

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS  
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED  
31 DECEMBER 2022 AND 2021

Notice to readers:

The reader is advised that these financial statements have been prepared originally in Chinese. In the event of a conflict between these financial statements and the original Chinese version or difference in interpretation between the two versions, the Chinese language financial statements shall prevail.

Address: No.22, Chien-Kuo Rd., Tanzi Dist., Taichung, Taiwan, R.O.C.

Telephone: 886-4-25349676

## 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 2022 and 2021, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, 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 2022 and 2021, and its parent company only financial performance and cash flows for the years ended 31 December 2022 and 2021, 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 the Standards on Accounting of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Parent Company Only Financial Statements section of our report. We are independent of the Company in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (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 2022 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\$8,654,909 thousand, accounting for 76% 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 \$4,788,457 thousand, accounting for 29% of the total consolidated 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 the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the parent company only financial statements.

As part of an audit in accordance with the Standards on Auditing of the Republic of China, we exercise professional judgment and 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 2022 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  
Chen Ming Hung

Ernst & Young, Taiwan  
7 March 2023

#### 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

GLOBE UNION INDUSTRIAL CORP.  
PARENT COMPANY ONLY BALANCE SHEETS  
31 December 2022 and 31 December 2021  
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current assets			
Cash and cash equivalents	4, 6(1)	\$195,936	\$74,693
Financial assets at fair value through profit or loss, current	4, 6(2)	19,594	10,149
Accounts receivable, net	4, 5, 6(3)	297,844	512,429
Accounts receivable, net- Related parties	4, 6(3), 7	1,376,890	1,001,060
Other receivables	7	316,030	472,047
Inventories, net	4, 5, 6(4)	285,725	526,742
Prepayment	6(5)	33,471	57,506
Other current assets		10,276	10,628
Total current assets		2,535,766	2,665,254
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(6)	27,960	36,480
Investments accounted for under the equity method	4, 6(7)	8,654,909	9,629,805
Property, plant and equipment	4, 6(8)	69,901	69,537
Right-of-use assets	4, 6(20)	1,232	2,588
Intangible assets	4, 6(9)	2,621	2,114
Deferred tax assets	4, 6(24)	33,928	32,855
Other non-current assets		3,518	1,415
Total non-current assets		8,794,069	9,774,794
Total assets		\$11,329,835	\$12,440,048

(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 2022 and 31 December 2021  
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at	
		31 Dec 2022	31 Dec 2021
Current liabilities			
Short-term loans	4, 6(10)	\$1,442,290	\$1,938,769
Financial liabilities at fair value through profit or loss, current	4, 6(11)	774	1,745
Contract liabilities, current	4, 6(18)	269	2,797
Accounts payable		47,561	110,155
Accounts payable- Related parties	7	1,589,452	2,545,778
Other payables	6(12), 7	145,281	103,683
Accrued expenses	6(13), 7	190,858	262,238
Current tax liabilities	4, 6(24)	72,439	48,243
Lease liabilities, current	4, 6(20)	887	1,995
Current portion of long-term loans	4, 6(14)	330,000	510,000
Other current liabilities		4,863	5,465
Total current liabilities		<u>3,824,674</u>	<u>5,530,868</u>
Non-current liabilities			
Long-term loans	4, 6(14)	2,810,000	1,710,000
Deferred tax liabilities	4, 6(24)	13,126	11,287
Lease liabilities, non-current	4, 6(20)	322	569
Other non-current liabilities		-	128
Net defined benefit obligation, non-current	4, 6(15)	7,909	14,511
Total non-current liabilities		<u>2,831,357</u>	<u>1,736,495</u>
Total liabilities		<u>6,656,031</u>	<u>7,267,363</u>
Equity attributable to the parent company	4, 6(16)		
Capital			
Common stock		3,581,640	3,581,640
Advance receipts for common stock		3,100	-
Total capital		<u>3,584,740</u>	<u>3,581,640</u>
Capital surplus		887,844	877,995
Retained earnings			
Legal reserve		892,412	886,922
Special reserve		902,450	852,940
(Accumulated deficits) retained earnings		(914,871)	55,000
Total retained earnings		<u>879,991</u>	<u>1,794,862</u>
Other components of equity			
Exchange differences on translation of foreign operations		(675,531)	(1,087,092)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(3,240)	5,280
Total other components of equity		<u>(678,771)</u>	<u>(1,081,812)</u>
Total equity		<u>4,673,804</u>	<u>5,172,685</u>
Total liabilities and equity		<u>\$11,329,835</u>	<u>\$12,440,048</u>

(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 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

	Notes	For the Years Ended 31 December	
		2022	2021
Net sales	4, 6(18), 7	\$10,006,765	\$10,128,556
Cost of sales	6(4), 7	(9,252,811)	(9,777,184)
Gross profit		753,954	351,372
Unrealized intercompany profit		(365,272)	(256,437)
Realized intercompany profit		256,437	302,779
Gross profit		645,119	397,714
Operating expenses	6(21), 7		
Selling and marketing		(235,409)	(218,550)
General and administrative		(268,570)	(226,063)
Research and development		(61,625)	(69,836)
Total operating expenses		(565,604)	(514,449)
Operating income (loss)		79,515	(116,735)
Non-operating income and expenses	6(22)		
Other revenue		14,719	23,343
Other gains and losses		(23,564)	86,798
Financial costs		(65,697)	(47,808)
Share of profit of subsidiaries, associates and joint ventures	4, 6(7)	(844,118)	115,731
Total non-operating income and expenses		(918,660)	178,064
(Loss) income from continuing operations before income tax		(839,145)	61,329
Income tax expense	6(24)	(49,729)	(48,532)
(Loss) income from continuing operations, net of tax		(888,874)	12,797
Other comprehensive loss	6(7)(15)(23)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		6,854	4,208
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(8,520)	(2,520)
Share of other comprehensive (loss) income accounted for using the equity method-remeasurements of defined benefit plans		(31,480)	38,744
Income tax related to items that may not to be reclassified subsequently to profit or loss		(1,371)	(841)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		411,561	(226,352)
Total other comprehensive (loss) income, net of tax		377,044	(186,761)
Total comprehensive loss		<u>\$(511,830)</u>	<u>\$(173,964)</u>
(Losses) earnings per share (NTD)	6(25)		
(Losses) earnings per share-basic		<u>\$(2.48)</u>	<u>\$0.04</u>
(Losses) earnings per share-diluted		<u>\$(2.48)</u>	<u>\$0.04</u>

(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 2022 and 2021  
(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 (Accumulated Deficits)	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 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 (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(17)			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
Balance as at 1 Jan 2022		\$3,581,640	\$ -	\$877,995	\$886,922	\$852,940	\$55,000	\$(1,087,092)	\$5,280	\$5,172,685
Appropriations of earnings, 2021:										
Legal reserve					5,490		(5,490)			-
Special reserve						49,510	(49,510)			-
Net loss in 2022							(888,874)			(888,874)
Other comprehensive income (loss), net of tax in 2022							(25,997)	411,561	(8,520)	377,044
Total comprehensive income (loss)							(914,871)	411,561	(8,520)	(511,830)
Share-based payment transactions-Exercise of employee stock option (Note)			3,100							3,100
Share-based payment transactions-Share-based payment expense	6(17)			9,849						9,849
Balance as at 31 Dec 2022	6(16)	\$3,581,640	\$3,100	\$887,844	\$892,412	\$902,450	\$(914,871)	\$(675,531)	\$(3,240)	\$4,673,804

(The accompanying notes are an integral part of the parent company only financial statements)

Note: The Company issued employee share option in 2020. During the year of 2022, employees converted their options into 250,000 shares at NT\$12.4 per share. Total consideration received was \$3,100 thousand.

GLOBE UNION INDUSTRIAL CORP.  
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS  
For the Years Ended 31 December 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended 31 December	
	Notes	2021
Cash flows from operating activities:		
Net (loss) income before tax		\$(839,145)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation		12,656
Amortization		1,107
Net loss (gain) of financial assets/liabilities at fair value through profit or loss		79,097
Interest expense		65,697
Interest income		(5,251)
Dividends income		(1,920)
Share-based payment expense		4,147
Share of profit or loss of subsidiaries, associates and joint ventures		844,118
Gain on disposal of property, plant and equipment		(343)
Gain of unrealized intercompany profit		365,272
Gain of realized intercompany profit		(256,437)
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss, current		(89,513)
Accounts receivable		(161,245)
Other receivables		156,017
Inventories, net		241,017
Prepayments		24,035
Other current assets		352
Other non-current assets		(2,090)
Accounts payable		(1,018,920)
Other payables		41,598
Accrued expenses		(72,743)
Contract liabilities, current		(2,528)
Other current liabilities		(602)
Defined benefit obligation		252
Other non-current liabilities		(128)
Cash used in operations		(615,500)
Interest received		5,251
Interest paid		(64,334)
Income tax paid		(26,138)
Net cash used in operating activities		(700,721)

(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 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	For the Years Ended 31 December		
	Notes	2022	2021
(Continued)			
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(10,710)	(8,318)
Disposal of property, plant and equipment		343	-
Acquisition of intangible assets		(1,614)	(1,501)
Acquisition of investments accounted for under the equity method		(231,026)	(3,270)
Increase in deposits-out		(13)	-
Dividends received		640,672	2,694
Net cash generated from (used in) investing activities		<u>397,652</u>	<u>(10,395)</u>
Cash flows from financing activities:			
Increase in short-term loans		4,457,471	2,495,881
Decrease in short-term loans		(4,953,950)	(1,892,112)
Increase in long-term loans		2,760,000	530,000
Decrease in long-term loans		(1,840,000)	(960,000)
Cash dividends		-	(179,082)
Decrease in lease liabilities		(2,309)	(1,567)
Exercise of employee stock option		3,100	-
Net cash generated from (used in) financing activities		<u>424,312</u>	<u>(6,880)</u>
Net increase (decrease) in cash and cash equivalents		121,243	(196,181)
Cash and cash equivalents at beginning of period	6(1)	74,693	270,874
Cash and cash equivalents at end of period		<u>\$195,936</u>	<u>\$74,693</u>

(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 2022 and 2021  
(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 Taipei Exchange 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 2022 and 2021 were authorized for issue by the Company’s board of directors on 7 March 2023.

