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Annual Report Website:

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<https://en.globeunion.com/investors/shareholders/>



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

# 2022 Annual Report

Printed on March 28, 2023

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

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

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## A. Letter to Shareholders

Dear Shareholders,

2022 marked a critical year for Globe Union's transformation in manufacturing. On July 10, 2022, we announced that our important subsidiary in Shenzhen (Shenzhen Globe Union Enterprise Co., Ltd.) would be relocating to a new plant, "Globe Union Ann Bo Manufacturing Co., Ltd.". In response of this relocation, the Company has recognized a one-time cumulative loss including compensations for employee turnover and relevant asset impairments, reaching NT\$1.06 billion. As a result, the net loss after tax reached NT\$888 million, which led to a negative EPS of (NT\$2.48).

This has been a very difficult decision for me. This plant relocation has an one off financial impact to shareholders, employees, and all stakeholders who have supported us for so many years. Nevertheless, we have also seen opportunities to realize our long-term benefits in the future in this decision. After pondering long and hard over the Group's developmental strategies, I believe that this is a critical move in the Group's manufacturing transformation in faucet manufacturing. After the relocation, we will be able to strategically and flexibly address an operating environment that is dramatically different from anything we have seen over the past 40 years.

We will continue to retain and develop the skills the Company has acquired over the years, including 1) the faucet hardware products and process R&D; 2) quality control; and 3) supply chain management skills. As a part of this strategy, we will outsource mature processes and components to strategic suppliers, while the Company will focus on technical product R&D and assembly to ensure quality, thereby accelerating the differentiation of our technologies and enhance the resilience and flexibility of suppliers. The Group's faucet hardware will transition toward an asset-light strategy model with flexibility in supply, and will be aligned with another one of our core competencies - the highly competitive ceramic products, to precisely and rapidly cater to market and customer demand.

After implementing operating adjustments for some time, optimizing our financial structure, and fortifying strong development conditions and foundations, we have firmly and surely realized our strategy of integrating faucet hardware with ceramic products. We will fulfill our vision of expanding the GERBER brand - currently available only to wholesale market - to the retail channels, thereby creating substantial return for shareholders, employees, and stakeholders.

The Company's 2022 operating performance, 2023 business plan, and future development strategy are as follows:

# I. 2022 Operating Performance

## (I) Operating performance:

Financial information of consolidated statements:

Unit: Thousand NTD

Item \ Year	Financial information for the most recent year	
	2022	2021 years
Operating income	20,211,011	19,491,355
Operating margin	4,963,192	4,799,037
Operating profits	(696,879)	157,604
Non-operating income and expenses	(199,964)	18,800
Net profit before tax	(896,843)	176,404
Net profit of continuing operations for this period	(888,874)	12,797
Net income attributable to owners of the parent	(888,874)	12,797
Earnings per share (NTD) (after tax)	(2.48)	0.04

(II) Budget implementation in 2022: The Company did not publish 2022 financial forecasts.

## (III) Financial structure and profitability analysis:

Financial information of consolidated statements:

Unit: Thousand NTD

Item		2022
Financial receipts and expenditures	Operating income	20,211,011
	Operating margin	4,963,192
	Net income attributable to owners of the parent	(888,874)
Profitability	Return on assets (%)	(4.39%)
	Return on equity (%)	(18.05%)
	Net profit margin (%)	(4.40%)
	Earnings per share (NTD)	(2.48)

Analysis of financial receipts and expenditures: Our operating income increased this year. Operating margin increased by NT\$164,155 thousands, operating expenses increased by NT\$1,018,638 thousands due to one-time expense result from the Shenzhen Brass Factory move, and non-operating income and expenses decreased by NT\$218,764 thousands, income tax expense decreased by NT\$171,576 thousands, resulting in a decrease of NT\$901,671 thousands in net income attributable to owners of the parent compared to 2021.

Analysis of profitability: Profitability declined this year. Due to one-time expense result from the Shenzhen Brass Factory move, YE 2022 Return on assets, return on equity, net profit margin, and earnings per share have all decreased compared to 2021 year.

