or loss and presented on the balance sheet as financial assets measured at fair value through profit or loss.

Such financial assets are measured at fair value, the gains or losses resulting from remeasurement is recognized in profit or loss which includes any dividend or interest received on such financial assets.

(b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on debt instrument investments measured at fair value through other comprehensive income and financial asset measured at amortized cost. The loss allowance on debt instrument investments measured at fair value through other comprehensive income is recognized in other comprehensive income and not reduce the carrying amount in the statement of financial position.

The Company measures expected credit losses of a financial instrument in a way that reflects:

A. an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes
B. the time value of money
C. reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecasts of future economic conditions

The loss allowance is measured as follows:

A. At an amount equal to 12-month expected credit losses: the credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Company measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

B. At an amount equal to the lifetime expected credit losses: the credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for more details on credit risk.

(c) Derecognition of financial assets

A financial asset is derecognized when:

A. The rights to receive cash flows from the asset have expired.
B. The Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount and the consideration received or receivable including any cumulative gain or loss that had been recognized in other comprehensive income, is recognized in profit or loss.

(d) Financial liabilities and equity

Classification between liabilities or equity

The Company classifies the instrument issued as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability, and an equity instrument.

Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. The transaction costs of an equity transaction are accounted for as a deduction from equity (net of any related income tax benefit) to the extent they are incremental costs directly attributable to the equity transaction that otherwise would have been avoided.

Financial liabilities

Financial liabilities within the scope of IFRS 9 *Financial Instruments* are classified as financial liabilities at fair value through profit or loss or financial liabilities measured at amortized cost upon initial recognition.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

A financial liability is classified as held for trading if:

A. it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term;
B. on initial recognition it is part of a portfolio of identified financial instruments that are managed together and for which there is evidence of a recent actual pattern of short-term profit-taking; or
C. it is a derivative (except for a derivative that is a financial guarantee contract or a designated and effective hedging instrument)

If a contract contains one or more embedded derivatives, the entire hybrid (combined) contract may be designated as a financial liability at fair value through profit or loss; or a financial liability may be designated as at fair value through profit or loss when doing so results in more relevant information, because either:

A. it eliminates or significantly reduces a measurement or recognition inconsistency; or
B. a group of financial assets, financial liabilities or both is managed and its performance is evaluated on a fair value basis, in accordance with a documented risk management or investment strategy, and information about the Company is provided internally on that basis to the key management personnel.

Gains or losses on the subsequent measurement of liabilities at fair value through profit or loss including interest paid are recognized in profit or loss.

Financial liabilities at amortized cost

Financial liabilities measured at amortized cost include interest bearing loans and borrowings that are subsequently measured using the effective interest rate method after initial recognition. Gains and losses are recognized in profit or loss when the liabilities are derecognized as well as through the effective interest rate method amortization process.

Amortized cost is calculated by taking into account any discount or premium on acquisition and fees or transaction costs.

Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified (whether or not attributable to the financial difficulty of the debtor), such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

(e) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount reported in the balance sheet if, and only if, there is a currently enforceable legal right to offset the recognized amounts and there is an intention to settle on a net basis, or to realize the assets and settle the liabilities simultaneously.

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks and interest rate risks. A derivative is classified in the balance sheet as financial assets or liabilities at fair value through profit or loss (held for trading) except for derivatives that are designated effective hedging instruments which are classified as derivative financial assets or liabilities for hedging.

Derivative financial instruments are initially recognized at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. Any gains or losses arising from changes in the fair value of derivatives are taken directly to profit or loss, except for the effective portion of cash flow hedges, which is recognized in equity.

When the host contracts are either non-financial assets or liabilities, derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not designated at fair value though profit or loss.

(9) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

(a) In the principal market for the asset or liability, or
(b) In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

(10) Inventories

Inventories are valued at lower of cost and net realizable value item by item.

Costs incurred in bringing each inventory to its present location and condition are accounted for as follows:

Merchandise – Purchase cost on weighted average method.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

Rendering of services is accounted in accordance with IFRS 15 and not within the scope of inventories.

(11) Investments accounted for under the equity method

The Company prepared Parent Company Only Financial Statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the Parent Company Only Financial Statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the Parent Company Only Financial Statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments. The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

Under the equity method, the investment in the associate is carried in the balance sheet at cost and adjusted thereafter for the post-acquisition change in the Company’s share of net assets of the associate. After the interest in the associate is reduced to zero, additional losses are provided for, and a liability is recognized, only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Company and the associate are eliminated to the extent of the Company’s related interest in the associate.

When changes in the net assets of an associate occur and not those that are recognized in profit or loss or other comprehensive income and do not affects the Company’s percentage of ownership interests in the associate, the Company recognizes such changes in equity based on its percentage of ownership interests. The resulting capital surplus recognized will be reclassified to profit or loss at the time of disposing the associate on a pro rata basis.

When the associate issues new stock, and the Company's interest in an associate is reduced or increased as the Company fails to acquire shares newly issued in the associate proportionately to its original ownership interest, the increase or decrease in the interest in the associate is recognized in additional paid-in capital and investment accounted for using the equity method. When the interest in the associate is reduced, the cumulative amounts previously recognized in other comprehensive income are reclassified to profit or loss or other appropriate items. The aforementioned capital surplus recognized is reclassified to profit or loss on a pro rata basis when the Company disposes the associate.

The financial statements of the associate are prepared for the same reporting period as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Company.

The Company determines at each reporting date whether there is any objective evidence that the investment in the associate or an investment in a joint venture is impaired in accordance with IAS 28 *Investments in Associates and Joint Ventures.* If this is the case the Company calculates the amount of impairment as the difference between the recoverable amount of the associate or joint venture and its carrying value and recognizes the amount in the 'share of profit or loss of an associate' in the statement of comprehensive income in accordance with IAS 36 *Impairment of Assets*. In determining the value in use of the investment, the Company estimates:

(a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or

(b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

Because goodwill that forms part of the carrying amount of an investment in an associate is not separately recognized, it is not tested for impairment separately by applying the requirements for impairment testing goodwill in IAS 36 *Impairment of Assets.*

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(12) Property, plant and equipment

Property, plant and equipment is stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of dismantling and removing the item and restoring the site on which it is located and borrowing costs for construction in progress if the recognition criteria are met. 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 is depreciated separately. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognized such parts as individual assets with specific useful lives and depreciation, respectively. The carrying amount of those parts that are replaced is derecognized in accordance with the derecognition provisions of IAS 16 *Property, plant and equipment*. When a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in profit or loss as incurred.

Depreciation is calculated on a straight-line basis over the estimated economic lives of the following assets:

Items	Useful Lives
Buildings	5～55 years
Machinery and equipment	3～11 years
Transportation equipment	6 years
Furniture, fixtures and equipment	3～9 years
Other equipment	2～6 years

An item of property, plant and equipment and any significant part initially recognized is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is recognized in profit or loss.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(13) Leases

On the date that contracts are established, the Company assesses whether the contract is, or contains, a lease. A contract is, or contains, a lease if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. To assess whether a contract conveys the right to control the use of an identified asset for a period of time, the Company assesses whether, throughout the period of use, has both of the following:

(a) the right to obtain substantially all of the economic benefits from use of the identified asset; and
(b) the right to direct the use of the identified asset.

For a contract that is, or contains, a lease, the Company accounts for each lease component within the contract as a lease separately from non-lease components of the contract. For a contract that contains a lease component and one or more additional lease or non-lease components, the Company allocates the consideration in the contract to each lease component on the basis of the relative stand-alone price of the lease component and the aggregate stand-alone price of the non-lease components. The relative stand-alone price of lease and non-lease components shall be determined on the basis of the price the lessor, or a similar supplier, would charge the Company for that component, or a similar component, separately. If an observable stand-alone price is not readily available, the Company estimates the stand-alone price, maximising the use of observable information.

Company as a lessee

Except for leases that meet and elect short-term leases or leases of low-value assets, the Company recognizes right-of-use asset and lease liability for all leases which the Company is the lessee of those lease contracts.

At the commencement date, the Company measures the lease liability at the present value of the lease payments that are not paid at that date. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses its incremental borrowing rate. At the commencement date, the lease payments included in the measurement of the lease liability comprise the following payments for the right to use the underlying asset during the lease term that are not paid at the commencement date:

(a) Fixed payments (including in-substance fixed payments), less any lease incentives receivable.
(b) Variable lease payments that depend on an index or a rate, initially measured using the index or rate as at the commencement date.
(c) Amounts expected to be payable by the lessee under residual value guarantees.
(d) The exercise price of a purchase option if the Company is reasonably certain to exercise that option.
(e) Payments of penalties for terminating the lease, if the lease term reflects the lessee exercising an option to terminate the lease.

After the commencement date, the Company measures the lease liability on an amortised cost basis, which increases the carrying amount to reflect interest on the lease liability by using an effective interest method; and reduces the carrying amount to reflect the lease payments made.

At the commencement date, the Company measures the right-of-use asset at cost. The cost of the right-of-use asset comprises:

(a) the amount of the initial measurement of the lease liability;
(b) any lease payments made at or before the commencement date, less any lease incentives received;
(c) any initial direct costs incurred by the lessee; and
(d) an estimate of costs to be incurred by the lessee in dismantling and removing the underlying asset, restoring the site on which it is located or restoring the underlying asset to the condition required by the terms and conditions of the lease.