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 2022. Each new standards and amendments had no material impact on the Company.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

- (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	Disclosure Initiative - Accounting Policies – Amendments to IAS 1	1 January 2023
b	Definition of Accounting Estimates – Amendments to IAS 8	1 January 2023
c	Deferred Tax related to Assets and Liabilities arising from a Single Transaction – Amendments to IAS 12	1 January 2023

- (a) 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.

- (b) 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.

- (c) 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 were issued by IASB and endorsed by FSC so that they are applicable for annual periods beginning on or after 1 January 2023. 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

- (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 2024
d	Lease Liability in a Sale and Leaseback– Amendments to IFRS 16	1 January 2024
e	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024

- (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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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) Lease Liability in a Sale and Leaseback – Amendments to IFRS 16

The amendments add seller-lessees additional requirements for the sale and leaseback transactions in IFRS 16, thereby supporting the consistent application of the standard.



## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

#### (e) Non-current Liabilities with Covenants – Amendments to IAS 1

The amendments improved the information companies provide about long-term debt with covenants. The amendments specify that covenants to be complied within twelve months after the reporting period do not affect the classification of debt as current or non-current at the end of the reporting period.

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 (c) 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 2022 and 2021 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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.



## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

- 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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

### 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:

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

- 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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

#### (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 through 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:

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

- (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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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 affect 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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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	2~10 years
Other equipment	2~6 years



## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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.

#### 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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

A summary of the policies applied to the Company's intangible assets is as follows:

	<u>Trademarks</u>	<u>Computer software</u>
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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

### (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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(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 30 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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

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.



## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

### (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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

#### (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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

#### (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 about the cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans.

#### (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.

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

#### (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 countries 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. Please refer to Note 6 for more details.

#### (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) 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
Cash on hand	\$274	\$319
Bank deposits	195,662	74,374
Total	<u>\$195,936</u>	<u>\$74,693</u>

Cash and cash equivalents were not pledged.

(2) Financial assets at fair value through profit or loss – Current

	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	<u>\$19,594</u>	<u>\$10,149</u>

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) Accounts receivable and accounts receivable-related parties

	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
Accounts receivable - non related parties	\$384,765	\$603,045
Less: allowance for sales returns and discounts	(86,921)	(90,616)
Less: allowance for doubtful debts	-	-
Subtotal	<u>\$297,844</u>	<u>\$512,429</u>
Accounts receivable - related parties	1,376,890	1,001,060
Accounts receivable, net	<u>\$1,674,734</u>	<u>\$1,513,489</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

Accounts receivable are generally on 30-150 day terms. The total carrying amount as at 31 December 2022 and 2021 were \$1,761,655 and \$1,604,105 respectively. Please refer to Note 6(19) for more details on loss allowance of accounts receivable for the years ended 31 December 2022 and 2021. 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	
	2022	2021
Merchandise	\$285,725	\$526,742

(b) The cost of inventories recognized in expenses for the years ended 31 December 2022 and 2021 were \$9,252,811 and \$9,777,184, respectively.

No inventories were pledged.

(5) Prepayments

	As at 31 December	
	2022	2021
Offset against VAT	\$30,038	\$29,124
Other prepayments	3,433	28,382
Total	\$33,471	\$57,506

No prepayments were pledged.

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

	As at 31 December	
	2022	2021
Equity instrument investments measured at fair value through other comprehensive income - Non Current:		
Listed company stocks	\$27,960	\$36,480

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
Related to investments held at the end of the reporting period		
Dividends recognized during the period	\$1,920	\$2,694

(7) Investments accounted for using the equity method

(a) The following table lists the investments accounted for using the equity method of the Company:

Investees	As at 31 December			
	2022		2021	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in subsidiaries:				
Globe Union Industrial (B.V.I.) Corp.	\$2,436,796	100%	\$3,793,853	100%
Globe Union (Bermuda) Ltd.	3,672,432	100%	3,539,629	100%
Globe Union Cayman Corp.	1,659,576	100%	1,446,397	100%
GU PLUMBING DE MEXICO S.A. DE C.V.	684,845	100%	846,334	100%
Globe Union Business Consultancy Shanghai Company Limited (Note 1)	4,035	100%	3,592	100%
Globe Union Ann Bo Manufacturing Co., Ltd. (Note 2)	197,225	100%	-	-
Total	\$8,654,909		\$9,629,805	

Note 1: 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.

Note 2: The Company established a subsidiary, Globe Union Ann Bo Manufacturing Co., Ltd. in June 2022.



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

The Company's investment in its subsidiary is accounted for using the equity method.

On 31 December 2022, 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 2022 and 2021, 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:

A. For the year ended 31 December 2022:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasuremen ts of defined benefit plans	Share-based payment transactions
Globe Union Industrial (B.V.I.) Corp.	\$(782,265)	\$48,678	\$-	\$43
Globe Union (Bermuda) Ltd.	(14,321)	267,357	-	3,841
Globe Union Cayman Corp.	229,134	14,892	(32,665)	1,818
GU PLUMBING DE MEXICO S.A. DE C.V.	(244,778)	82,104	1,185	-
Globe Union Business Consultancy Shanghai Company Limited	413	30	-	-
Globe Union Ann Bo Manufacturing Co., Ltd.	(32,301)	(1,500)	-	-
Total	<u>\$ (844,118)</u>	<u>\$ 411,561</u>	<u>\$ (31,480)</u>	<u>\$ 5,702</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

B. 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	Remeasuremen ts 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

(8) Property, plant and equipment

	As at 31 December	
	2022	2021
Owner occupied property, plant and equipment	\$69,901	\$69,537

(a) Owner occupied property, plant and equipment

	Machinery and Transportation Office					Total
	Buildings	equipment	equipment	equipment	Other equipment	
Cost:						
As at 1 Jan. 2022	\$132,965	\$14,461	\$4,650	\$51,828	\$29,227	\$233,131
Additions	-	-	-	906	9,804	10,710
Disposals	-	-	(4,650)	(2,737)	(4,297)	(11,684)
As at 31 Dec. 2022	\$132,965	\$14,461	\$-	\$49,997	\$34,734	\$232,157

**GLOBE UNION INDUSTRIAL CORP.**

Notes to Parent Company Only Financial Statements (Continued)

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

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
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	<u>\$132,965</u>	<u>\$14,461</u>	<u>\$4,650</u>	<u>\$51,828</u>	<u>\$29,227</u>	<u>\$233,131</u>
Depreciation and impairment:						
As at 1 Jan. 2022	\$73,975	\$14,197	\$4,650	\$49,894	\$20,878	\$163,594
Depreciation	2,117	59	-	1,352	6,818	10,346
Disposals	-	-	(4,650)	(2,737)	(4,297)	(11,684)
As at 31 Dec. 2022	<u>\$76,092</u>	<u>\$14,256</u>	<u>\$-</u>	<u>\$48,509</u>	<u>\$23,399</u>	<u>\$162,256</u>
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	<u>\$73,975</u>	<u>\$14,197</u>	<u>\$4,650</u>	<u>\$49,894</u>	<u>\$20,878</u>	<u>\$163,594</u>
Net carrying amount:						
31 Dec. 2022	<u>\$56,873</u>	<u>\$205</u>	<u>\$-</u>	<u>\$1,488</u>	<u>\$11,335</u>	<u>\$69,901</u>
31 Dec. 2021	<u>\$58,990</u>	<u>\$264</u>	<u>\$-</u>	<u>\$1,934</u>	<u>\$8,349</u>	<u>\$69,537</u>

(b) 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.

(c) Property, plant and equipment were not pledged.