## II. 2023 Business Plan

### (I) Business Direction

1. Continue to uphold our Company's core value of "Stay honest and impartial, take the initiative, and care for customers, employees, and society."
2. Upholding the founder's vision of developing "One family, One Vision" sustainably, we enhance brand value through integrating businesses around the world.

### (II) Important production and sales strategy

1. Provide one-stop services to customers by utilize the Group's manufacturing capabilities for bathroom ceramics and faucet hardware and diverse sales models and channels, thereby enhancing customer stickiness of the Group's brand and products.
2. Continue to strengthen the technical production and management models of the Group's bathroom ceramics and establish a standardized bathroom ceramics production management system. The models and systems are important infrastructures for increasing the production capacity and stable product quality of bathroom ceramics in the future.
3. The supply chain problems caused by the COVID-19 pandemic began to ease by the Q4 2022; however, the surge of products that were caught up in bottlenecks led to overly high inventories. To reduce inventories, we will be focused on coordinating production capacity as well as supplies from the supply chain in order to activate our capital.
4. Optimize the production and manufacturing of the Group's faucet hardware and continue to create production diversification opportunities for "China + 1" to enhance market competitiveness and flexibility in production and sales allocation.

### (III) Business Plan

1. Gerber (North American brand):
  - 1.1 Develop and optimize the product mix in existing ceramic channels.
  - 1.2 Develop more national wholesale channel customers on the foundation of Gerber's 90 years of brand experience and exceptional quality and service.
  - 1.3 Formulate hardware and faucet sales targets for specific customers using customer relations management, thereby implementing our strategy of "Lead with VC; Differentiate with Faucet".
  - 1.4 Achieve a comprehensive product line to prepare for the expansion into retail channels.
2. Though operating costs will be a challenge in the European market due to inflations caused by the Russo-Ukrainian War, but demand remains steady in the overall market. We will continue to promote Lenz brand to even more retail channels to expand market share.
3. Relocation of the Shenzhen faucet hardware plant is smooth and is expected to finish by the end of this year. Management will focus on core processing and technical developments required for own-brand, synergies in supply chain management, and operational efficiency of the new plant in order to strengthen product competitiveness.
4. The improvement in production yield at the Mexican plant will remain to be the focus in ceramic manufacturing. Though Russo-Ukrainian War has disrupted the supplies of the main materials in Q4 2022, thereby effecting yield, but the collective efforts from the management team and the Mexican



team has led to a steady increase in yield. We will continue to strengthen the discipline of production management and personnel technical production capacity, supply chain management, and processing control over key raw materials, to achieve the goal of improving yield and production.

5. Market consumption in the UK has been largely affected by inflation due to the Russo-Ukrainian War; however, as a channel distributor, PJH can reasonably transfer the increased cost to the consumers in a timely basis. As a result, revenues and profits remained strong in 2022. Construction channel has also returned to pre-pandemic standard. Inflation remains to be a challenge in 2023, and the easing supply chain has also led to a surge of competitors in the market. However, upholding our philosophy of "being the ideal partner to customers", PJH will continue to achieve robust growth through operating the delivery and operating systems.

(IV) Future development strategy

Committed to enhancing brand value, Globe Union Industrial Corp. will utilize our manufacturing capabilities for bathroom ceramics and faucet hardware, the 90-year foundation of the Gerber brand in the North American market, and the "Lead with VC; Differentiate with Faucet" sales strategy, to differentiate Gerber from other current second-tier brand competitors. At the same time, we will realize our commitment to customers via the following methods to enhance brand position:

- a. Worry-free products: Product quality is our number one priority. Our rigorous pursuit of quality enables customers to safely use our products without any concerns.
- b. Making dreams come true: Gerber provides quality products at affordable prices. Customers can find meticulously made faucets and ceramic products with a variety of styles to complete their dream bathrooms without spending a fortune.
- c. Simplicity – Gerber pursues high-quality user experience and human centric design, the goal is to become the best partner to customers and users. Using a customer-oriented approach, we ensure that customers can enjoy interactions with Gerber whether in terms of product functions, the ease of installation/assembly, or even the design of our sales process.