For subsequent measurement of the right-of-use asset, the Company measures the right-of-use asset at cost less any accumulated depreciation and any accumulated impairment losses. That is, the Company measures the right-of-use applying a cost model.

If the lease transfers ownership of the underlying asset to the Company by the end of the lease term or if the cost of the right-of-use asset reflects that the Company will exercise a purchase option, the Company depreciates the right-of-use asset from the commencement date to the end of the useful life of the underlying asset. Otherwise, the Company depreciates the right-of-use asset from the commencement date to the earlier of the end of the useful life of the right-of-use asset or the end of the lease term.

The Company applies IAS 36 *Impairment of Assets* to determine whether the right-of-use asset is impaired and to account for any impairment loss identified.

Except for those leases that the Company accounted for as short-term leases or leases of low-value assets, the Company presents right-of-use assets and lease liabilities in the balance sheet and separately presents lease-related interest expense and depreciation charge in the statements of comprehensive income.

For short-term leases or leases of low-value assets, the Company elects to recognize the lease payments associated with those leases as an expense on either a straight-line basis over the lease term or another systematic basis.

For the rent concession arising as a direct consequence of the Covid-19 pandemic, the Company elected not to assess whether it is a lease modification but accounted for it as a variable lease payment. The Company have applied the practical expedient to all rent concessions that meet the conditions for it.

Company as a lessor

At inception of a contract, the Company classifies each of its leases as either an operating lease or a finance lease. A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership of an underlying asset. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership of an underlying asset. At the commencement date, the Company recognizes assets held under a finance lease in its balance sheet and present them as a receivable at an amount equal to the net investment in the lease.

For a contract that contains lease components and non-lease components, the Company allocates the consideration in the contract applying IFRS 15.

The Company recognizes lease payments from operating leases as rental income on either a straight-line basis or another systematic basis. Variable lease payments for operating leases that do not depend on an index or a rate are recognized as rental income when incurred.

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in profit or loss for the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite lives are amortized over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortization period and the amortization method for an intangible asset with a finite useful life is reviewed at least at the end of each financial year. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets with indefinite useful lives are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the indefinite life continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in profit or loss when the asset is derecognized.

A summary of the policies applied to the Company’s intangible assets is as follows:

	Trademarks	Computer software
Useful lives	10 years	3～5 years
Amortization method used	Amortized on a straight-line basis	Amortized on a straight-line basis
Internally generated or acquired	Acquired	Acquired

(15) Impairment of non-financial assets

The Company assesses at the end of each reporting period whether there is any indication that an asset in the scope of IAS 36 *Impairment of Assets* may be impaired. If any such indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or cash-generating unit's ("CGU") fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

For assets excluding goodwill, an assessment is made at each reporting date as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

An impairment loss of continuing operations or a reversal of such impairment loss is recognized in profit or loss.

(16) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the Parent Company Only Financial Statements of the Company.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

Post-employment benefit plan that is classified as a defined benefit plan uses the Projected Unit Credit Method to measure its obligations and costs based on actuarial assumptions. Re-measurements, comprising of the effect of the actuarial gains and losses, the effect of the asset ceiling (excluding net interest) and the return on plan assets, excluding net interest, are recognized as other comprehensive income with a corresponding debit or credit to retained earnings in the period in which they occur. Past service costs are recognized in profit or loss on the earlier of:

(a) the date of the plan amendment or curtailment, and
(b) the date that the Company recognizes restructuring-related costs.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset, both as determined at the start of the annual reporting period, taking account of any changes in the net defined benefit liability (asset) during the period as a result of contribution and benefit payment.

(17) Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probably that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where the Company expects some or all of a provision to be reimbursed, the reimbursement is recognized as a separate asset but only when the reimbursement is virtually certain. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects the risks specific to the liability. Where discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

(18) Revenue recognition

The Company's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

Sale of goods

The Company sells machinery. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Company are faucets and plumbing products and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. So the Company estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

The Company provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers, and the warranty is accounted for in accordance with IAS 37.

The credit period of the Company's sale of goods is from 7 to 150 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Some rendering of services contracts of the Company, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(19) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

(20) Share-based payment transactions

The cost of equity-settled transactions between the Company is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Company’s best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

The cost of restricted stocks issued is recognized as salary expense based on the fair value of the equity instruments on the grant date, together with a corresponding increase in other capital reserves in equity, over the vesting period. The Company recognized unearned employee salary which is a transitional contra equity account; the balance in the account will be recognized as salary expense over the passage of vesting period.

(21) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders’ meeting.

Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss;
(b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

(a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
(b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Company’s Parent Company Only Financial Statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

(b) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate and expected salary raise/cut or changes. Please refer to Note 6 for more details.

(c) Share-based payment transactions

The Company measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

(d) Revenue recognition – sales returns and allowance

The Company estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for unrecognized deferred tax assets.

(f) Accounts receivable–estimation of impairment loss

The Company estimates the impairment loss of accounts receivable at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

(g) Inventories valuation

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2021	2020
Cash on hand	$319	$328
Time deposits	-	40,646
Demand deposits	74,374	229,900
Total	$74,693	$270,874

Cash and cash equivalents were not pledged.

(2) Financial assets at fair value through profit or loss-current

	As at 31 December	
	2021	2020
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$10,149	$31,235

Financial assets at fair value through profit or loss were not pledged.

Please refer to Note 12 for more details on forward foreign exchange contracts.

(3) Accounts receivable and accounts receivable-related parties

	As at 31 December	
	2021	2020
Accounts receivable - non related parties	$603,045	$708,797
Less: allowance for sales returns and discounts	(90,616)	(75,849)
Less: allowance for doubtful debts	-	-
Subtotal	$512,429	$632,948
Accounts receivable - related parties	1,001,060	842,541
Accounts receivable, net	$1,513,489	$1,475,489

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Accounts receivable are generally on 7-150 day terms. The total carrying amount as at 31 December 2021 and 2020 were $1,604,105 and $1,551,338 respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the years ended 31 December 2021 and 2020. Please refer to Note 12 for more details on credit risk management.

Accounts receivable and accounts receivable-related parties were not pledged.

(4) Inventories

(a) Details as follows:

	As at 31 December	
	2021	2020
Merchandise, net	$526,742	$294,685

(b) For the years ended 31 December 2021 and 2020, the Company recognized $9,777,184 and $7,682,272 for costs of inventories in expenses.

No inventories were pledged.

(5) Prepayments

	As at 31 December	
	2021	2020
Offset against VAT	$29,124	$27,991
Other prepayments	28,382	34,150
Total	$57,506	$62,141

No prepayments were pledged.

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

	As at 31 December	
	2021	2020
Equity instrument investments measured at fair value through other comprehensive income - Non Current:		
Listed companies stocks	$36,480	$39,000

No financial assets at fair value through other comprehensive income were pledged.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(7) Investments accounted for using the equity method

(a) The following table lists the investments accounted for using the equity method of the Company:

	As at 31 December			
	2021		2020	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in subsidiaries:				
Globe Union Industrial (B.V.I.) Corp.	$3,793,853	100%	$3,688,633	100%
Globe Union (Bermuda) Ltd.	3,539,629	100%	3,549,114	100%
Globe Union Cayman Corp.	1,446,397	100%	1,290,036	100%
GU PLUMBING DE MEXICO S.A. DE C.V.	846,334	100%	1,120,085	100%
Globe Union Business Consultancy Shanghai Company Limited(Note)	3,592	100%	-	-
Total	$9,629,805		$9,647,868	

Note: The Company purchased PJH Business Consultancy Shanghai Company Limited from PJH (HK) Limited in March 2021 and changed its name to Globe Union Business Consultancy Shanghai Company Limited in March 2021.

The Company's investment in its subsidiary is accounted for using the equity method.

On 31 December 2021, the company assessed and did not identify any indication that its investments accounted for using the equity method may be impaired.

(b) For the years ended 31 December 2021 and 2020, the Company recognized share of profit or loss of subsidiaries, associates and joint ventures, exchange differences on translation of foreign operations, remeasurements of defined benefit plans, and share-based payment transactions, the details as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. For the year ended 31 December 2021:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share-based payment transactions
Globe Union Industrial (B.V.I.) Corp.	$130,884	$(25,707)	$-	$43
Globe Union (Bermuda) Ltd.	32,375	(80,450)	(10,092)	2,340
Globe Union Cayman Corp.	201,970	(93,251)	45,823	1,819
GU PLUMBING DE MEXICO S.A. DE C.V.	(249,853)	(26,911)	3,013	-
Globe Union Business Consultancy Shanghai Company Limited	355	(33)	-	-
Total	$115,731	$(226,352)	$38,744	$4,202

B. For the year ended 31 December 2020:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share-based payment transactions
Globe Union Industrial (B.V.I.) Corp..	$188,041	$44,266	$-	$18
Globe Union (Bermuda) Ltd	195,072	(116,841)	(7,737)	1,546
Globe Union Cayman Corp.	113,750	9,990	(17,279)	758
GU PLUMBING de MEXICO S.A. de C.V.	(386,085)	(69,941)	(2,025)	-
Total	$110,778	$(132,526)	$(27,041)	$2,322

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Property, plant and equipment

	As at 31 December	
	2021	2020
Owner occupied property, plant and equipment	$69,537	$73,182