(d) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2022 and 2021.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(9) Intangible assets

	Computer software	Trademarks	Total
Cost:			
As at 1 Jan. 2022	\$80,552	\$90,421	\$170,973
Addition-acquired separately	1,614	-	1,614
As at 31 Dec. 2022	<u>\$82,166</u>	<u>\$90,421</u>	<u>\$172,587</u>
As at 1 Jan. 2021	\$79,051	\$90,421	\$169,472
Addition-acquired separately	1,501	-	1,501
As at 31 Dec. 2021	<u>\$80,552</u>	<u>\$90,421</u>	<u>\$170,973</u>
Amortization and impairment:			
As at 1 Jan. 2022	\$78,438	\$90,421	\$168,859
Amortization	1,107	-	1,107
As at 31 Dec. 2022	<u>\$79,545</u>	<u>\$90,421</u>	<u>\$169,966</u>
As at 1 Jan. 2021	\$76,401	\$82,132	\$158,533
Amortization	2,037	8,289	10,326
As at 31 Dec. 2021	<u>\$78,438</u>	<u>\$90,421</u>	<u>\$168,859</u>
Net carrying amount:			
As at 31 Dec. 2022	<u>\$2,621</u>	<u>\$-</u>	<u>\$2,621</u>
As at 31 Dec. 2021	<u>\$2,114</u>	<u>\$-</u>	<u>\$2,114</u>

Amortization expense of intangible assets under the statement of comprehensive income:

	For the years ended 31 December	
	2022	2021
Operating costs	<u>\$-</u>	<u>\$-</u>
Operating expenses	<u>\$1,107</u>	<u>\$10,326</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(10) Short-term loans

	As at 31 December	
	2022	2021
Unsecured bank loans	\$1,442,290	\$1,938,769
Interest Rates (%)	1.47%-5.67%	0.65%-0.95%

The Company's unused short-term lines of credits amounted to \$1,820,810 and \$894,341 as at 31 December 2022 and 2021, respectively.

(11) Financial liabilities at fair value through profit or loss – Current

	As at 31 December	
	2022	2021
Held for trading:		
Derivatives not designated as hedging Instruments		
Forward foreign exchange contracts	\$774	\$1,745

Please refer to Note 12(8) for more details on forward foreign exchange contracts.

(12) Other payables

	As at 31 December	
	2022	2021
Other payables – related parties	\$144,326	\$102,831
Others	955	852
Total	\$145,281	\$103,683

(13) Accrued expenses

	As at 31 December	
	2022	2021
Accrued payroll and bonus	\$71,787	\$41,543
Accrued freight	71,460	167,751
Accrued insurance fee	6,931	4,192
Accrued professional service fee	6,339	3,169
Others	34,341	45,583
Total	\$190,858	\$262,238

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(14) Long-term loans

(a) As at 31 Dec. 2022

Lenders	Type	As at 31 Dec. 2022	Maturity date and terms of repayment
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$1,000,000	2022/05-2027/05 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.
E.SUN Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	990,000	2022/10-2024/03 Interest is paid monthly.
KGI Bank	Credit	350,000	2022/05-2024/05 Interest is paid monthly.
Bank SinoPac	Credit	200,000	2021/09-2024/07 Interest is paid monthly.
China Trust Commercial Bank	Credit	170,000	2022/12-2024/12 Interest is paid monthly.
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.
Taishin International Bank	Credit	100,000	2022/09-2024/09 Interest is paid monthly.
O-Bank	Credit	100,000	2021/09-2023/11 Interest is paid monthly.
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.
Subtotal		<u>\$3,140,000</u>	
Less: current portion		<u>(330,000)</u>	
Total		<u><u>\$2,810,000</u></u>	
Interest rate		1.570%-2.060%	

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

(b) As at 31 Dec. 2021

Lenders		Type	As at 31 Dec. 2021	Maturity date and terms of repayment
China Trust Bank (Leading Syndicated Loan)	Commercial Bank of	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.
China Trust Bank (Leading Syndicated Loan)	Commercial Bank of	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 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	2021/07-2023/03 Interest is paid monthly.
Far Eastern International Bank		Credit	100,000	2021/01-2023/01 Interest is paid monthly.
China Trust Bank	Commercial	Credit	50,000	2021/12-2023/12 Interest is paid monthly.
Subtotal			<u>\$2,220,000</u>	
Less: current portion			<u>(510,000)</u>	
Total			<u><u>\$1,710,000</u></u>	
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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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 2022 and 2021 were \$7,127 and \$7,787, 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 2022.



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, were 12 years and 13 years.

Pension costs recognized in profit or loss for the years ended 31 December 2022 and 2021:

	For the years ended	
	31 December	
	2022	2021
Current period service costs	\$146	\$148
Interest income or expense	106	69
Total	<u>\$252</u>	<u>\$217</u>

Changes in the defined benefit obligation and fair value of plan assets are as follows:

	As at		
	31 December 2022	31 December 2021	1 January 2021
Defined benefit obligation	\$87,671	\$89,796	\$100,349
Plan assets at fair value	<u>(79,762)</u>	<u>(75,285)</u>	<u>(81,847)</u>
Other non-current liabilities - defined benefit obligation	<u>\$7,909</u>	<u>\$14,511</u>	<u>\$18,502</u>

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 2021	\$100,349	\$(81,847)	\$18,502
Current period service costs	148	-	148
Net interest expense (income)	371	(302)	69
Subtotal	<u>100,868</u>	<u>(82,149)</u>	<u>18,719</u>
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	<u>(2,626)</u>	<u>(1,582)</u>	<u>(4,208)</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
Payments from the plan	(8,446)	8,446	-
As at 31 December 2021	\$89,796	\$(75,285)	\$14,511
Current period service costs	146	-	146
Net interest expense (income)	656	(550)	106
Subtotal	90,598	(75,835)	14,763
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	-	-	-
Actuarial gains and losses arising from changes in financial assumptions	(6,981)	-	(6,981)
Experience adjustments	6,215	(6,088)	127
Subtotal	(766)	(6,088)	(6,854)
Payments from the plan	(2,161)	2,161	-
As at 31 December 2022	\$87,671	\$(79,762)	\$7,909

The following significant actuarial assumptions are used to determine the present value of the defined benefit obligation:

	As at 31 December	
	2022	2021
Discount rate	1.39%	0.73%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as at 31 December 2022 and 2021 is, as shown below:

	Effect on the defined benefit obligation			
	2022		2021	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	\$-	\$4,857	\$-	\$5,791
Discount rate decrease by 0.5%	5,226	-	6,275	-
Future salary increase by 0.5%	5,115	-	6,101	-
Future salary decrease by 0.5%	-	4,807	-	5,695

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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 2021, divided into 600,000,000 shares with par value of NT\$10 each. The paid-in capital amounted to \$3,581,640 with 358,163,962 shares issued. Each share has one voting right and a right to receive dividends.

For the year ended 31 December 2022, the employees with employee stock options converted their options into 250,000 shares at NT\$12.4 per share. The above shares have not completed the registration process and were recorded as capital collected in advance.

As at 31 December 2022, the Company's authorized capital amounted to \$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 358,413,962 shares. Among the issued shares, 250,000 shares have not completed the registration process and were booked as capital collected in advance in the amount of \$3,100. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at 31 December	
	2022	2021
Additional paid-in capital	\$824,430	\$824,430
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	55,514	45,665
Total	\$887,844	\$877,995

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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. 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 special reverse in the amount equal to the reversal may be released for earnings distribution.

The Company did not have any special reserve due from first-time adoption of the TIFRS.

Details of the 2021 and 2020 earnings distribution and dividends per share as resolved by the shareholders’ meeting on 27 May 2022 and 2 August 2021 respectively, are as follows:

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

	Appropriation of earnings		Dividend per share (NT\$)	
	2021	2020	2021	2020
Legal reserve	\$5,490	\$25,916		
Special reserve	49,510	124,726		
Common stock - cash dividend	-	109,956	\$-	\$0.307
Capital surplus - cash	-	69,126	\$-	\$0.193

Please refer to Note 6(21) for more details on employees' compensation and remuneration to directors.

(17) Share-based payment plans

- (a) 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% or 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 2022, 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:

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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	7,150	3,450	\$12.40

- a. The following table contains further details on the aforementioned share-based payment plan for the years ended 31 December 2022 and 2021:

	As at 31 December 2022		As at 31 December 2021	
	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	8,250	\$12.40	10,200	\$12.75
Additions	-	-	-	-
Converted	(250)	12.40	-	-
Forfeited	(850)	12.40	(1,950)	12.40
Outstanding at end of period	<u>7,150</u>	<u>\$12.40</u>	<u>8,250</u>	<u>\$12.40</u>
Weighted average fair value of share options (NT\$)	<u>\$3.1</u>		<u>\$3.1</u>	

- b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2022:

Share options	Range of exercise price (NT\$)	Share options outstanding			Share options exercisable		
		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\$)
10 Aug. 2020 Share options plan - 10,200 units issued	\$12.40	7,150	9 Aug. 2025	2.61	\$12.40	3,450	\$12.40

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

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.

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 for the years ended 31 December 2022 and 2021 were \$3,813 and \$4,252, respectively. The following table lists the inputs to the model used for the plan:

For the 10,200 units first issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	28.51%
Risk-free interest rate (%)	0.31%
Expected option life (Years)	5 years

(b) On 14 February 2022, 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 2,100 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.