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

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

Believing in sustainable development, continuous improvement, and actively fulfilling social responsibility, the Company pays attention to various market regulations and environmental protection requirements. In recent years, the Company has imported automation and labor-saving devices to reduce production costs, and more importantly, to improve the work environment and enhance safety. In addition, Milim plant has also obtained the "Annual Green Plant in China's Construction Material Industry" benchmark designation in 2022. Besides continuing to optimize the kiln waste heat recycling system that we previously invested in, we also actively partner with external institutions to research new energy facilities, such as: The deployment and applications of photovoltaic and high-power backup energy improvements.

Looking forward to 2023, severe inflation, receding demand, and even market recession loom over the global economy, while geopolitical tensions continue to rise. The Company will continue to plan global strategic roadmap, strengthen supply chain management, and implement real-time production and sales communications management in order to execute operating adjustments, thereby continuing to create opportunities for sound profits for our shareholders.

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

Best wishes to you and your families.

Chairman : Shane Ouyang

## B. Company Profile

I. Date of establishment: October 29, 1979

II. Company History:

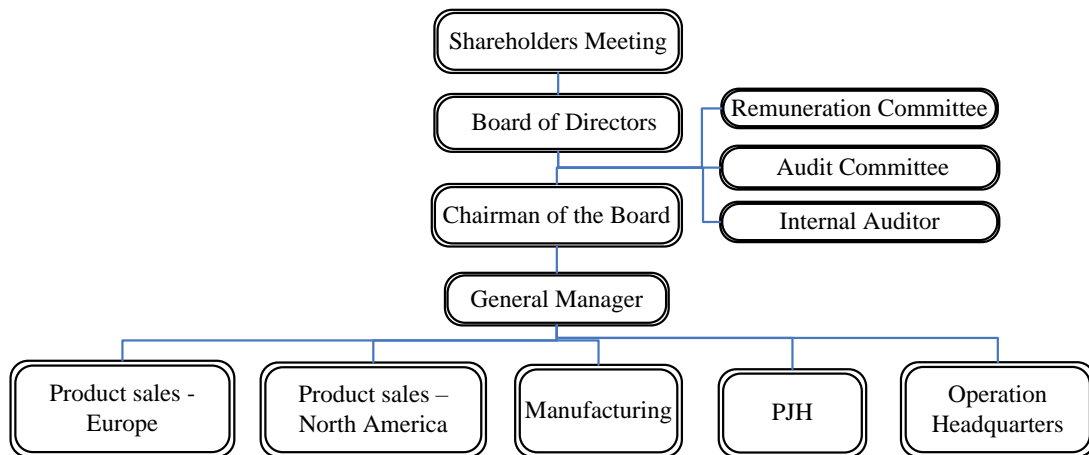
- 1979 ● Globe Union Industrial Corp. established in Taipei as a general importer and exporter with a paid-in capital of NT\$2 million.
- 1985 ● Began specializing in the trading of bathroom hardware.
- 1993 ● Created the private brand Gobo
- 1995 ● Acquired "Sheng Lin Industrial Co., Ltd." to reduce costs and consolidate production and sales. After the merger and capital-increase, total capital increased to NT\$139 million.
- 1997 ● Established Shenzhen Globe Union Industrial Corp. in China to expand our overseas production base. The Company specializes in the production of faucets and bathroom accessories.
  - Public listing approved.
- 1999 ● Created the private brand Danze.
  - Listed on the O.T.C.
  - The Company invested in Globe Union Canada Inc. in Canada, which specializes in the sale of faucets and bathroom accessories.
- 2000 ● Publicly listed on the stock exchange.
  - The Company invested in Globe Union America Inc. in the US, which specializes in the sale of faucets and bathroom accessories.
  - The Company acquired Aquanar Inc. in Canada, which specializes in the production and sale of electronic faucets.
- 2002 ● Established "Shenzhen Globe Union Enterprise Co., Ltd." in China.
  - The Company invested in Fusion Hardware Group Inc. in the US, which specializes in the sale of furniture hardware products.
- 2003 ● Acquired Gerber Plumbing Fixtures, LLC in the US, which specializes in the production and sale of bathroom ceramics.
  - Acquired "Milim G&G Ceramics Co., Ltd." in China. The company specializes in the production and sale of bathroom ceramics.
  - The Company acquired Arte En Borne, S.A.DE C.V. in Mexico, which specializes in the sale of faucet products.
- 2004 ● Acquired Lenz Badkultur GmbH & Co. KG. in Germany, which specializes in the sale of faucet products..
- 2005 ● Shenzhen Globe Union Industrial Corp. publicly listed as A-share on the Shenzhen Exchange in China.
- 2006 ● Acquired "Home Boutique International Co., Ltd." The company specializes in wholesale/retail high-end kitchen appliances and bathroom accessories.
  - Acquired "Anderson R.O. Technology Co., Ltd.". The company specializes in the manufacture and sale of water purifiers.
- 2007 ● Established "Qingdao Globe Union Technology Industrial Corp." The company specializes in the production of faucets, showers and