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:						
As at 1 Jan. 2021	$132,844	$17,140	$4,650	$51,168	$21,905	$227,707
Additions	121	-	-	660	7,537	8,318
Disposals	-	(2,679)	-	-	(215)	(2,894)
As at 31 Dec. 2021	$132,965	$14,461	$4,650	$51,828	$29,227	$233,131
As at 1 Jan. 2020	$132,844	$17,534	$4,650	$69,829	$15,117	$239,974
Additions	-	339	-	1,483	7,593	9,415
Disposals	-	(733)	-	(20,144)	(805)	(21,682)
As at 31 Dec. 2020	$132,844	$17,140	$4,650	$51,168	$21,905	$227,707
Depreciation and impairment:						
As at 1 Jan. 2021	$71,242	$16,785	$4,650	$46,429	$15,419	$154,525
Depreciation	2,733	91	-	3,465	5,674	11,963
Disposals	-	(2,679)	-	-	(215)	(2,894)
As at 31 Dec. 2021	$73,975	$14,197	$4,650	$49,894	$20,878	$163,594
As at 1 Jan. 2020	$67,274	$17,420	$4,650	$61,782	$11,925	$163,051
Depreciation	3,968	98	-	4,791	4,299	13,156
Disposals	-	(733)	-	(20,144)	(805)	(21,682)
As at 31 Dec. 2020	$71,242	$16,785	$4,650	$46,429	$15,419	$154,525
Net carrying amount:						
31 Dec. 2021	$58,990	$264	$-	$1,934	$8,349	$69,537
31 Dec. 2020	$61,602	$355	$-	$4,739	$6,486	$73,182

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The major components of the Company's buildings are main buildings, freight elevator, water and power supply, and are depreciated according to their useful life of 55, 16 and 11 years, respectively.

(b) Property, plant and equipment were not pledged.

(c) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2021 and 2020.

(9) Intangible assets

	Computer software	Trademarks	Total
Cost:			
As at 1 Jan. 2021	$79,051	$90,421	$169,472
Addition-acquired separately	1,501	-	1,501
As at 31 Dec. 2021	$80,552	$90,421	$170,973
As at 1 Jan. 2020	$76,181	$90,421	$166,602
Addition-acquired separately	2,870	-	2,870
As at 31 Dec. 2020	$79,051	$90,421	$169,472
Amortization and impairment:			
As at 1 Jan. 2021	$76,401	$82,132	$158,533
Amortization	2,037	8,289	10,326
As at 31 Dec. 2021	$78,438	$90,421	$168,859
As at 1 Jan. 2020	$73,845	$73,090	$146,935
Amortization	2,556	9,042	11,598
As at 31 Dec. 2020	$76,401	$82,132	$158,533
Net carrying amount:			
As at 31 Dec. 2021	$2,114	$-	$2,114
As at 31 Dec. 2020	$2,650	$8,289	$10,939

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2021	2020
Operating costs	$-	$-
Operating expenses	$10,326	$11,598

(10) Short-term loans

		As at 31 December	
	Interest Rates (%)	2021	2020
Unsecured bank loans	0.65%-0.95%	$1,938,769	$1,335,000

The Company's unused short-term lines of credits amounted to $894,341 and $1,369,400 as at 31 December 2021 and 2020, respectively.

(11) Financial liabilities at fair value through profit or loss – current

	As at 31 December	
	2021	2020
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	$1,745	$145

Please refer to Note 12 for more details on forward foreign exchange contracts.

(12) Other payables

	As at 31 December	
	2021	2020
Other payables – related parties	$102,831	$18,565
Others	852	1,685
Total	$103,683	$20,250

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(13) Accrued expenses

	As at 31 December	
	2021	2020
Accrued payroll and bonus	$41,543	$64,278
Accrued freight	167,751	34,206
Accrued professional service fee	3,169	12,427
Others	49,775	112,109
Total	$262,238	$223,020

(14) Long-term loans

(a) As at 31 Dec. 2021

Lenders	Type	As at 31 Dec. 2021	Maturity date and terms of repayment
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$700,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.
Yuanta Bank	Credit	210,000	2020/06-2022/03 Interest is paid monthly.
KGI Bank	Credit	180,000	2021/09-2023/09 Interest is paid monthly.
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.
Taishin International Bank	Credit	100,000	2021/09-2023/09 Interest is paid

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	Type	As at 31 Dec. 2021	Maturity date and terms of repayment
			monthly.
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.
O-Bank	Credit	100,000	2021/09-2023/09 Interest is paid monthly.
Shin Kong Bank	Credit	100,000	2021/07-2023/07 Interest is paid monthly.
Far Eastern International Bank	Credit	100,000	2021/01-2023/01 Interest is paid monthly.
CTBC Bank	Credit	50,000	2021/12-2023/12 Interest is paid monthly.
Subtotal		$2,220,000	
Less: current portion		(510,000)	
Total		$1,710,000	
Interest rate		0.950%-1.797%	

(b) As at 31 Dec. 2020

Lenders	Type	As at 31 Dec. 2020	Maturity date and terms of repayment
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	$900,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.
CTBC Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.
CTBC Bank	Credit	100,000	2020/04-2022/12 Interest is paid monthly.
Yuanta Bank	Credit	300,000	2020/06-2022/03 Interest is paid monthly.
Taipei Fubon Commercial	Credit	240,000	2020/10-2023/11 Interest is paid

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lenders	Type	As at 31 Dec. 2020	Maturity date and terms of repayment
Bank			monthly.
KGI Bank	Credit	180,000	2020/09-2022/09 Interest is paid monthly.
Cathay United Bank	Credit	130,000	2020/06-2022/04 Interest is paid monthly.
Bank SinoPac	Credit	100,000	2020/04-2022/06 Interest is paid monthly.
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2019/06-2021/06 Interest is paid monthly.
Taishin International Bank	Credit	100,000	2020/11-2022/11 Interest is paid monthly.
O-Bank	Credit	100,000	2019/09-2021/06 Interest is paid monthly.
Shin Kong Bank	Credit	50,000	2020/07-2023/03 Interest is paid monthly.
Subtotal		$2,650,000	
Less: current portion		(400,000)	
Total		$2,250,000	
Interest rate		0.950%-1.797%	

Long-term loans were not pledged. Please refer to Note 9(3) for more details of syndicated bank loans.

(15) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Company will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Company has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Expenses under the defined contribution plan for the years ended 31 December 2021 and 2020 were $7,787 and $8,078 respectively.

Defined benefits plan

The Company adopts a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. The Company's 2019 pension fund deposited at the Bank of Taiwan has reached sufficient allocation and does not require further allocation based on the approval of the management department of processing zone. Before the end of each year, the Company assesses the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Company expects to contribute $0 to its defined benefit plan in the next year starting from 31 December 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The average duration of the defined benefits plan obligation as at 31 December 2021 and 2020, were 13 years and 14 years.

Pension costs recognized in profit or loss for the years ended 31 December 2021 and 2020:

	For the years ended 31 December	
	2021	2020
Current period service costs	$148	$363
Interest income or expense	69	131
Total	$217	$494

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2021	31 December 2020	1 January 2020
Defined benefit obligation	$89,796	$100,349	$97,686
Plan assets at fair value	(75,285)	(81,847)	(81,293)
Defined benefit obligation	$14,511	$18,502	$16,393
Other current liabilities	-	-	-
Other current liabilities - the Company expects to contribute in the coming year	-	-	-
Other non-current liabilities - defined benefit obligation	$14,511	$18,502	$16,393

Reconciliation of liability (asset) of the defined benefit plan is as follows:

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 1 January 2020	$97,686	$(81,293)	$16,393
Current period service costs	363	-	363
Net interest expense (income)	781	(650)	131
Subtotal	98,830	(81,943)	16,887

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	163	-	163
Actuarial gains and losses arising from changes in financial assumptions	5,811	-	5,811
Experience adjustments	(1,624)	(2,735)	(4,359)
Subtotal	4,350	(2,735)	1,615
Payments from the plan	(2,831)	2,831	-
Contributions by employer	-	-	-
As at 31 December 2020	$100,349	$(81,847)	$18,502
Current period service costs	148	-	148
Net interest expense (income)	371	(302)	69
Subtotal	100,868	(82,149)	18,719
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	774	-	774
Actuarial gains and losses arising from changes in financial assumptions	(4,427)	-	(4,427)
Experience adjustments	1,027	(1,582)	(555)
Subtotal	(2,626)	(1,582)	(4,208)
Payments from the plan	(8,446)	8,446	-
Contributions by employer	-	-	-
As at 31 December 2021	$89,796	$(75,285)	$14,511

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at 31 December	
	2021	2020
Discount rate	0.73%	0.37%
Expected rate of salary increases	3.00%	3.00%

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A sensitivity analysis for significant assumption as at 31 December 2021 and 2020 is, as shown below:

	Effect on the defined benefit obligation			
	2021		2020	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$5,791	$-	$6,734
Discount rate decrease by 0.5%	6,275	-	7,330	-
Future salary increase by 0.5%	6,101	-	7,099	-
Future salary decrease by 0.5%	-	5,695	-	6,599

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(16) Equities

(a) Common stock

The Company's authorized capital was $6,000,000 as at 31 December 2019, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,562,130 with 356,538,962 shares issued. Among the issued and outstanding shares, 326,000 shares have not completed the registration process and were booked as collection in advance in the amount of $3,847. Each share has one voting right and a right to receive dividends. The above share options executed amounted to 326,000 shares which have completed the registration process in the first quarter of 2020 and have converted into common stock.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2020, the employees converted their options into 310,000 shares at NT$11.8 per share and 1,315,000 shares at NT$11.3 per share. The above share options executed amounted to 1,625,000 shares have completed the registration process.