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

As at 31 December 2022, 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\$)
14 Feb. 2022	2,100	2,100	-	\$14.70

- a. The following table contains further details on the aforementioned share-based payment plan for the year ended 31 December 2022:

	As at 31 December 2022	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT\$)
Outstanding at beginning of period	-	\$-
Additions	2,100	14.70
Converted	-	-
Forfeited	-	-
Outstanding at end of period	2,100	\$14.70
Weighted average fair value of share options (NT\$)	\$3.5	

- b. The following table contains more details on the aforementioned share-based payment plan as at 31 December 2022:

Share options	Range of exercise price (NT\$)	Number (unit)	Maturity date	Share options outstanding		Share options exercisable	
				Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number (unit)	Weighted average exercise price of share options (NT\$)
14 Feb. 2022 Share options plan – 2,100 units issued	\$14.70	2,100	13 Feb. 2027	4.08	\$14.70	-	\$14.70

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

(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 for the year ended 31 December 2022 was \$334. The following table lists the inputs to the model used for the plan:

For the 2,100 units issued:

	<u>Share-based payment plan</u>
Dividend yield (%)	0%
Expected volatility (%)	25.71%
Risk-free interest rate (%)	0.64%
Expected option life (Years)	5 years

(c) Stock appreciation right plan for employees

In July 2022, the Company implemented a compensation plan to grant 1,500 units of the cash-settled stock appreciation rights to qualified employees of the Company without consideration. One unit of stock appreciation right to employees represents a right to the intrinsic value of one common share of Globe Union Industrial Corp. The life of the plan is two years. Upon maturity of one and a half years following the date of grant, those employees who fulfill both service period and performance conditions set by the Company are gradually eligible for the vested stock appreciation right at certain percentage and time frame. For those employees who fail to meet the vesting conditions, the Company will withdraw their rights without consideration. During the vesting period, the holders of the stock appreciation right are not entitled to the same rights as those of common stockholders of Globe Union Industrial Corp.

The compensation cost for the cash-settled share-based payment was measured at fair value on the grant date by using Black-Scholes Option Pricing Model and will be remeasured at the end of each reporting period until settlement. As at 31 December 2022, the assumptions used are as follows:

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

	<u>Stock appreciation right plan for employees</u>
Share price of measurement date (NT\$/unit)	\$13.25
Dividend yield (%)	0%
Expected volatility (%)	15.68%
Risk-free interest rate (%)	1.10%
Expected option life (Years)	1.5 years

For the year ended 31 December 2022, the compensation cost of \$925 was recognized in expense by the Company. The liability for stock appreciation right recognized which was classified under accrued expenses amounted to \$925 as at 31 December 2022. The intrinsic value for the liability of vested rights was \$0.

(18) Operating revenue

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Revenue from contracts with customers		
Sale of goods	\$10,148,963	\$10,240,440
Less: Sales returns, discounts and allowances	(142,198)	(111,884)
Total	<u>\$10,006,765</u>	<u>\$10,128,556</u>

(a) Disaggregation of revenue

For the year ended 31 December 2022

	<u>Vitreous china</u>	<u>Faucets and showerheads</u>	<u>Total</u>
Sale of goods	<u>\$5,881,313</u>	<u>\$4,125,452</u>	<u>\$10,006,765</u>

For the year ended 31 December 2021

	<u>Vitreous china</u>	<u>Faucets and showerheads</u>	<u>Total</u>
Sale of goods	<u>\$5,093,847</u>	<u>\$5,034,709</u>	<u>\$10,128,556</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

The Company recognizes revenue when transferring the goods to customers, so the contract performance obligation is satisfied at a point in time.

(b) Contract balances

Contract liabilities - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sales of goods	\$269	\$2,797	\$2,117

The significant changes in the Company's balances of contract liabilities for the years ended 31 December 2022 and 2021 are as follows:

	For the years ended 31 December	
	2022	2021
The opening balance transferred to revenue	\$(2,528)	\$(1,848)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	-	2,528

(19) Expected credit losses

	For the years ended 31 December	
	2022	2021
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 at an amount equal to lifetime expected credit losses. The assessment of the Company's loss allowance as at 31 December 2022 and 2021 is as follows:

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

The Company considers the grouping of accounts receivable 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:

31 December 2022

	Not yet due	Overdue				Total
		1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$1,049,674	\$624,374	\$686	\$-	\$-	\$1,674,734
Loss ratio	0.00%	0.00%	0.00%	0.00%	0.00%	
Lifetime Expected credit losses	-	-	-	-	-	-
Carrying amount	\$1,049,674	\$624,374	\$686	\$-	\$-	\$1,674,734

31 December 2021

	Not yet due	Overdue				Total
		1-90 days	91-180 days	181-365 days	Upon 366 days	
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

The Company measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. Part of the accounts receivable as at 31 December 2022 and 2021 were overdue; however, the Company considered that no changes in the credit quality of the accounts receivable occurred since the day the initial credit was granted to the balance sheet date. From previous experiences, most of the receivables were recovered. Therefore, the Company's loss allowance as at 31 December 2022 and 2021 was measured at \$0, with the Company's expected credit loss estimated at 0%.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(20) Leases

(a) The 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	
	2022	2021
Land	\$569	\$1,327
Buildings	-	1,261
Office equipment	663	-
Total	<u>\$1,232</u>	<u>\$2,588</u>

During the years ended 31 December 2022 and 2021, the Company's additions to right-of-use assets amounted to \$954 and \$1,319, respectively.

(ii) Lease liabilities

	As at 31 December	
	2022	2021
Lease liabilities	<u>\$1,209</u>	<u>\$2,564</u>
Current	<u>\$887</u>	<u>\$1,995</u>
Non-current	<u>\$322</u>	<u>\$569</u>

Please refer to Note 6(22)(c) for the interest on lease liabilities recognized during the year ended 31 December 2022 and 2021, and refer to Note 12(e) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2022 and 2021.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

B. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2022	2021
Land	\$758	\$759
Buildings	1,261	821
Office equipment	291	-
Total	<u>\$2,310</u>	<u>\$1,580</u>

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	\$285	\$925
The expense relating to variable lease payments not included in the measurement of lease liabilities	445	468
Total	<u>\$730</u>	<u>\$1,393</u>

D. Cash outflow relating to leasing activities

During the years ended 31 December 2022 and 2021, the Company's total cash outflows for leases amounted to \$3,073 and \$3,001, respectively.

(21) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2022 and 2021:

Nature \ Function	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$-	\$218,920	\$218,920	\$-	\$200,235	\$200,235
Labor and health insurance	-	14,413	14,413	-	16,342	16,342
Pension	-	7,379	7,379	-	8,004	8,004
Directors' remuneration	-	9,290	9,290	-	9,113	9,113
Other employee benefits expense	-	6,897	6,897	-	6,984	6,984
Depreciation	-	12,656	12,656	-	13,543	13,543
Amortization	-	1,107	1,107	-	10,326	10,326

## GLOBE UNION INDUSTRIAL CORP.

### Notes to Parent Company Only Financial Statements (Continued)

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

The number of employees of the Company for the years ended 31 December 2022 and 2021 were 170 and 191, respectively. There were 7 non-employee directors for both years.

The average employee benefits expense for the year ended 31 December 2022 and 2021 were \$1,511 and \$1,260, respectively.

The average salary and bonus for the year ended 31 December 2022 and 2021 were \$1,343 and \$1,088, respectively. The average salary and bonus increased by 23.44% 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.

The Company experienced a loss for the year ended 31 December 2022; therefore no employees' compensation and remuneration to directors were estimated. 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. The employees' compensation and remuneration to directors for the year ended 31 December 2021 amount to \$1,897 and \$0, respectively, recognized as salary expense.

A resolution was passed at a board meeting held on 8 March 2022 to distribute



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

\$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.

(22) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2022	2021
Interest income		
Financial assets measured at amortized cost	\$5,251	\$6,383
Dividends income	1,920	2,694
Others	7,548	14,266
Total	<u>\$14,719</u>	<u>\$23,343</u>

(b) Other gains and losses

	For the years ended 31 December	
	2022	2021
Foreign exchange gains (losses), net (Losses) gains on financial assets and liabilities at fair value through profit or loss	\$57,187	\$(10,643)
Gains on disposal of property, plant and equipment	(79,097)	99,760
Others	343	-
Total	<u>(1,997)</u>	<u>(2,319)</u>
Total	<u>\$(23,564)</u>	<u>\$86,798</u>

(c) Finance costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	\$64,262	\$47,543
Interest on lease liabilities	34	41
Others	1,401	224
Total	<u>\$65,697</u>	<u>\$47,808</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(23) Components of other comprehensive income

For the year ended 31 December 2022:

	Arising during the period	Reclassificati on adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensiv e income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$6,854	\$-	\$6,854	\$(1,371)	\$5,483
Unrealized gains and losses from equity instrument investments at fair value through other comprehensive income	(8,520)	-	(8,520)	-	(8,520)
Share of other comprehensive income/loss of subsidiaries using equity method - remeasurements of defined benefit plans	(31,480)	-	(31,480)	-	(31,480)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	411,561	-	411,561	-	411,561
Total of other comprehensive income	<u>\$378,415</u>	<u>\$-</u>	<u>\$378,415</u>	<u>\$(1,371)</u>	<u>\$377,044</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
 (Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

For the year ended 31 December 2021:

	Reclassificati on adjustments Arising during the period	during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensiv e 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	<u><u>\$(185,920)</u></u>	<u><u>\$-</u></u>	<u><u>\$(185,920)</u></u>	<u><u>\$(841)</u></u>	<u><u>\$(186,761)</u></u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
 (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	
	2022	2021
Current income tax expense:		
Current income tax charge	\$50,334	\$34,980
Deferred tax (income) expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(605)	13,552
Total income tax expense	<u>\$49,729</u>	<u>\$48,532</u>

(b) Income tax relating to components of other comprehensive income

	For the years ended 31 December	
	2022	2021
Deferred tax expense:		
Remeasurements of defined benefit plans	\$1,371	\$841
Income tax relating to components of other comprehensive income	<u>\$1,371</u>	<u>\$841</u>

(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	
	2022	2021
Accounting (loss) profit before tax from continuing operations	<u>\$(839,145)</u>	<u>\$61,329</u>
Tax at the domestic rates applicable to profits in the country concerned	\$(167,829)	\$12,266
Tax effect of revenues exempt from taxation	-	(32,415)
Tax effect of expenses not deductible for tax purposes	217,558	68,681
Total income tax expenses recorded in profit or loss	<u>\$49,729</u>	<u>\$48,532</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(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 2022:

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	\$2,121	\$51	\$(1,371)	\$-	\$801
Allowance for sales discounts	18,123	(739)	-	-	17,384
Unrealized exchange gain or loss	22	6,359	-	-	6,381
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,681)	(2,083)	-	-	(3,764)
Unrealized accrued expense	2,983	(2,983)	-	-	-
Deferred tax expense/ (income)		\$605	\$(1,371)	\$-	
Net deferred tax assets/ (liabilities)	\$21,568				\$20,802
Reflected in balance sheet as follows:					
Deferred tax assets	\$32,855				\$33,928
Deferred tax liabilities	\$(11,287)				\$(13,126)

(ii) 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 accrued expense	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)

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

B. 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 2022 and 2021, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to \$2,334,673 and \$3,795,546, respectively.

(e) The assessment of income tax returns

As at 31 December 2022, the assessment of the income tax returns of the Company is as follows:

	<u>The assessment of income tax returns</u>
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 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

	For the years ended	
	31 December	
	2022	2021
(a) Basic (losses) earnings per share		
(Losses) profit attributable to ordinary equity holders of the Company (in thousand of NT\$)	<u>\$(888,874)</u>	<u>\$12,797</u>
Weighted average number of ordinary shares outstanding for basic (losses) earnings per share (in thousands)	<u>358,166</u>	<u>358,164</u>
Basic (losses) earnings per share (NT\$)	<u>\$(2.48)</u>	<u>\$0.04</u>
(b) Diluted (losses) earnings per share		
(Losses) profit attributable to ordinary equity holders of the Company (in thousands of NT\$)	<u>\$(888,874)</u>	<u>\$12,797</u>
(Losses) profit attributable to ordinary equity holders of the Company after dilution (in thousand NT\$)	<u>\$(888,874)</u>	<u>\$12,797</u>
Weighted average number of ordinary shares outstanding for basic (losses) earnings per share (in thousands)	358,166	358,164
Effect of dilution:		
Employee compensation — stock (in thousands)	Note	283
Employee stock options (in thousands)	<u>Note</u>	<u>1,002</u>
Weighted average number of ordinary shares outstanding after dilution (in thousands)	<u>358,166</u>	<u>359,449</u>
Diluted (losses) earnings per share (NT\$)	<u>\$(2.48)</u>	<u>\$0.04</u>

(Note) It was not included in the calculation because of the antidilutive effect.

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had 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
Globe Union (Canada) Inc.	Indirect holding subsidiary
GU PLUMBING DE MEXICO S.A. DE C.V.	Direct 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

(1) Sales

	For the years ended 31 December	
	2022	2021
Gerber Plumbing Fixtures, LLC	\$7,684,000	\$7,207,631
Globe Union (Canada) Inc.	262,981	388,728
Globe Union Germany GmbH & Co. KG	-	3,233
Total	<u>\$7,946,981</u>	<u>\$7,599,592</u>

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.

(2) Purchases

	For the years ended 31 December	
	2022	2021
Shenzhen Globe Union Enterprise Co., Ltd.	\$3,320,315	\$4,513,559
Milim G&G Ceramics Co., Ltd.	2,106,033	1,967,342
GU PLUMBING DE MEXICO S.A. DE C.V.	1,706,177	1,483,716
Total	<u>\$7,132,525</u>	<u>\$7,964,617</u>



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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	
	2022	2021
Gerber Plumbing Fixtures, LLC	\$1,329,799	\$905,011
Globe Union (Canada) Inc.	47,091	96,049
Total	<u>\$1,376,890</u>	<u>\$1,001,060</u>

(4) Other receivables – related parties

	As at 31 December	
	2022	2021
GU Plumbing de Mexico S.A. de C.V.	\$253,141	\$412,624
Gerber Plumbing Fixtures, LLC	62,637	56,490
Globe Union (Canada) Inc.	75	1,737
Total	<u>\$315,853</u>	<u>\$470,851</u>

As at 31 December 2022 and 2021, the Company provided its indirect subsidiary, GU Plumbing de Mexico S.A. de C.V., with unsecured short-term loans at rates comparable to market interest rates.

(5) Accounts payable, net – related parties

	As at 31 December	
	2022	2021
Shenzhen Globe Union Enterprise Co., Ltd.	\$1,315,059	\$2,108,655
Milim G&G Ceramics Co., Ltd.	158,794	103,526
GU Plumbing de Mexico S.A. de C.V.	115,599	333,597
Total	<u>\$1,589,452</u>	<u>\$2,545,778</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(6) Other payables – related parties

	As at 31 December	
	2022	2021
Globe Union Germany GmbH & Co. KG	\$98,220	\$93,990
Globe Union (Canada) Inc.	34,785	4,768
Shenzhen Globe Union Enterprise Co., Ltd.	4,973	1,714
Gerber Plumbing Fixtures, LLC	4,307	2,359
Milim G&G Ceramics Co., Ltd.	2,041	-
Total	<u>\$144,326</u>	<u>\$102,831</u>

As at 31 December 2022 and 2021, the Company's indirect subsidiary, Globe Union Germany GmbH & Co. KG, provided the Company with unsecured short-term loans at rates comparable to market interest rates.

(7) Accrued expenses

	As at 31 December	
	2022	2021
Globe Union (Canada) Inc.	\$5,106	\$7,291
Gerber Plumbing Fixtures, LLC	3,407	5,661
Globe Union Germany GmbH & Co. KG	246	120
Total	<u>\$8,759</u>	<u>\$13,072</u>

(8) Management service expenses

	For the years ended 31 December	
	2022	2021
Globe Union (Canada) Inc.	<u>\$45,910</u>	<u>\$54,508</u>

(9) Key management personnel compensation

	For the years ended 31 December	
	2022	2021
Short-term employee benefits	\$41,296	\$72,611
Post-Employment Benefits	382	400
Share-based payment	4,725	3,544
Total	<u>\$46,403</u>	<u>\$76,555</u>

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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 April 2022, the Company has entered into a syndicated loan agreement with E.SUN Commercial Bank and ten other lending institutions of syndicated credits, such as China Trust Commercial Bank, Taipei Fubon Commercial Bank, and Bank of Taiwan. 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 200%.
  - (c) The interest coverage ratio shall not be lower than 2.
  - (d) According to the syndicated loan agreement, if the financial ratio of the Company does not meet the previous requirements, the Company should make improvement within six months after the end of the accounting period (the improvement period will not be regarded as default) and review the results in the next financial statement (the consolidated financial statements for the six-month period ended or for the year ended) to verify whether the improvement has been completed. If the Company completes the improvement in line with the previous financial ratio agreed, it is not regarded as default; otherwise, it is regarded as default. On 5 August 2022, the Company's board of directors approved to issue common shares through cash capital increase to improve the financial structure. On 18 October 2022, the majority of the lending banks agreed to grant the Company an exemption from default financial commitment for the second quarter of 2022 and for the year ended 2022.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

On 12 January 2023, the Company applied for a three-month extension of the offer period for cash capital increase until 9 May 2023 (inclusive), which was approved by the FSC on 18 January 2023.

12. OTHERS

(1) Categories of financial instruments

	<u>As at 31 December</u>	
	<u>2022</u>	<u>2021</u>
<u>Financial assets</u>		
Financial assets at fair value through profit or loss:		
Held for trading		
Mandatorily measured at fair value through profit or loss	\$19,594	\$10,149
Financial assets measured at amortized cost (Note)	2,186,426	2,059,910
Financial assets at fair value through other comprehensive income	27,960	36,480
<u>Financial liabilities</u>		
Financial liabilities at amortized cost:		
Short-term borrowings	\$1,442,290	\$1,938,769
Notes and accounts payable	1,637,013	2,655,933
Long-term loans (including current portion with maturity less than 1 year)	3,140,000	2,220,000
Leases liabilities (including current portion with maturity less than 1 year)	1,209	2,564
Other payables	145,281	103,683
Accrued expenses	190,858	262,238
Financial liabilities at fair value through profit or loss:		
Held for trading	774	1,745

Note: Including cash and cash equivalents (excluding cash on hand), accounts receivable and financial assets measured at amortized cost.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(2) 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.