- hardware fittings.
- Established "Qingdao Lin Hon Precision Industrial Corp." The company specializes in the production of faucets, showers and hardware fittings.
  - The Company acquired PJH Group Holding Company Ltd. in the UK, which specializes in kitchen and bathroom product channel management.
- 2009
- US subsidiary Gerber wins Best Water-Saving Toilet, Bathroom Solutions Innovation Awards
  - , and the National Awards for Successful Corporate Restructuring and Recovery. The subsidiary Danze receives the Innovation Award in the Faucet Products category.
  - "Shen Zhen Globe Union Industrial Corp." receives "High-Tech Enterprise Certification."
- 2012
- New high-value kitchen and bathroom product R&D center established at corporate headquarters.
- 2013
- The Group undertook a major asset swap and restructuring. After the restructuring, the Group now owns 100% of Shenzhen Globe Union Enterprise Co., Ltd., Qingdao Globe Union Technology Industrial Corp., Qingdao Lin Hon Precision Industrial Corp., and Qingdao Chenglin Imp. & Exp. Trading Co., Ltd.
- 2015
- The fifth ceramics kiln line and the fourth high-pressure separation and casting line of Milim G&G Ceramics Co., Ltd. were completed, and production officially began.
- 2016
- Andrew Yates took the post of President of the Group and completed the handover process as professional manager.
  - Qingdao Lin Hon Precision Industrial Corp. was sold.
  - The brand Gobo used in China was transferred.
- 2018
- Qingdao Globe Union Technology Industrial Corp. was sold.
  - The group was reorganized into four business groups, the North America brand, global private labeling, PJH, and HBI.
- 2019
- Shane Ouyang took the post of Chairman of the Group.
  - Todd Alex Talbot took the post of President of the Group.
  - Signed a contract to sell the equity of HBI Co., Ltd.
  - Investment and establishment of GU PLUMBING de MEXICO S.A. de C.V.
- 2022
- Investment and establishment of Globe Union Ann Bo Manufacturing Co., Ltd.

## C. Corporate Governance Report

### I. Organization chart:

#### (I) Organization structure:



#### (II) Business and functions of main departments:

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

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

### (I) Directors and Supervisors:

#### Profile of directors and supervisors (I)

March 28, 2023 Unit: Shares

Number of common shares outstanding: 408,413,962 shares

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Chairman	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	37,974,032	9.29%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
	Republic of China	Representative: Shane Ouyang	M 41-50	2021.8.2	2021.8.2-2024.8.1	2019.2.20	0	0%	22,185,496	5.43%	0	0%	0	0%	M.S. in Marketing, Northwestern University, USA Founder and CEO of Venture-G Inc.	Note 1	N/A	N/A	N/A	N/A
Director	Republic of China	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	37,974,032	9.29%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
	Republic of China	Representative: Hung-Kang Lin	M 61-70	2022.1.7	2022.1.7-2024.8.1	2022.1.7	0	0%	0	0%	0	0%	0	0%	M.S. in Business Management, Brooklyn College, CUNY Director of Chu-Mei Social Welfare Foundation Chairman of Ernst & Young Cultural and Educational Foundation Director and Accountant of Ernst & Young	Note 2	N/A	N/A	N/A	N/A
	Republic of China	Representative: Wen-Hsin Chen	F 51-60	2021.8.2	2021.8.2-2024.8.1	2021.2.3	0	0%	0	0%	0	0%	0	0%	Master Degree in Business Administration and Public Relations, Boston University Note 3	N/A	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/ appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
	United Kingdom	Representative: Andrew Yates	M 61-70	2021.8.2	2021.8.2 -2024.8.1	2019.10.21	0	0%	450,000	0.11%	0	0%	0	0%	President of Globe Union Industrial Corp. CEO of PJH group and head of European Division of GU group, CEO of PJH group, commercial director of PJH group	N/A	N/A	N/A	N/A	N/A