As at 31 December 2020 and 2021, the Company's authorized capital were both $6,000,000, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $3,581,640, divided into 358,163,962 shares. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at 31 December	
	2021	2020
Additional paid-in capital	$824,430	$893,556
Share of changes in net assets of associates and joint ventures accounted for using the equity method	6,005	6,005
Premium from merger	1,895	1,895
Share-based payment transactions	45,665	37,211
Total	$877,995	$938,667

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues
B. Offset prior years' operation losses
C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve
D. Set aside or reverse special reserve in accordance with law and regulations
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

On a public company's first-time adoption of the TIFRS, for any unrealized revaluation gains and cumulative translation adjustments (gains) recorded to shareholders' equity that the company elects to transfer to retained earnings by application of the exemption under IFRS 1, the company shall set aside special reserve. For any subsequent use, disposal or reclassification of related assets, the Company can reverse the special reserve by the proportion of the special reserve first appropriated and distribute it.

The Company did not have any special reserve due from first-time adoption of the TIFRS.

Details of the 2020 and 2019 earnings distribution and dividends per share as approved and resolved by the board of directors' meeting and the shareholders' meeting on 2 August 2021 and 29 May 2020, respectively, are as follows:

	Appropriation of earnings		Dividend per share (NT$)	
	2020	2019	2020	2019
Legal reserve	$25,916	$30,665		
Special reserve	124,726	205,507		
Common stock - cash dividend	109,956	149,877	$0.307	$0.42
Capital surplus - cash	69,126	64,232	$0.193	$0.18

Please refer to Note 6(21) for more details on employees' compensation and remuneration to directors.

(17) Share-based payment plans

(a) On 2 October 2015, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,500 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company's common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company's common share on the grant date. The optionee may exercise the options in accordance with certain schedules as prescribed by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. For the 1,800 units firstly issued, the optionee may exercise 50% of the options starting two years and three years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

B. For the 8,700 units secondly issued, the optionee may exercise 100% of the options starting two years from the grant date. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The employee share options expired on 28 October 2020.

C. The following table contains more details on the aforementioned share-based payment plan as at 31 December:

	For the year ended 31 December 2020	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	3,055	$11.80
Converted	(1,625)	11.40
Forfeited	(1,430)	11.30
Outstanding at end of period	-	
Weighted average fair value of share options (NT$)	$-	

D. The forementioned shared based payment plan expired on 28 October 2020. Therefore, both total number of options outstanding and shares exercisable to option holders were zero.

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of $0 in 2020. The following table lists the inputs to the model used for the plan:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the 1,800 units first issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%; 33.99%
Risk-free interest rate (%)	0.6227%; 0.6769%
Expected option life (Years)	3.5 years; 4 years

For the 8,700 units secondly issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	33.42%
Risk-free interest rate (%)	0.6227%
Expected option life (Years)	3.5 years

(b) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China (Taiwan), Executive Yuan, to issue non-compensatory employee share options with a total number of 10,200 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company’s common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company’s common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

As at 31 December 2021, the Company has not cancelled or modified the share-based payment plan proposed for employees. The relevant details of the aforementioned share-based payment plan are as follows:

Date of grant	Total number of share options granted (unit)	Total number of share options outstanding (unit)	Shares to be subscribed (unit)	Exercise price of share options (NT$)
10 Aug. 2020	10,200	8,250	-	$12.40

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

A. The following table contains more details on the aforementioned share-based payment plan:

	For the years ended 31 December			
	2021		2020	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	10,200	$12.75	-	$-
Additions	-	-	10,200	12.75
Converted	-	-	-	-
Forfeited	(1,950)	12.40	-	-
Outstanding at end of period	8,250	$12.40	10,200	$12.75
Weighted average fair value of share options (NT$)	$3.1		$3.1	

B. The following table contains more details on the aforementioned share-based payment plan as at 31 December 2021:

	Share options outstanding					Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
2020/8/10 Share options plan - 10,200 units issued	$12.40	8,250	2025/8/9	3.61	$12.40	-	$12.40

Note: If there are changes in the common shares of the Company (such as capital increase by cash or capitalization of retained earnings), the exercise price of share options will be adjusted according to the employee share options plan.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The compensation cost is accounted for under the fair value method. The fair value of the share options is estimated at the grant date using a Black-Scholes model, taking into account the terms and conditions upon which the share options were granted. The Company recognized compensation expense of $4,252 and $2,509 in 2021 and 2020. The following table lists the inputs to the model used for the plan:

For the 10,200 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

(18) Operating revenue

	For the years ended 31 December	
	2021	2020
Revenue from contracts with customers		
Sale of goods	$10,240,440	$8,610,757
Less: Sales returns, discounts and allowances	(111,884)	(128,875)
Total	$10,128,556	$8,481,882

(a) Disaggregation of revenue

2021.1.1~2021.12.31

	Vitreous china	Faucets and showerheads	Total
Sale of goods	$5,093,847	$5,034,709	$10,128,556

2020.1.1~2020.12.31

	Vitreous china	Faucets and showerheads	Total
Sale of goods	$4,010,865	$4,471,017	$8,481,882

The Company recognizes revenue when transferring the goods to customers, so the contract performance obligation is satisfied at a point in time.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) Contract balances

Contract liabilities - current

	2021.12.31	2020.12.31	2020.01.01
Sales of goods	$2,797	$2,117	$124,270

The significant changes in the Company's balances of contract liabilities for the years ended 31 December 2021 and 2020 are as follows:

	For the years ended 31 December	
	2021	2020
The opening balance transferred to revenue	$(1,848)	$(124,270)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	2,528	2,117

(19) Expected credit losses

	For the years ended 31 December	
	2021	2020
Operating expenses – Expected credit losses		
Notes receivable	$-	$-
Accounts receivable	-	-
Total	$-	$-

Please refer to Note 12 for more details on credit risk.

The Company measures the loss allowance of its accounts receivable (including notes receivable and accounts receivable) at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2021 and 2020 is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company considers the grouping of accounts receivables by the counterparties' credit ratings, the geographical region and industry sector and its loss allowance is measured by using a provision matrix. The details are as follows:

2021.12.31

	Not yet due	Overdue				
		1-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$940,877	$572,440	$172	$-	$-	$1,513,489
Loss ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime Expected credit losses	-	-	-	-	-	-
Carrying amount	$940,877	$572,440	$172	$-	$-	$1,513,489

2020.12.31

	Not yet due	Overdue				
		1-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$1,354,374	$121,115	$-	$-	$-	$1,475,489
Loss ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime Expected credit losses	-	-	-	-	-	-
Carrying amount	$1,354,374	$121,115	$-	$-	$-	$1,475,489

The Company measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The accounts receivable as at 31 December 2021 and 2020 were not overdue. Therefore, the assessment of the Company's loss allowance as at 31 December 2021 and 2020 was measured at 0%, the amount equal to $0.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(20) Leases

(a) Company as a lessee

The Company leases various properties, including real estate such as land and buildings. The lease terms range from 2 to 10 years. There are no restrictions placed upon the Company by entering into these leases.

The Company's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet

i. Right-of-use assets

The carrying amount of right-of-use assets

	As at 31 December	
	2021	2020
Land	$1,327	$2,086
Buildings	1,261	763
Total	$2,588	$2,849

Statement of Right-of-use assets

	Land	Buildings	Total
Cost:			
2021.1.1	$3,603	$1,049	$4,652
Additions	-	1,319	1,319
2021.12.31	$3,603	$2,368	$5,971
Depreciation:			
2021.1.1	$1,517	$286	$1,803
Depreciation	759	821	1,580
2021.12.31	$2,276	$1,107	$3,383
Net carrying amount:	$1,327	$1,261	$2,588

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

	Land	Buildings	Total
Cost:			
2020.1.1	$3,956	$-	$3,956
Additions	-	1,049	1,049
Contracts Modification	(353)	-	(353)
2020.12.31	$3,603	$1,049	$4,652
Depreciation:			
2020.1.1	$833	$-	$833
Depreciation	765	286	1,051
Contracts Modification	(81)	-	(81)
2020.12.31	$1,517	$286	$1,803
Net carrying amount:	$2,086	$763	$2,849

The Company’s additions to right-of-use assets for the years ended 31 December 2021 and 2020 amounted to $1,319 and $1,049.

ii. Lease liabilities

	As at 31 December	
	2021	2020
Lease liabilities	$2,564	$2,812
Current	$1,995	$1,130
Non-current	$569	$1,682

Statement of Lease liabilities

Item	Period	Discount rates	As at 31 December 2021
Land	2013/10/1-2023/9/30	1.53%	$1,317
Buildings	2020/04/01-2022/12/31	1.37%	$365
Buildings	2021/07/01-2022/12/31	1.215%	$882

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Please refer to Note 6(22)(c) for the interest on lease liabilities recognized during the year ended 31 December 2021 and 2020, and refer to Note 12(1)(e) Liquidity Risk Management for the maturity analysis for lease liabilities as at 31 December 2021 and 2020.