(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, 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 independently from other risk variable, there is usually 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.

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. The information of the sensitivity analysis 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 2022	\$-	\$17,525
For the year ended 31 December 2021	\$-	\$11,897

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	\$-	\$(13,558)
For the year ended 31 December 2021	\$-	\$(20,577)

For depreciation 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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 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 2022 and 2021 to decrease/increase by \$4,582 and \$4,159, respectively.

(c) Equity price risk

The fair value of the Company's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company's listed equity securities are classified under fair value through other comprehensive income. 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 \$1,398 and \$1,824 on the equity attributable to the Company for the years ended 31 December 2022 and 2021, 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.

## GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

### (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 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 2022 and 2021, accounts receivable from top ten customers represented 99.26% and 96.45% 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.



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

The Company used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 31 December 2022 and 2021, part of the Company's accounts receivable were overdue; however, the Company considered that no changes in the credit quality of the accounts receivable occurred since the day credit was initially granted to the balance sheet date. From previous experiences, most of the receivables were recovered. Therefore, the Company's loss allowances as at 31 December 2022 and 2021 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).

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).

(5) 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.

Non-derivative financial liabilities

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
As at 31 December 2022					
Short-term borrowings	\$1,450,171	\$-	\$-	\$-	\$1,450,171
Accounts payable	1,637,013	-	-	-	1,637,013
Long-term borrowings (including current portion with maturity less than 1 year)	386,474	1,199,917	1,729,726	-	3,316,117
Other payables	145,281	-	-	-	145,281
Accrued expenses	190,858	-	-	-	190,858
Leases liabilities	930	341	-	-	1,271

**GLOBE UNION INDUSTRIAL CORP.**

Notes to Parent Company Only Financial Statements (Continued)

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

	<u>Less than 1 year</u>	<u>2 to 3 years</u>	<u>4 to 5 years</u>	<u>&gt; 5 years</u>	<u>Total</u>
As at 31 December 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

Derivative financial liabilities

As at 31 December 2022					
Inflows	\$93,210	\$-	\$-	\$-	\$93,210
Outflows	(93,984)	-	-	-	(93,984)
Net	\$(774)	\$-	\$-	\$-	\$(774)

As at 31 December 2021					
Inflows	\$166,622	\$-	\$-	\$-	\$166,622
Outflows	(168,367)	-	-	-	(168,367)
Net	\$(1,745)	\$-	\$-	\$-	\$(1,745)

The table above contains the undiscounted net cash flows of derivative financial liabilities.

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2022:

	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 2022	\$1,938,769	\$2,220,000	\$2,564	\$4,161,333
Cash flows	(496,479)	920,000	(2,309)	421,212
Non-cash flows (Note)	-	-	954	954
As at 31 December 2022	\$1,442,290	\$3,140,000	\$1,209	\$4,583,499

Note: The Company's right-of-use assets and lease liabilities increased by \$954.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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	\$1,335,000	\$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	<u>\$1,938,769</u>	<u>\$2,220,000</u>	<u>\$2,564</u>	<u>\$4,161,333</u>

Note: The Company's right-of-use assets and lease liabilities increased by \$1,319.

(7) 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:

- 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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

- 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 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 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(9) for fair value measurement hierarchy for financial instruments of the Company.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(8) 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 2022 and 2021 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 December 2022		
Forward currency contract	Sell USD 25,500	From January 2023 to March. 2023
Forward currency contract	Buy USD 3,000	January 2023

Items	Notional Amount (in thousands)	Expiry Date
As at 31 December 2021		
Forward currency contract	Sell USD 51,230	From January 2022 to April. 2022
Forward currency contract	Buy USD 9,000	January 2022

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.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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 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:

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	\$-	\$19,594	\$-	\$19,594

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	27,960	-	-	27,960
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	774	-	774

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	\$-	\$10,149	\$-	\$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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2022 and 2021, there were no transfers between Level 1 and Level 2 fair value measurements.

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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.

(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 2022			As at 31 December 2021		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
<u>Financial assets</u>						
Monetary items:						
USD	\$69,475	30.70	\$2,132,883	\$73,836	27.67	\$2,043,042
CNY	14,248	4.409	62,819	1,242	4.345	5,396
CAD	2,107	22.68	47,787	4,458	21.63	96,427
<u>Financial liabilities</u>						
Monetary items:						
USD	\$12,389	30.70	\$380,342	\$30,841	27.67	\$853,370
CNY	321,745	4.409	1,418,574	474,826	4.345	2,063,119
CAD	1,759	22.68	39,894	563	21.63	12,178
GBP	3,008	32.74	98,482	3,004	31.33	94,115

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 gains (losses) for the years ended 31 December 2022 and 2021 were \$57,187 and \$(10,643), respectively.



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(11) 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.

(12) 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 2022:

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 3)	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.	GU	Other receivable	Yes	\$479,607	\$420,590	\$251,740	3.75%	1	\$1,688,717	Business relationship	\$-	-	\$-	\$1,688,717	\$1,869,522
	PLUMBING DE MEXICO S.A. DE C.V.			(USD 14,890,000)	(USD 13,700,000)	(USD 8,200,000)	~5.70%								

Note 1: Total financing was limited to 40% of net equity of the lender as at 31 December 2022, and was limited to the financing amount for individual counter-party.

Note 2: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 3: Code 1 represents an intercompany transaction call for a business contact; code 2 represents short-term financing.

**GLOBE UNION INDUSTRIAL CORP.**

**Notes to Parent Company Only Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

**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 6)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counterparty	Limit of total financing amount
												Item	Value		
Gerber Plumbing Fixtures, LLC	GU PLUMBING DE MEXICO S.A. DE C.V.	Other receivable	Yes	\$740,830 (USD 23,000,000)	\$706,100 (USD 23,000,000)	\$461,697 (USD 15,039,000)	5.50%	2	\$-	For operating	\$-	-	\$-	\$801,926 (Note 1)	\$1,202,889 (Note 2)
Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	Other receivable	Yes	\$98,220 (EUR 3,000,000)	\$98,220 (EUR 3,000,000)	\$98,220 (EUR 3,000,000)	1.50%	2	\$-	For operating	\$-	-	\$-	\$399,114 (Note 3)	\$399,114 (Note 4)
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Other receivable	Yes	\$362,394 (RMB 81,000,000)	\$357,129 (RMB 81,000,000)	\$29,572 (RMB 6,707,217)	3.00%	2	\$-	For operating	\$-	-	\$-	\$1,187,342 (Note 1)	\$1,187,342 (Note 5)

Note 1: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2022.

Note 2: Total financing was limited to 60% of net equity of the lender as at 31 December 2022.

Note 3: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2022.

Note 4: Total financing was limited to 100% of net equity of the lender as at 31 December 2022.

Note 5: Total financing was limited to 40% of net equity of the lender as at 31 December 2022 and limited to the financing amount for individual counter-party.

Note 6: 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 2022:

**A. The parent company**

**GLOBE UNION INDUSTRIAL CORP.**

**Notes to Parent Company Only Financial Statements (Continued)**

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

Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the year ended 31 December 2022	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.	GU PLUMBING DE MEXICO S.A. DE C.V.	2	\$1,402,141 (Note 1)	\$740,830	\$706,100	\$461,697	\$-	15.11%	\$2,336,902 (Note 2)	Y	-	-

Note 1: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2022.

Note 2: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2022.

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.
- (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.

**GLOBE UNION INDUSTRIAL CORP.**

Notes to Parent Company Only Financial Statements (Continued)

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

(c) Securities held as at 31 December 2022 (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 2022			
				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	\$27,960	1.68%	\$27,960

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 2022: 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 2022: 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 2022: 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 2022:

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 receivable (payable)	
Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd.	Sub-subsidiary	Purchase	\$3,320,315	21.78%	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	\$(1,315,059)	(67.16%)	-
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	\$2,106,033	13.81%	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	\$(158,794)	(8.11%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	Purchase	\$1,706,177	11.19%	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	\$(115,599)	(5.90%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	\$(7,684,000)	(38.02%)	7 days after invoice date and 45 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	\$1,329,799	51.83%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	\$(262,981)	(1.30%)	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	\$47,091	1.84%	-

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 receivable (payable)	
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(3,320,315)	(16.43%)	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	\$1,315,059	51.25%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(2,106,033)	(10.42%)	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	\$158,794	6.19%	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	\$(1,706,177)	(8.44%)	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	\$115,599	4.51%	-
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$7,684,000	50.39%	7 days after invoice date and 45 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	\$(1,329,799)	(67.91%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	\$262,981	1.72%	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	\$(47,091)	(2.41%)	-

**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 receivable (payable)	
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	\$(314,139)	(1.55%)	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	\$42,428	1.65%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	\$314,139	2.06%	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	\$(42,428)	(2.17%)	-

(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 2022:

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	\$1,315,059 RMB 299,238,511	1.90 times	\$-	-	\$440,615 RMB 99,935,452	\$-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	\$1,329,799	6.88 times	\$-	-	\$872,652	\$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	\$158,794 RMB 36,015,959	15.83 times	\$-	-	\$158,794 RMB 36,015,959	\$-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	\$115,599 USD 3,765,429	7.32times	\$-	-	\$28,568 USD 930,547	\$-

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

(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 25,500 thousand	2023/01-2023/03	\$19,544
	Forward currency contract	Buy	USD 3,000 thousand	2023/01	(724)
				Subtotal	\$18,820
PJH Group LTD	Forward currency contract	Sell	GBP 3,796 thousand	2023/01-2023/03	\$(5,060)
					Total



GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

(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	\$3,320,315	Note 4 (1)	16.43%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(1,315,059)	Note 4 (3)	(7.92%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	2,106,033	Note 4 (1)	10.42%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(158,794)	Note 4 (3)	(0.96%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,706,177	Note 4 (1)	8.44%
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Accounts payable	(115,599)	Note 4 (3)	(0.70%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	253,121	Note 4 (4)	1.52%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(7,684,000)	Note 4 (2)	(38.02%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	1,329,799	Note 4 (3)	8.01%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(262,981)	Note 4 (2)	(1.30%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(3,320,315) RMB (747,089,286)	Note 4 (2)	(16.43%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	1,315,059 RMB 299,238,511	Note 4 (3)	7.92%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(314,139) RMB (70,651,805)	Note 4 (2)	(1.55%)

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)
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	7,684,000 USD 259,841,788	Note 4 (1)	38.02%
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(1,329,799) USD (43,315,918)	Note 4 (3)	(8.01%)
2	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	466,057 USD 15,180,994	Note 4 (5)	2.81%
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(2,106,033) RMB (473,627,698)	Note 4 (2)	(10.42%)
3	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	158,794 RMB 36,015,959	Note 4 (3)	0.96%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,706,177) USD (57,841,199)	Note 4 (2)	(8.44%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Accounts receivable	115,599 USD 3,765,429	Note 4 (3)	0.70%
4	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Others payables	(253,121) USD (8,244,985)	Note4 (4)	(1.52%)
4	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Others payables	(466,057) USD (15,180,994)	Note4 (5)	(2.81%)
5	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	262,981 CAD 11,580,985	Note 4 (1)	1.30%

**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)
6	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	314,139 EUR 10,030,954	Note 4 (1)	1.55%

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 parties.

- (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 3.75%~5.70%.
- (5) Financing, ratio 5.50%.

**GLOBE UNION INDUSTRIAL CORP.**

**Notes to Parent Company Only Financial Statements (Continued)**  
**(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 2022, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2022 (excluding investees in Mainland China):**

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2022			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2022	31 December 2021	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%	\$2,436,796	\$(791,775)	\$(782,265)	Note
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%	\$3,672,432	\$(54,152)	\$(123,156)	Note
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4 <sup>th</sup> Floor, P.O. Box 2804, George Town, Grand Cayman, Cayman Islands	Holding company	\$2,590,324	\$2,590,324	81,555,901	100%	\$1,659,576	\$229,134	\$229,134	
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	\$1,097,365	\$1,736,117	681,612,220	100%	\$684,845	\$(244,778)	\$(244,778)	

Note: Current investment income from investees recognized by the Company included investment gain/loss recognized by these investees from upstream/downstream transactions.

**GLOBE UNION INDUSTRIAL CORP.**

**Notes to Parent Company Only Financial Statements (Continued)**

(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., Globe Union (Bermuda) Ltd. and Shenzhen Globe Union Enterprise Co., Ltd. as at 31 December 2022:**

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 2022	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2022	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2022	Accumulated Inward Remittance of Earnings as at 31 December 2022
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling plumbing products	\$1,677,448 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	\$-	\$-	\$-	\$-	\$(124,223)	100%	\$(124,223) (Note 1)	\$2,968,354	\$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	\$1,074,950 (RMB 243,808,100)	Investment in Mainland China companies through a company invested and established in a third region	\$515,277 (USD 16,784,252)	\$-	\$-	\$515,277 (USD 16,784,252)	\$(9,724)	100%	\$(9,724) (Note 1)	\$1,428,083	\$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	\$2,291 (RMB 519,514)	Directly invested Mainland China company	\$3,305 (RMB 749,658)	\$-	\$-	\$3,305 (RMB 749,658)	\$413	100%	\$413 (Note 1)	\$4,035	\$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Manufacturing and selling plumbing products	\$229,268 (RMB 52,000,000)	Directly invested Mainland China company	\$-	\$229,268 (RMB 52,000,000)	\$-	\$229,268 (RMB 52,000,000)	\$(32,301)	100%	\$(32,301) (Note 1)	\$197,225	\$-
He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	\$-	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	\$-	\$-	\$-	\$-	\$-	100% (Note 5)	\$- (Note 1)	\$-	\$-

Accumulated Investment in Mainland China as at 31 December 2022 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
\$747,850 (USD 16,784,252 and RMB 52,749,658)	\$644,144 (USD 12,305,503, GBP 49,191 and RMB 60,000,000)	Not applicable (Note 2)

**GLOBE UNION INDUSTRIAL CORP.**

Notes to Parent Company Only Financial Statements (Continued)

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

Note 1: Based on the financial statements audited 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.

Note 3: The accumulated investment amount in Mainland China as at 31 December 2022 was USD16,784,252 and RMB 52,749,658, 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.

Note 4: According to Letter No. Shen-Er-Zi-11100058240 issued by the Ministry of Economic Affairs, R.O.C. approving investment, the Company newly invested RMB 60,000,000 in Globe Union Ann Bo Manufacturing Co., Ltd.

Note 5: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in September 2022, and Shenzhen Globe Union Enterprise Co., Ltd. invested in He Shun Investment Co., Ltd in the amount of RMB 100,000 on 9 January 2023.

(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 2022

Name \ Shares	Shareholding	Shareholding ratio
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	7.29%
Ming-Ling Co., Ltd.	23,366,692	6.51%
Hsien Ouyang	22,185,496	6.18%
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	5.73%
Lei Ouyang	20,373,132	5.68%
Scott Ouyang	20,000,000	5.58%

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

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.**

**STATEMENTS OF MAJOR ACCOUNTING ITEMS**  
**For the Year Ended 31 December 2022**

Item	Index
Statement of Cash and Cash Equivalents	113
Statement of Accounts Receivable, Net	114
Statement of Inventories	114
Statement of Changes in Investments Accounted for Using Equity Method	115
Statement of Changes in Property, Plant and Equipment	Note 6(8)
Statement of Changes in Accumulated Depreciation of Property, Plant and Equipment	Note 6(8)
Statement of Changes in Right-of-use assets	116
Statement of Changes in Intangible Assets	Note 6(9)
Statement of Short-term Loans	116
Statement of Accounts Payable, Net	117
Statement of Accounts Payable- Related Parties	Note 7
Statement of Accrued Income Tax	117
Statement of Accrued Expenses	Note 6(13)
Statement of Other Payables	118
Statement of Lease Liabilities	118
Statement of Long-term Loans	Note 6(14)
Statement of Changes in Accrued Pension Liability	Note 6(15)
Statement of Net Sales	119
Statement of Cost of Sales	119
Statement of Operating Expenses	120
Statement of Non-operating Income and Expenses	Note 6(22)



GLOBE UNION INDUSTRIAL CORP.  
1. Statement of Cash and Cash Equivalents

31 December 2022

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

Item	Original Currency	Amount	Note
Cash on hand		\$274	
Cash in banks			
Demand deposits-TWD		31,180	
Demand deposits- foreign currency		86,225	
	RMB	6,248,107.48	
	USD	1,880,516.90	
	CAD	27,052.95	
	HKD	1,397.80	
	GBP	3,468.65	
	EUR	6,023.29	
	AUD	3.92	
Checking accounts		5	
Time deposits-foreign currency		78,252	
	RMB	8,000,000.00	
	USD	1,400,000.00	
Subtotal		<u>195,662</u>	
Total		<u><u>\$195,936</u></u>	

GLOBE UNION INDUSTRIAL CORP.

2. Statement of Accounts Receivable, Net

31 December 2022

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

Client Name	Description	Amount		Note
		Subtotal	Total	
<u>Non-related Parties</u>				
Client A		\$163,373		
Client B		92,553		
Client C		32,079		
Client D		25,861		
Client E		22,283		
Others (Note)		48,616	\$384,765	
Less: Allowance for sales returns and discounts			(86,921)	
Subtotal			297,844	
<u>Related Parties</u>				
Gerber Plumbing Fixtures, LLC		1,329,799		
Globe Union (Canada) Inc.		47,091		
Subtotal			1,376,890	
Total			<u>\$1,674,734</u>	

(Note) The amount of individual client included in others does not exceed 5% of the account balance of accounts receivable- non related parties.

GLOBE UNION INDUSTRIAL CORP.