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

Title	Nationality or place of registration	Name	Gender Age	Date elected/ appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Young-Sheng Hsu	M 51-60	2021.8.2	3 years	2015.6.26	0	0%	0	0%	0	0%	0	0%	Ph.D. in Accounting, National Taiwan University Professor of Department of Accounting, National Chung Hsing University; Associate Professor of Department of Accounting, National Chung Hsing University	Note 4	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Other concurrent positions within the Company or elsewhere	Spouse or relatives of second degree or closer acting as directors, supervisors, or other department heads			Notes
							No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
Independent Director	Republic of China	Wen-Yi Fan	M 51-60	2021.8.2	3 years	2021.8.2	0	0%	0	0%	0	0%	0	0%	Master's Degree in Telecommunication, Michigan State University, US Chief Advisor, Bremen Digital; Managing Director & Partner, AnalogFolk China; Chief Strategic Integrator, Isobar China Group; Regional Business Director, wwwins Isobar Greater China; VP Client Service, J. Walter Thompson Taipei	Member of the Company's Remuneration Committee and member of the Audit Committee	N/A	N/A	N/A	N/A

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

Note 2: Independent director, convener of the Audit Committee, and Remuneration Committee member of O-Bank, Supervisor of the Union Mechatronic Inc., and Institutional

Director of Panjit International Inc.

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

Note 4: Convener of the Company's Audit Committee and member of the Remuneration Committee. Independent Director, Audit Committee member, and Remuneration Committee member of Adimmune Corporation (ADIM); Institutional Director Representative of Ideal Bike Corporation.

Major shareholders of institutional shareholders:

March 28, 2023

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

Profile of directors and supervisors (II)

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

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Shane Ouyang	<p>He has a master's degree in marketing at Northwestern University in USA. He is the founder and CEO of Venture-G Inc. and he specializes in business strategies and management, brand marketing, planning of operating practices, and investments in new ventures. Mr. Shane Ouyang has practical experience, strategic planning, and managing execution skills. He served as the marketing manager of the US subsidiary GERBER PLUMBING FIXTURES LLC and is familiar with the bathroom industry and operations of the Group and brand sales. The role of the Chairman of the board of directors is to create two-way communications with both the management team and managers, lead and make decisions. He also has leadership skills and the ability to manage all aspects of a business. Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. The top ten shareholders of the Company, holding 22,185,496 shares, with a shareholding ratio of 5.43%.</li> <li>2. An institutional shareholder (Chairman of Ming-Ling Co., Ltd.) who holds directly 5% or more of the Company's shares</li> <li>3. Concurrently a director or institutional director representative of the Company's affiliates (holding 100% shares)</li> <li>4. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.</li> </ol>	0

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Hung-Kang Lin	<p>He is a Certified Public Accountant, and has a Master's degree in business management at Brooklyn College. Mr. Lin served as head of Ernst &amp; Young (EY) Taichung regional office; and is a member of EY CSR committee. He has over 23 years experiences in multinational enterprises auditor services and corporate consulting services, He is currently the Chairman of Ernst &amp; Young Cultural and Educational Foundation, independent director, convener of the Audit Committee, and Remuneration Committee member of O-Bank, supervisor of the Union Mechatronic Inc. and Institutional Director of Panjit International Inc.</p> <p>Mr. Hung-Kang Lin specializes in finance, accounting, law, operational management, and corporate governance and has extensive experience. He can propose relevant operational management and financial operation directions to the Company's board of directors and strengthen the supervision of the implementation of corporate governance regulations.</p> <p>Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Representative of institutional director assigned by Ming-Ling Co., Ltd.</li> <li>2. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.</li> </ol>	1