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2021	2020
Land	$759	$765
Buildings	821	286
	$1,580	$1,051

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2021	2020
The expenses relating to short-term leases	$925	$1,638
Payments not included in the measurement of lease liabilities	468	475
Total	$1,393	$2,113

As at the year ended at December 31 2020, the related rent reductions of $43 directly resulted from Covid-19 were recognized in other income to reflect changes in lease payment caused by relevant expedient practices.

D. Cash outflow relating to leasing activities

The Company’s total cash outflows for leases for the year ended 31 December 2021 and 2020 amounted to $3,001 and $3,186.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2021 and 2020:

Function / Nature	2021			2020		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$-	$200,235	$200,235	$-	$221,329	$221,329
Labor and health insurance	-	16,342	16,342	-	15,974	15,974
Pension	-	8,004	8,004	-	8,572	8,572
Directors’ remuneration	-	9,113	9,113	-	9,140	9,140
Other employee benefits expense	-	6,984	6,984	-	6,576	6,576
Depreciation	-	13,543	13,543	-	14,207	14,207
Amortization	-	10,326	10,326	-	11,598	11,598

The number of employees of the Company for the years ended 31 December 2021 and 2020 were 191 and 205, respectively. There were 7 non-employee directors for both years.

The average employee benefits expense for the year ended 31 December 2021 and 2020 were $1,260 and $1,275, respectively.

The average salary and bonus for the year ended 31 December 2021 and 2020 were $1,088 and $1,118, respectively. The average salary and bonus decreased by 2.68% year over year.

The Company has set up an audit committee to replace the supervisor. Therefore, no supervisor compensation was recognized.

The Company’s compensation policy is to regularly evaluate and review the compensation of directors and executive officers by the remuneration committee, and the compensation policy for employees is reviewed annually to provide employees with market-competitive compensation.

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% as employees' compensation and no higher than 2% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended 31 December 2021, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2021 to be 3 % and 0% of profit of the current year, respectively, recognized as salary expense. The employees' compensation and remuneration to directors for the year ended 31 December 2021 amount to $1,897 and $0, respectively. The Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2020 to be 4% and 0% of profit of the current year, respectively. The employees' compensation and remuneration to directors for the year ended 31 December 2020 amount to $13,534 and $0, respectively, recognized as salary expense.

A resolution was passed at the board meeting held on 8 March 2022 to distribute $1,897 and $0 in cash as 2021 employees' compensation and remuneration to directors, respectively. No material differences existed between the estimated amount and the actual distribution of the employee compensation and remuneration to directors for the year ended 31 December 2021

A resolution was passed at the board meeting held on 11 March 2021 to distribute $13,215 and $0 in cash as 2020 employees' compensation and remuneration to directors, respectively. The difference of $(319) between the actual employee bonuses and the estimated amount of $13,534 was recognized as an adjustment to current income in 2021.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(22) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2021	2020
Interest income		
Financial assets measured at amortized cost	$6,383	$3,226
Dividends income	2,694	-
Others	14,266	5,532
Total	$23,343	$8,758

(b) Other gains and losses

	For the years ended 31 December	
	2021	2020
Foreign exchange losses, net	$(10,643)	$(95,067)
Gains on financial assets and liabilities at fair value through profit or loss	99,760	131,230
Gains on disposal of Investment	-	20
Gains on leases modification, net	-	86
Others	(2,319)	-
Total	$86,798	$36,269

(c) Finance costs

	For the years ended 31 December	
	2021	2020
Interest on loans from bank	$47,543	$50,748
Interest on lease liabilities	41	47
Others	224	-
Total	$47,808	$50,795

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(23) Components of other comprehensive income

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$4,208	$-	$4,208	$(841)	$3,367
Unrealized gains and losses from equity instrument investments at fair value through other comprehensive income	(2,520)	-	(2,520)	-	(2,520)
Share of other comprehensive income/loss of subsidiaries using equity method - remeasurements of defined benefit plans	38,744	-	38,744	-	38,744
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(226,352)	-	(226,352)	-	(226,352)
Total of other comprehensive income	$(185,920)	-	$(185,920)	$(841)	$(186,761)

For the year ended 31 December 2020:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	$(1,615)	$-	$(1,615)	$323	$(1,292)
Unrealized gains and losses from equity instrument investments at fair value through other comprehensive income	7,800	-	7,800	-	7,800
Share of other comprehensive income/loss of subsidiaries using equity method - remeasurements of defined benefit plans	(27,041)	-	(27,041)	-	(27,041)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(132,526)	-	(132,526)	-	(132,526)
Total of other comprehensive income	$(153,382)	$-	$(153,382)	$323	$(153,059)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(24) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2021	2020
Current income tax expense:		
Current income tax charge	$34,980	$38,502
Adjustments in respect of current income tax of prior periods	-	9,244
Deferred tax expense (income):		
Deferred tax expense relating to origination and reversal of temporary differences	13,552	(10,406)
Total income tax expense	$48,532	$37,340

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2021	2020
Deferred tax expense (income):		
Remeasurements of defined benefit plans	$841	$(323)
Income tax relating to components of other comprehensive income	$841	$(323)

(c) Reconciliation between tax expense and the product of accounting profit multiplied by applicable tax rate is as follows:

	For the years ended 31 December	
	2021	2020
Accounting profit before tax from continuing operations	$61,329	$324,827
Tax at the domestic rates applicable to profits in the country concerned	$12,266	$64,965
Tax effect of revenues exempt from taxation	(32,415)	(44,369)
Tax effect of expenses not deductible for tax purposes	68,681	7,500
Deferred tax effect of tax rate change or the imposition of new taxes	-	9,244
Total income tax expenses recorded in profit or loss	$48,532	$37,340

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(d) Deferred tax assets (liabilities) relate to the following:

A. For the year ended 31 December 2021:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income(loss)	Exchange differences	Ending balance as at 31 December
Temporary difference					
Defined benefit Liability – Non-current	$2,919	$43	$(841)	$-	$2,121
Allowance for sales discounts	15,169	2,954	-	-	18,123
Unrealized exchange gain or loss	10,580	(10,558)	-	-	22
Revaluations of financial assets and liabilities at fair value through profit or loss	(6,218)	4,537	-	-	(1,681)
Unrealized payables	13,511	(10,528)	-	-	2,983
Deferred tax expense/ (income)		$(13,552)	$(841)	$-	
Net deferred tax assets/ (liabilities)	$35,961				$21,568
Reflected in balance sheet as follows:					
Deferred tax assets	$51,509				$32,855
Deferred tax liabilities	$(15,548)				$(11,287)

B. For the year ended 31 December 2020:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income(loss)	Exchange differences	Ending balance as at 31 December
Temporary difference					
Defined benefit Liability – Non-current	$2,497	$99	$323	$-	$2,919
Allowance for sales discounts	26,189	(11,020)	-	-	15,169
Unrealized exchange gain or loss	(1,778)	12,358	-	-	10,580
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,676)	(4,542)	-	-	(6,218)
Unrealized payables	-	13,511	-	-	13,511
Deferred tax expense/ (income)		$10,406	$323	$-	
Net deferred tax assets/ (liabilities)	$25,232				$35,961
Reflected in balance sheet as follows:					
Deferred tax assets	$38,086				$51,509
Deferred tax liabilities	$(12,854)				$(15,548)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

C. Unrecognized deferred tax assets

As at 31 December 2021 and 2020, deferred tax assets that have not been recognized amount to $0 and $0 respectively.

D. Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Company did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Company's overseas subsidiaries, as the Company has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 2021 and 2020, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $3,795,546 and $3,620,967 respectively.

(e) The assessment of income tax returns

As at 31 December 2021, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019

(25) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity (after adjusting for interest on the convertible preference shares) by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2021	2020
(a) Basic earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousand NT$)	$12,797	$287,487
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	358,164	355,892
Basic earnings per share (NT$)	$0.04	$0.81
(b) Diluted earnings per share		
Profit attributable to ordinary equity holders of the Company (in thousands of NT$)	$12,797	$287,487
Profit attributable to ordinary equity holders of the Company after dilution (in thousand NT$)	$12,797	$287,487
Weighted average number of ordinary shares outstanding for basic earnings per share (in thousands)	358,164	355,892
Effect of dilution:		
Employee compensation－stock (in thousands)	283	1,035
Employee stock options (in thousands)	1,002	-
Weighted average number of ordinary shares outstanding after dilution (in thousands)	359,449	356,927
Diluted earnings per share (NT$)	$0.04	$0.81

There have been no other transactions involving ordinary shares or potential ordinary shares between the reporting date and the date the financial statements were authorized for issue.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

7. RELATED PARTY TRANSACTIONS

The persons who have transactions with the company during the financial reporting period are as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Gerber Plumbing Fixtures LLC	Indirect holding subsidiary
Danze Inc.	Indirect holding subsidiary
Globe Union (Canada) Inc.	Indirect holding subsidiary
GU PLUMBING DE MEXICO SA DE C.V.	Direct holding subsidiary
PJH Group Ltd.	Indirect holding subsidiary
Globe Union Germany GmbH & Co. KG	Indirect holding subsidiary
Shenzhen Globe Union Enterprise Co., Ltd.	Indirect holding subsidiary
Milim G&G Ceramics Co., Ltd.	Indirect holding subsidiary
Chengxinzhao (Zhangzhou) Hardware Co., Ltd	Associate

(1) Sales

	For the years ended 31 December	
	2021	2020
Gerber Plumbing Fixtures LLC	$7,207,631	$4,602,108
Globe Union (Canada) Inc.	388,728	274,127
Globe Union Germany GmbH & Co. KG	3,233	-
Danze Inc.	-	992
Total	$7,599,592	$4,877,227

A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Purchases

	For the years ended 31 December	
	2021	2020
Shenzhen Globe Union Enterprise Co., Ltd.	$4,513,559	$3,910,695
Milim G&G Ceramics Co., Ltd.	1,967,342	1,926,251
GU PLUMBING DE MEXICO SA DE C.V.	1,483,716	910,260
Total	$7,964,617	$6,747,206

A small portion of the purchase prices between related parties were not significantly different from that with the third parties. For the other purchase prices, there were no comparable goods bought from third party suppliers.