3. Statement of Inventories

31 December 2022

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

Item	Cost			Net Realizable Value		Note
	Normal inventory	Obsolete inventory	Total	Normal inventory	Obsolete inventory	
Inventory	\$285,725	\$-	\$285,725	\$343,888	\$-	Please refer to Note 4(10) for more details on net realizable value.
Total	<u>\$285,725</u>	<u>\$-</u>	285,725	<u>\$343,888</u>	<u>\$-</u>	
Less: Allowance for inventory valuation			-			
Net			<u>\$285,725</u>			

**GLOBE UNION INDUSTRIAL CORP.**

**4. Statement of Changes in Investments Accounted for Using Equity Method**

**31 December 2022**

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

Name of Company	Balance as at 1 January 2022		Additions		Decrease		Share of profit or loss of associates and joint ventures	Unrealized Profit	Exchange differences on translation of foreign operations	Remeasurments of defined benefit plans	Balance as at 31 December 2022			Market Value or Net Assets Value		Method of valuation	Guarantee	Note
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	%	Amount of Money	Unit Price	Total Amount			
Globe Union Industrial (B.V.I.) Corp.	44,427,680	\$3,793,853	-	\$43 (Note 1)	\$(623,513) (Note 5)	\$(782,265)	\$-	\$48,678	\$-	44,427,680	100%	\$2,436,796		\$3,135,244	Equity Method	None		
Globe Union (Bermuda) Ltd.	93,449,027	3,539,629	-	3,841 (Note 1)	(15,239) (Note 5)	(14,321)	(108,835)	267,357	-	93,449,027	100%	3,672,432		3,968,970	Equity Method	None		
Globe Union Cayman Corp.	81,555,901	1,446,397	-	1,818 (Note 1)	-	229,134	-	14,892	(32,665)	81,555,901	100%	1,659,576		1,650,918	Equity Method	None		
GU PLUMBING de MEXICO S.A. de C.V.	1,078,362,220	846,334	-	-	(396,750,000) (Note 2)	-	(244,778) (Note 2)	-	82,104	1,185	681,612,220	100%	684,845		684,845	Equity Method	None	
Globe Union Business Consultancy Shanghai Company Limited	(Note 3)	3,592	-	-	-	413	-	30	-	(Note 3)	100%	4,035		4,035	Equity Method	None		
Globe Union Ann Bo Manufacturing Co.. Ltd.	-	-	(Note 3)	231,026 (Note 4)	-	(32,301)	-	(1,500)	-	(Note 3)	100%	197,225		197,225	Equity Method	None		
<b>Total</b>		<u>\$9,629,805</u>		<u>\$236,728</u>	<u>\$(638,752)</u>	<u>\$(844,118)</u>	<u>\$108,835</u>	<u>\$411,561</u>	<u>\$(31,480)</u>			<u>\$8,654,909</u>		<u>\$9,641,237</u>				

Note 1 : The Company issued employee stock options to subsidiaries- Globe Union Industrial (B.V.I.) Corp., Globe Union (Bermuda) Ltd. and Globe Union Cayman Corp.

Note 2 : GU PLUMBING de MEXICO S.A. de C.V. passed a resolution to reduce 396,750,000 shares to make up for the losses at the board meeting on 22 April 2022. The capital reduction amounted to \$638,752 with the ratio of 36.792%.

Note 3 : Globe Union Business Consultancy Shanghai Company Limited and Globe Union Ann Bo Manufacturing Co. Ltd are limited companies that do not issue shares.

Note 4 : According to Letter No. Jing-Shen-Er-Zi-11100058240 issued by the Ministry of Economic Affairs on 23 May 2022 which approved the investment, the Company added new investment of RMB 60,000,000 in Globe Union Ann Bo Manufacturing Co., Ltd. As of 31 December 2022, the paid-in capital amounted to RMB 52,000,000.

Note 5 : Globe Union Industrial (B.V.I.) Corp. and Globe Union (Bermuda) Ltd paid cash dividends in the amount of \$623,513 and \$15,239 for the year ended 2022, respectively.

GLOBE UNION INDUSTRIAL CORP.

5. Statement of Changes in Right-of-use assets

31 December 2022

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

	Land	Buildings	Office equipment	Total
Cost:				
As at 1 Jan. 2022	\$3,603	\$2,368	\$-	\$5,971
Additions	-	-	954	954
As at 31 Dec. 2022	<u>\$3,603</u>	<u>\$2,368</u>	<u>\$954</u>	<u>\$6,925</u>
Depreciation and impairment:				
As at 1 Jan. 2022	\$2,276	\$1,107	\$-	\$3,383
Depreciation	758	1,261	291	2,310
As at 31 Dec. 2022	<u>\$3,034</u>	<u>\$2,368</u>	<u>\$291</u>	<u>\$5,693</u>
Net carrying amount:				
31 Dec. 2022	<u>\$569</u>	<u>\$-</u>	<u>\$663</u>	<u>\$1,232</u>

6. Statement of Short-term Loans

31 December 2022

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

Type	Lenders	As at 31 December 2022	Contract Period	Range of Interest Rates (%)	Line of credit (in thousands)	Guarantee	Note
Credit	Taipei Fubon Commercial Bank	\$348,000	2022/10/14-2023/3/2		USD 12,000	None	
Credit	Yuanta Bank	300,000	2022/12/13-2023/3/13		300,000	None	
Credit	Bangkok Bank	300,000	2022/10/18-2023/3/8		300,000	None	
Credit	E.SUN Bank	165,350	2022/12/28-2023/1/19	1.47%-5.67%	300,000	None	
Credit	Taishin International Bank	150,000	2022/11/4-2023/1/18		150,000	None	
Credit	China Trust Commercial Bank	128,940	2022/12/1-2023/5/19		200,000	None	
Credit	Taiwan Bank	50,000	2022/12/1-2023/3/1		100,000	None	
	Total	<u>\$1,442,290</u>					

GLOBE UNION INDUSTRIAL CORP.

7. Statement of Accounts Payable, Net

31 December 2022

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

Item	Description	Amount		Note
		Subtotal	Total	
<u>Non-related parties</u>				
Supplier A		\$9,698		
Supplier B		9,197		
Supplier C		7,728		
Supplier D		5,853		
Supplier E		4,390		
Supplier F		2,614		
Others (Note)		8,081	\$47,561	
<u>Related parties</u>				
Shenzhen Globe Union Enterprise Co., Ltd.		1,315,059		
Milim G&G Ceramics Co., Ltd.		158,794		
GU PLUMBING de MEXICO S.A. de C.V.		115,599	1,589,452	
Total			\$1,637,013	

(Note) The amount of individual supplier included in others does not exceed 5% of the account balance of accounts payable, net.

8. Statement of Accrued Income Tax

31 December 2022

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

Item	Description	Amount	Note
Beginning balance		\$48,243	
Add: provision for income tax		50,334	
Less: income tax paid		(26,138)	
Ending balance		\$72,439	

GLOBE UNION INDUSTRIAL CORP.

9. Statement of Other Payables

31 December 2022

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

Item	Description	Amount		Note
		Subtotal	Total	
Other payables - related parties				
Globe Union Germany GmbH & Co. KG		\$98,220		
Globe Union (Canada) Inc.		34,785		
Shenzhen Globe Union Enterprise Co., Ltd.		4,973		
Gerber Plumbing Fixtures, LLC		4,307		
Milim G&G Ceramics Co., Ltd.		2,041	\$144,326	
Others			955	
Total			<u>\$145,281</u>	

GLOBE UNION INDUSTRIAL CORP.

10. Statement of Lease Liabilities

31 December 2022

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

Item	Rental period	Discount rate	As at 31 December 2022
Land	2013/10/1-2023/9/30	1.53%	\$569
Office equipment	2022/2/24-2025/2/23	1.119%	640
		Total	<u>\$1,209</u>
		Current	\$887
		Non-current	322
		Total	<u>\$1,209</u>

GLOBE UNION INDUSTRIAL CORP.

11. Statement of Net Sales

31 December 2022

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

Item	Quantity	Amount	Note
Goods purchased	18,660,833 PCS	<u>\$10,006,765</u>	

GLOBE UNION INDUSTRIAL CORP.

12. Statement of Cost of Sales

31 December 2022

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

Item	Amount	Note
(1) Cost of sales		
Beginning balance of inventory	\$526,742	
Add: goods purchased	7,747,505	
Freight	1,277,072	
Less: transferred to sample expenses	(12,783)	
Ending balance of inventory	(285,725)	
Cost of sales of goods purchased	<u>9,252,811</u>	
(2) Adjustments	-	
(3) Write-down of excess and obsolete inventory	-	
Total cost of sales	<u>\$9,252,811</u>	

GLOBE UNION INDUSTRIAL CORP.

13. Statement of Operating Expenses

31 December 2022

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

Item	Selling expenses	General and Administrative Expense	Research and development expenses	Total	Note
Payroll and related expense	\$44,434	\$157,068	\$34,087	\$235,589	
Labor and health insurance	4,009	7,412	2,992	14,413	
Insurance	14,665	694	16	15,375	
Depreciation	214	5,687	6,755	12,656	
Sample expense	17,452	3	4,688	22,143	
Professional service fees	92,631	39,698	6,446	138,775	
Management fees	45,910	-	-	45,910	
Others (Note)	16,094	58,008	6,641	80,743	
Total	<u>\$235,409</u>	<u>\$265,570</u>	<u>\$61,625</u>	<u>\$565,604</u>	

(Note) The amount of each item in others does not exceed 5% of the account balance.