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Andrew Yates	<p>He graduated from Tameside College in Manchester, UK. Since Globe Union acquired PJH Group in 2007, he served as CEO of PJH Group and head of the European Division of GU Group and served as the CEO of Globe Union from 2016 to 2019. He is responsible for the Group's global operations.</p> <p>Mr. Andrew Yates has more than 30 years of experience in operation and management and served Globe Union for more than 10 years. He has management practice experiences and international perspectives and assists the board of directors in judging the decisions made and supervising the implementation of practical directions.</p> <p>Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Holds 450,000 shares of Globe Union Industrial Corp., with a shareholding ratio of 0.11%.</li> <li>2. The representative designated by Ming-Ling Co., Ltd. was elected as a director.</li> <li>3. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.</li> </ol>	0

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Wen-Hsin Chen	<p>She has a master's degree in Business Administration and Public relations at Boston University. She served as the Director of GM China Marketing, General Motors (China) Investment Co.; Director of Buick Brand, Buick Division, General Motors (China) Investment Co.; Director of Opel Operations, VSSM, General Motors (China) Investment Co.; Cadillac Deputy Brand Director, Marketing and Distribution, Shanghai General Motors Co. Ltd.; Brand Strategy Manager, Marketing and Distribution, Shanghai General Motors Co. Ltd.; Marketing Advertising Manager, Marketing and Sales Division, Ford Lio Ho Motor Co.; Sales Planning and Programming Manager, Ford Lio Ho Motor Co.; Service Zone Manager, Ford Lio Ho Motor Co. She has more than 20 years of brand marketing strategies and practical experience. Ms. Wen-Hsin Chen specializes in brand marketing, and is familiar with corporate operations and formulating strategies, leading, and making decisions. The Company relies on her service experiences and visions in different industries to provide diversified business strategy suggestions to improve the operating performance of the board of directors. Does not meet any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. The representative designated by Ming-Ling Co., Ltd. was elected as a director.</li> <li>2. The rest are verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.</li> </ol>	0



Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Chin-Shan Huang	<p>He has a master's degree in management at Cambridge College Boston. He is currently the chairman and chief consultant of Three Win Management Consulting Corp. and served as the president at Thunder Tiger Co., Ltd.; consultant at Tai Cheng Consulting Co., Ltd; and vice president at Fu Ying Metal Co., Ltd.</p> <p>Mr. Chin-Shan Huang is experienced in operational management, operations optimization, industry analysis, and risk management. Mr. Huang contributes his expertise in management, strategy formulation, and decision-making to improve the supervision and management to the Board of Directors, Audit Committee, and Remuneration Committee. Currently serving his third term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Serve as the Globe Union Industrial Corp.'s independent director, convener of the Remuneration Committee, and member of the Audit Committee.</li> <li>2. Holds 541 shares of Globe Union Industrial Corp., with a shareholding ratio of 0%.</li> <li>3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.</li> <li>4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.</li> </ol>	0

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Young-Sheng Hsu	<p>Mr. Young-Sheng Hsu has a PH.D. in Accounting at National Taiwan University and specializes in corporate accounting. He is currently a Professor of the Department of Accounting at National Chung Hsing University. He also serves as the Independent Director, member of the Audit Committee, and member of the Remuneration Committee of Adimmune Corporation. Mr. Young-Sheng Hsu specializes in corporate finance, accounting, and analysis, and has management expertise in corporate governance, and law. With his expertise, he can assist the board of directors in improving the Company's financial statement's audit quality, implementation of internal control, and financial analysis operation. He also serves as the Chairman of the Audit Committee and is a member of the Remuneration Committee where he fulfills his supervisory and management responsibility. Currently serving his third term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Remuneration Committee, and convener of the Audit Committee.</li> <li>2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp.</li> <li>3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.</li> <li>4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.</li> </ol>	2