(3) Accounts receivable, net – related parties

	As at 31 December	
	2021	2020
Gerber Plumbing Fixtures LLC	$905,011	$755,465
Globe Union (Canada) Inc.	96,049	87,076
Total	$1,001,060	$842,541

(4) Other receivables – related parties

	As at 31 December	
	2021	2020
GU Plumbing de Mexico SA de C.V.	$412,624	$206,480
Gerber Plumbing Fixtures LLC	56,490	15,596
Globe Union (Canada) Inc.	1,737	55
Chengxinzhao (Zhangzhou) Hardware Co., Ltd	-	1,692
Globe Union Germany GmbH & Co. KG	-	18
Total	$470,851	$223,841

As at 31 December 2021 and 2020, the Company provided its indirect holding subsidiary with unsecured short-term loans at rates comparable to market interest rates.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) Accounts payable, net – related parties

	As at 31 December	
	2021	2020
Shenzhen Globe Union Enterprise Co., Ltd.	$2,108,655	$2,152,191
Milim G&G Ceramics Co., Ltd.	103,526	70,879
GU Plumbing de Mexico SA de C.V.	333,597	33,882
Total	$2,545,778	$2,256,952

(6) Other payables – related parties

	As at 31 December	
	2021	2020
Globe Union Germany GmbH & Co. KG	$93,990	$-
Globe Union (Canada) Inc.	4,768	$8,623
Gerber Plumbing Fixtures LLC	2,359	3,785
Shenzhen Globe Union Enterprise Co., Ltd.	1,714	6,157
Total	$102,831	$18,565

As at 31 December 2021, the Company's indirect holding subsidiary provided the Company with unsecured short-term loans at rates comparable to market interest rates.

(7) Accrued expenses

	As at 31 December	
	2021	2020
Globe Union (Canada) Inc.	$7,291	$23,516
Gerber Plumbing Fixtures LLC	5,661	1,828
Globe Union Germany GmbH & Co. KG	120	44
Total	$13,072	$25,388

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(8) Management service expenses

	For the years ended 31 December	
	2021	2020
Globe Union (Canada) Inc.	$54,508	$71,153
Globe Union Services, Inc.	-	78,850
Total	$54,508	$150,003

(9) Key management personnel compensation

	For the years ended 31 December	
	2021	2020
Short-term employee benefits	$72,611	$53,612
Post-Employment Benefits	400	472
Share-based payment	3,544	2,509
Total	$76,555	$56,593

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) On 1 October 2013, the Company has entered into a land lease agreement with the Taichung Branch of the Export Processing Zone Administration. The lease term is ten years, starting from 1 October 2013 to 30 September 2023. The rent is adjusted based on the land price, and current monthly rent is $64.

(2) The Company and its subsidiaries provided endorsement/guarantee to related parties. Please refer to Note 13(1) (b) for more details.

(3) In June 2018, the Company has entered into a syndicated loan agreement with CTBC Bank and ten other lending institutions of syndicated credits, such as O-Bank, E.SUN Commercial Bank, and Taipei Fubon Commercial Bank. The Company should review these ratios every half year based on the audited annual and semi-annual consolidated financial statements.The agreement contains the following restrictive covenants:

(a) The current ratio shall not be lower than 100%.
(b) The liability ratio shall not be higher than 180%.
(c) The interest coverage ratio shall not be lower than 2.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None

12. OTHERS

(1) Financial instruments

(a) Categories of financial instruments

Financial assets	As at 31 December 2021	As at 31 December 2020
Financial assets at fair value through profit or loss:		
Held for trading		
Mandatorily measured at fair value through profit or loss	$10,149	$31,235
Financial assets measured at amortized cost (Note)	2,059,910	1,970,491
Financial assets at fair value through other comprehensive income	36,480	39,000
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$1,938,769	$1,335,000
Notes and accounts payable	2,655,933	2,363,020
Long-term loans (including current portion with maturity less than 1 year)	2,220,000	2,650,000
Leases liabilities (including current portion with maturity less than 1 year)	2,564	2,812
Other payables	103,683	20,250
Accrued expenses	262,238	223,020
Financial liabilities at fair value through profit or loss:		
Held for trading	1,745	145

Note: The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents (excluding cash on hand), accounts receivable, and so on.

(b) Financial risk management objectives and policies

The Company's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Company identifies measures and manages the aforementioned risks based on the Company's policy and risk appetite.

The Company has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Company complies with its financial risk management policies at all times.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk and interest rate risk, and other price risk (such as equity risk).

In practice, it is rarely the case that a single risk variable will change interdependencies between risk variables. However the sensitivity analysis disclosed below does not take into account the interdependencies between risk variables.

A. Foreign currency risk

The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's operating activities (when revenue or expense is denominated in a different currency from the Company's functional currency) and the Company's net investments in foreign subsidiaries.

The Company has certain foreign currency receivables to be denominated in the same foreign currency with certain foreign currency payables, therefore natural hedge is received. The Company also uses forward contracts to hedge the foreign currency risk on certain items denominated in foreign currencies. Hedge accounting is not applied as they did not qualify for hedge accounting criteria. Furthermore, as net investments in foreign subsidiaries are for strategic purposes, they are not hedged by the Company.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Company's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period.

The Company's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY.

i. When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$11,897
For the year ended 31 December 2020	$-	$14,000

ii. When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2021	$-	$(20,577)
For the year ended 31 December 2020	$-	$(19,464)

For a 1% weakening of NTD against the relevant currencies when all the other factors remain the same, there would be a comparable impact on the pre-tax profit or equity, and the balances above would be negative.

B. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's exposure to the risk of changes in market interest rates relates primarily to the Company's loans and receivables at variable interest rates, bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates and interest rate swaps. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2021 and 2020 to decrease/increase by $4,159 and $3,985 respectively.

C. <u>Equity price risk</u>

The fair value of the Company's listed and unlisted equity securities and conversion rights of the Euro-convertible bonds issued are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed and unlisted equity securities are classified under fair value through profit or loss or fair value through other comprehensive income, while conversion rights of the Euro-convertible bonds issued are classified as financial liabilities at fair value through profit or loss as it does not satisfy the definition of an equity component. The Company manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the price of the listed companies stocks classified as equity instruments investments measured at fair value through other comprehensive income could have an impact of $1,824 and $1,950 on the equity attributable to the Company for the years ended 31 December 2021 and 2020, respectively.

Please refer to Note 12(1)(i) for sensitivity analysis information of other equity instruments or derivatives that are linked to such equity instruments whose fair value measurement is categorized under Level 3.

(d) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Company is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Customer credit risk is managed by each business unit subject to the Company's established policy, procedures and control relating to customer credit risk management. Credit limits are established for all customers based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Company's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.

As at 31 December 2021 and 31 December 2020, accounts receivable from top ten customers represented 96.45% and 91.83% of the total accounts receivable of the Company, respectively. The credit concentration risk of other accounts receivable is insignificant.

Credit risk from balances with banks, fixed income securities and other financial instruments is managed by the Company's treasury in accordance with the Company's policy. The Company only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating and with no significant default risk. Consequently, there is no significant credit risk for these counter parties.

The Company adopted IFRS 9 to assess the expected credit losses. The Company makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Company used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 31 December 2021 and 2020, the Company's accounts receivable are not overdue, and the loss allowances was measured at $0 with the Company's expected credit loss estimated at 0%.

Note: By using simplified approach (loss allowance is measured at lifetime expected credit losses), including accounts receivable.

Financial assets are written off when there is no realistic prospect of future recovery (such as when the issuer or the debtor is in financial difficulties or bankruptcy).

(e) Liquidity risk management

The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Non-derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2021					
Short-term borrowings	$1,942,758	$-	$-	$-	$1,942,758
Accounts payable	2,655,933	-	-	-	2,655,933
Long-term borrowings (including current portion with maturity less than 1 year)	537,887	1,727,485	-	-	2,265,372
Other payables	103,683	-	-	-	103,683
Accrued expenses	262,238	-	-	-	262,238
Leases liabilities	2,040	588	-	-	2,628
As at 31 Dec. 2020					
Short-term borrowings	$1,338,203	$-	$-	$-	$1,338,203
Accounts payable	2,363,020	-	-	-	2,363,020
Long-term borrowings (including current portion with maturity less than 1 year)	435,335	2,285,620	-	-	2,720,955
Other payables	20,250	-	-	-	20,250
Accrued expenses	223,020	-	-	-	223,020
Leases liabilities	1,164	1,703	-	-	2,867

Derivative financial liabilities

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 Dec. 2021					
Inflows	$-	$-	$-	$-	$-
Outflows	(1,745)	-	-	-	(1,745)
Net	$(1,745)	$-	$-	$-	$(1,745)
As at 31 Dec. 2020					
Inflows	$-	$-	$-	$-	$-
Outflows	(145)	-	-	-	(145)
Net	$(145)	$-	$-	$-	$(145)

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(f) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2021	$1,335,000	$2,650,000	$2,812	$3,987,812
Cash flows	603,769	(430,000)	(1,567)	172,202
Non-cash flows (Note)	-	-	1,319	1,319
As at 31 December. 2021	$1,938,769	$2,220,000	$2,564	$4,161,333

Note: The Company's right-of-use assets and lease liabilities increased by $1,319.

Reconciliation of liabilities for the year ended 31 December 2020:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 Jan. 2020	$1,235,000	$2,530,000	$3,147	$3,768,147
Cash flows	100,000	120,000	(1,026)	218,974
Non-cash flows (Note)	-	-	691	691
As at 31 December. 2020	$1,335,000	$2,650,000	$2,812	$3,987,812

Note: The Company's right-of-use assets and lease liabilities increased by $1,049, while right-of-use assets and lease liabilities decreased by $272 and $358, respectively, due to lease termination.

(g) Fair value of financial instruments

A. The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Company to measure or disclose the fair values of financial assets and financial liabilities:

i. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

ii. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

iii. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

iv. Fair value of debt instruments without market quotations, bank loans, bonds payable and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

v. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

B. Fair value of financial instruments measured at amortized cost

The carrying amounts of the Company's financial assets and liabilities measured at amortized cost approximate their fair value.

C. Fair value measurement hierarchy for financial instruments

Please refer to Note 12(1)(i) for fair value measurement hierarchy for financial instruments of the Company.

(h) Derivative financial instruments

The Company's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2021 and 2020 is as follows:

Forward currency contracts

The Company entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items	Notional Amount (in thousands)	Expiry Date
As at 31 Dec. 2021		
Forward currency contract	Sell USD 51,230	From Jan. 2022 to Apr. 2022
Forward currency contract	Buy USD 9,000	Jan. 2022
As at 31 Dec. 2020		
Forward currency contract	Sell USD 50,785	From Jan. 2021 to Apr. 2021

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Company has sufficient operating funds, the cash flow risk is insignificant.

(i) Fair value measurement hierarchy

A. Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date

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

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Company determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

B. Fair value measurement hierarchy of the Company’s assets and liabilities

The Company does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Company’s assets and liabilities measured at fair value on a recurring basis is as follows:

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 Dec. 2021

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$10,149	$-	$10,149
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	36,480	-	-	36,480
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	1,745	-	1,745

As at 31 Dec. 2020

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$31,235	$-	$31,235
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	39,000	-	-	39,000
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	145	-	145

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2021 and 2020, there were no transfers between Level 1 and Level 2 fair value measurements.

C. Fair value measurement hierarchy of the Company's assets and liabilities not measured at fair value but for which the fair value is disclosed:

None.

(j) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

Unit: Thousands

	As at 31 Dec. 2021			As at 31 Dec. 2020		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$73,836	27.67	$2,043,042	$65,966	28.48	$1,878,712
CNY	1,242	4.345	5,396	9,634	4.38	42,197
CAD	4,458	21.63	96,427	4,695	22.37	105,027
Financial liabilities						
Monetary items:						
USD	$30,841	27.67	$853,370	$16,809	28.48	$478,720
CNY	474,826	4.345	2,063,119	454,009	4.38	1,988,559
CAD	563	21.63	12,178	1,437	22.37	32,146
GBP	3,004	31.33	94,115	-	39.43	-

The Company is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Company entities have too many functional currencies. The exchange losses for the years ended 31 December 2021 and 2020 were $10,643 and $95,067, respectively.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(k) Capital management

The primary objective of the Company's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(2) The board of directors of the Company resolved on 17 June 2020 to enter into a joint venture with Thai Kin Co., Ltd. to subscribe for 51% shares of its existing subsidiary Paokin Co., Ltd. The investment limit is USD 14,768 thousand or equivalent in Thai baht. Upon an in-depth evaluation of the subsequent changes in the business environment by both parties, it was determined that the originally anticipated benefits and goals of the joint venture could not be achieved. As at 7 April 2021, the Company and Thai Kin Co., Ltd. therefore agreed to terminate the unexecuted joint venture.

13. OTHER DISCLOSURE

The detail information of the Company about the significant transactions, investees and investments in mainland China.

(1) Information at significant transactions

(a) Financing provided to others for the year ended 31 December 2021:

A. The parent company

Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
												Item	Value		
Globe Union Industrial Corp.	PJH Group Limited	Other receivable	Yes	$157,720 (GBP 4,000,000)	$- (GBP-)	$- GBP -	-	2	$-	For operating	$-	-	$-	$517,268 (Note 2)	$2,069,074 (Note1)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 4)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit of financing amount for individual counter-party	Limit of total financing amount
Globe Union Industrial Corp.	GU PLUMBING DE MEXICO SA DE C.V.	Other receivable	Yes	$241,079 (USD 8,450,000)	$- (USD -)	$- (USD -)	-	2	$-	For operating	$-	-	$-	$517,268 (Note 2)	$2,069,074 (Note1)
Globe Union Industrial Corp.	GU PLUMBING DE MEXICO SA DE C.V.	Other receivable	Yes	$413,793 (USD 14,890,000)	$412,006 (USD 14,890,000)	$412,006 (USD 14,890,000)	1.80%	2	$1,176,802	For business	$-	-	$-	$1,176,802 (Note 3)	$2,069,074 (Note1)

Note 1: Total financing was limited to 40% of net equity of the lender as at 31 December 2021.

Note 2: Financing to individual counterparty was limited to 10% of the net equity of the lender as at 31 December 2021.

Note 3: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 4: Code 1 represents an intercompany transaction calls for a loan arrangement; code 2 represents short-term financing

B. The subsidiaries

Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 5)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit of financing amount for individual counterparty	Limit of total financing amount
Gerber Plumbing Fixtures, LLC	GU PLUMBING DE MEXICO SA DE C.V.	Other receivable	Yes	$639,170 (USD 23,000,000)	$636,410 (USD 23,000,000)	$385,443 (USD 13,930,000)	5.50%	2	$-	For operating	$-	-	$-	$732,478 (Note 1)	$1,098,717 (Note2)
Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	Other receivable	Yes	$97,410 (EUR 3,000,000)	$93,990 (EUR 3,000,000)	$93,990 (EUR 3,000,000)	1.50%	2	$-	For operating	$-	-	$-	$328,400 (Note 3)	$328,400 (Note4)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 1: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2021.

Note 2: Total financing was limited to 60% of net equity of the lender as at 31 December 2021.

Note 3: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2021.

Note 4: Total financing was limited to 100% of net equity of the lender as at 31 December 2021.

Note 5: Code 1 represents an intercompany transaction calls for a loan arrangement; code 2 represents short-term financing

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2021:

A. The parent company

Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the nine-month period ended 30 September 2021	Amount drawn	Value of Collaterals Properties	Ratio of Accumulated Amount of Guarantee Provided to Net Equity of the Latest Financial Statements	Guarantee Limited Amount	Guarantee from the parent to subsidiary	Guarantee from the subsidiary to parent	Guarantee from Mainland China
	Company Name	Relationship (Note 3)										
Globe Union Industrial Corp.	PJH Group Limited	2	$1,551,805 (Note 1)	$31,504	$-	$-	$-	-%	$2,586,342 (Note 2)	Y	-	-
Globe Union Industrial Corp.	GU PLUMBING DE MEXICO SA DE C.V.	2	$1,551,805 (Note 1)	$639,170	$636,410	$385,443	$-	12.30%	$2,586,342 (Note 2)	Y	-	-

Note 1: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2021.

Note 2: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2021.

Note 3: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

(1) A company that has a business relationship with the provider.
(2) A subsidiary in which the provider holds directly over 50% of equity interest.
(3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.
(4) An investee in which the provider holds directly and indirectly over 50% of equity interest.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.
(6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.
(7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

B. The subsidiaries

None.

(c) Securities held as at 31 December 2021 (excluding subsidiaries, associates and joint venture):

A. The parent company

Company Name	Securities Held	Relationship between Issuer and the Company (Note)	Account Stated	As at 31 December 2021			
				Number of shares	Book Value	Ratio(%)	Fair Value
Globe Union Industrial Corp.	Stocks Tai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	$36,480	1.68%	$36,480

Note: The column is not required, if the securities issuer is not related party.

B. The subsidiaries

None.

(d) Individual securities acquired or disposed of with accumulated amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(e) Acquisition of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

(f) Disposal of individual real estate with amount exceeding the lower of NT$300 million or 20 percent of the capital stock for the year ended 31 December 2021: None.

GLOBE UNION INDUSTRIAL CORP.
Notes to Parent Company Only Financial Statements (Continued)
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(g) Related party transactions for purchases and sales exceeding the lower of NT$100 million or 20 percent of the capital stock for the year ended 31 December 2021:

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd.	Sub-subsidiary	Purchase	$4,513,559	30.72%	180 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(2,108,655)	(94.30%)	-
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	$1,967,342	13.39%	30 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(103,526)	(4.63%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Sub-subsidiary	Purchase	$1,483,716	10.10%	14 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(333,597)	(14.92%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	$(7,207,631)	(36.98%)	7 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$905,011	31.43%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	$(388,728)	(1.99%)	90 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$96,049	3.34%	-

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivables (payable)	
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(4,513,559)	(23.16%)	180 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$2,108,655	73.24%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(1,967,342)	(10.09%)	30 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$103,526	3.60%	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	$(1,483,716)	(7.61%)	14 days after invoice date	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$333,597	11.59%	-
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	$7,207,631	49.06%	7 days after invoice date	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(905,011)	(40.47%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	$388,728	2.65%	90 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(96,049)	(4.30%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	$(274,953)	(1.41%)	60 days after EOAP	A small portion of the selling prices between related parties were not significantly different from that with the third parties. For the other selling prices, there were no comparable goods sold to the third parties.	Regular	$46,595	1.62%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	$274,953	1.87%	60 days after EOAP	A small portion of the purchase prices between related parties were slightly higher than the general purchase price due to technical and quality differences. For the other purchase prices, there were no comparable goods bought from third party suppliers.	Regular	$(46,595)	(2.08%)	-

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at the year ended 31 December 2021:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$2,108,655 RMB 485,561,763	2.12 times	$-	-	$348,517 RMB 80,210,983	$-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	$905,011	8.68 times	$-	-	$836,809	$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$103,526 RMB 23,826,470	22.51 times	$-	-	$103,526 RMB 23,826,470	$-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	$333,597 USD 12,037,190	8.03 times	$-	-	$40,780 USD 1,473,792	$-

(i) Financial instruments and derivative transactions:

Company Name	Item	Transaction	Nominal Amount	Expiry Date	Fair Value
Globe Union Industrial Corp.	Forward currency contract	Sell	USD 51,230 thousand	2022/01-2022/04	$7,806
	Forward currency contract	Buy	USD 9,000 thousand	2022/01	598
				Subtotal	$8,404
PJH Group LTD	Forward currency contract	Sell	GBP 6,293 thousand	2022/01-2022/06	$(989)
Shenzhen Globe Union Enterprise Co., Ltd	Forward currency contract	Sell	EUR 650 thousand	2022/01	$18
	Forward currency contract	Sell	USD 4,500 thousand	2022/01	40
				Subtotal	$58
				Total	$7,473

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(j) Significant intercompany transactions between consolidated entities are as follows:
(amount exceeding the lower of NT$100 million or 20 percent of the capital stock)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Purchases	$4,513,559	Note 4 (1)	23.16%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(2,108,655)	Note 4 (3)	(13.04%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,967,342	Note 4 (1)	10.09%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(103,526)	Note 4 (3)	(0.64%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,483,716	Note 4 (1)	7.61%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Accounts payable	(333,597)	Note 4 (3)	(2.06%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	412,624	Note 4 (4)	2.55%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(7,207,631)	Note 4 (2)	(36.98%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	905,011	Note 4 (3)	5.60%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(388,728)	Note 4 (2)	(1.99%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(4,513,559) RMB (1,036,125,764)	Note 4 (2)	(23.16%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	2,108,655 RMB 485,561,763	Note 4 (3)	13.04%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(274,953) RMB (62,957,147)	Note 4 (2)	(1.41%)
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	7,207,631 USD 257,954,144	Note 4 (1)	36.98%
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(905,011) USD (32,707,280)	Note 4 (3)	(5.60%)
2	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	388,679 USD 14,046,938	Note 4 (5)	2.40%
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,967,342) RMB (450,370,603)	Note 4 (2)	(10.09%)

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	103,526 RMB 23,826,470	Note 4 (3)	0.64%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,483,716) USD (53,093,013)	Note 4 (2)	(7.61%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Accounts receivable	333,597 USD 12,037,190	Note 4 (3)	2.06%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Other payables	(412,624) USD (14,912,342)	Note 4 (4)	(2.55%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Other payables	(388,679) USD (14,046,938)	Note 4 (5)	2.40%
5	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	388,728 CAD 17,429,923	Note 4 (1)	1.99%
6	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	274,953 EUR 8,250,753	Note 4 (1)	1.41%

Note 1: The Company and its subsidiaries are coded as follows:
(1) The Company is coded "0".
(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.
(2) represents the transactions from a subsidiary to the parent company.
(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can’t be compared with other goods purchased from the third parities.
(2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.
(3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.
(4) Financing, ratio 1.8%.
(5) Financing, ratio 5.5%.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(2) Information on investees

(a) Names, locations, main businesses and products, original investment amount, investment as at 31 December 2021, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2021 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2021			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2021	31 December 2020	Number of shares	Percentage of ownership (%)	Book value			
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.)Corp.	P.O. Box 3340, Road Town, Tortola, British Virgin Islands	Holding company	$1,434,538	$1,434,538	44,427,680	100%	$3,793,853	$119,039	$130,884	Note 1
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd.	21 Laffan Street, Hamilton HM09, Bermuda	Holding company	$3,098,447	$3,098,447	93,449,027	100%	$3,539,629	$51,523	$78,717	Note 1
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor ,P.O. Box 2804, GerogeTown, Grand Cayman, Cayman Islands	Holding company	$2,590,324	$2,590,324	81,555,901	100%	$1,446,397	$201,970	$201,970	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Blvd. Isidro López Zertuche No. 3745 La Salle, Saltillo, Coahuila, 25240 Mexico	Manufacturing and selling sanitary ceramic wares	$1,736,117	$1,736,117	1,078,362,220	100%	$846,334	$(249,853)	$(249,853)	

Note 1: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(3) Information on investments in Mainland China

(a) Information on investments in Mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp. and Globe Union (Bermuda) Ltd. as at 31 December 2021:

Investee company	Main Businesses and Products	Total Amount of Paid-in Capital	Method of Investment	Accumulated Outflow of Investment from Taiwan as at 1 January 2021	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2021 (Note 3)	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2021	Accumulated Inward Remittance of Earnings as at31 December 2021
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling plumbing products	$1,653,098 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	$-	$-	$-	$-	$104,157	100%	$104,157 (Note 1)	$3,046,225	$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	$1,059,346 (RMB 243,808,100)	Investment in Mainland China companies through a company invested and established in a third region	$464,420 (USD 16,784,252)	$-	$-	$464,420 (USD 16,784,252)	$45,952	100%	$45,952 (Note 1)	$1,418,464	$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	$2,257 (RMB 519,514)	Directly invested Mainland China company	$-	$-	$-	$3,257 (RMB 749,658)	$355	100%	$355 (Note 1)	$3,592	$-

Accumulated Investment in Mainland China as at 31 December 2021 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$467,677 (USD 16,784,252 and RMB 749,658)	$1,537,086 (USD 55,484,324 and GBP 49,191)	Not applicable (Note 2)

Note 1: Based on the financial statements reviewed by the certified accountants of the parent company in Taiwan.

Note 2:According to Letter No. Shen-Zi-09704604680 issued by Ministry of Economic Affairs, R.O.C., the Company's investment in Mainland China is not limited to 60% of net worth or consolidated net worth specified by the Investment Commission.

(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

Note 3:The accumulated investment amount in Mainland China as at 31 December 2021 was USD16,784,252. the information of the existing investee companies is as follows:

i. The accumulated investment in Mainland China subsidiaries that were disposed of by the Company (Shenzhen Globe Union Industrial Corp., Qingdao Lin Hong Precision Industrial Corp., and Qingdao Globe Union Technology Industrial Corp.) in the amount of USD 22,441,000 has not been included.

ii. The accumulated amount of dividends distributed by Mainland subsidiaries that were not included in the above amount is as the following: Shenzhen Globe Union Industrial Corp.: USD 2,666,816; Shenzhen Globe Union Enterprise Co., Ltd.: USD 5,374,001.

(b) Please refer to Note 13(1) and (2) for more details on the significant transactions between the Company and investees in Mainland China.

(4) Information on major shareholders:

31 December 2021

Shares / Name	Shareholding	Shareholding ratio
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.30%
Ming-Ling Co., Ltd.	23,366,692	6.52%
Su-Hsiang Ouyang Chang	21,486,175	5.99%
Trust property account of Scott Ouyang at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.74%
Lei Ouyang	20,373,132	5.68%
Hsien Ouyang	20,151,496	5.62%
Scott Ouyang	20,000,000	5.58%

Note:

1. The main shareholder information in the table is calculated by the Taiwan Depository & Clearing Corporation on the last business day at the end of each quarter. The information included the total number of ordinary shares and special shares held by the shareholders, which have completed the delivery and registration of dematerialized shares (including treasury shares) that reached 5%. The share capital stated in the Company's financial report and the number of dematerialized shares actually delivered and registered by the Company may differ because the calculation bases were different.

2. If the above information included the shareholder's shares transferred to the trust, it will be disclosed by the trustee who opened the trust account individually. As for shareholders who declared insider equity holding for more than 10% of shareholding in accordance with the Securities Exchange Act, such shareholdings shall include their shareholdings plus their shares that have been delivered to the trust and shares of the trust that they have control of. Please refer to the information on insider equity declaration in the “Market Observation Post System” on the website of the TWSE.

Globe Union Industrial Corp.

Chairman：Shane Ouyang