Qualifications Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Wen-Yi Fan	<p>He has a master's degree in telecommunication at Michigan State University. He served as Chief Advisor, Bremen Digital; Managing Director &amp; Partner, AnalogFolk China; Chief Strategic Integrator, Isobar China Group; Regional Business Director, wwwins Isobar Greater China; VP Client Service, J. Walter Thompson Taipei.</p> <p>Mr. Wen-Yi Fan has brand marketing capabilities and has expertise in business management, industry analysis, and formulating development strategies. Mr. Fan provided in-depth insights and suggestions on brand management strategies of the Company's brand GERBER and participated in the formulation of the Group's management and strategy developments. Currently serving his first term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.</p>	<ol style="list-style-type: none"> <li>1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Remuneration Committee and Audit Committee.</li> <li>2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp.</li> <li>3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.</li> <li>4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.</li> </ol>	0

## II. Board Diversity and Independence:

### (I) Board Diversity:

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

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

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

The board of directors shall provide guidance on the Company's strategies, supervise the management, be responsible for the Company and its shareholders,

and shall ensure that it exercises its functions following the requirements of applicable laws and regulations and the Articles of Incorporation or decisions made during shareholders' meetings with regard to the respective operations and arrangements of the corporate governance system.

The board of directors shall have a structure consisting of at least seven members to meet the practical operational demand depending on the management and development scale of the Company and the holding status of major shareholders. Diversity shall be considered in the composition of board members. Directors who are also managers in the Company may not take up more than one-third of all seats. In addition, appropriate diversity policies shall be stipulated reflective of the Company's operation status, operational pattern, and developmental needs, which shall include, without limitation, the following two major aspects:

- I. Basic requirements and values: Gender, age, nationality, and culture.
- II. Professional knowledge and expertise: A professional background (e.g., law, accounting, industry, finance, marketing, or technology), professional skills, and industry experience.

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

- I. Ability to make sound business judgments.
- II. Ability to perform accounting and financial analysis.
- III. Ability to manage a business.
- IV. Ability to handle crisis management.
- V. Industrial knowledge.
- VI. An international market perspective.
- VII. Leadership.
- VIII. Decision-making ability.

The Company's current Board of Directors is composed of seven directors (including 3 independent directors, accounting for 42.9%). Six directors have the nationality of R.O.C. and one director has the nationality of UK. Three directors are 61 to 70 years old, three directors are 51 to 60 years old, and one director is 41 to 50 years old. Elites from different generations and professional fields were recruited to form the Board of Directors. The members have relevant experience in industry, business, management, leadership, and decision making. The directors have various industry and knowledge which complement each other with their diversity, thereby greatly benefiting the development of the Company. Current members of the Board of Directors are not concurrently employees of

the Company. There is one female director, accounting for 14%. The goal is to have two female directors. Regarding the succession planning of board members, successors must not only possess the professional knowledge and skills required to perform their duties, but also have personality traits and values that are consistent with the Company's core values, corporate culture, and business philosophy. In order to maintain the industry expertise and experience inheritance of the members of the board of directors, the succession planning of corporate directors mainly comes from the current directors or shareholders recommending appropriate candidates; as for the part of independent directors, they must have business, legal, financial, accounting or corporate business requirements according to law. Work experience is considered. The progress is detailed in the table below:

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

✓ denotes ability. ○ denotes some ability.

(II) Board independence:

1. Board Structure

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

2. The Board of Directors is independent.

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

The Company has established a performance assessment system for the board of directors, and carries out a self-evaluation of the board of directors and board members every year; the content of the performance self-assessment of the board of

directors includes: 1. Level of participation in the Company's operations, 2. improving the quality of board decision-making, 3. board composition and structure, 4. appointment of directors and their continuing studies, 5. internal controls. The external Board's performance evaluation is conducted at least once every three years by an external professional independent institution or an external team of experts and scholars. The results of the external evaluation and self-evaluation are reported to the Board of Directors on March 7, 2023. After the above-mentioned relevant self-evaluation results are reported to the Board of Directors, they will be disclosed in the Company's annual report and the official website.

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

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

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

As of March 28, 2023 Unit: Shares

A total of 408,413,962 common shares are in circulation

Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
President	USA	Todd Alex Talbot	M	2019.8.13	650,000	0.16%	0	0%	0	0%	President of FluidMaster Inc., Partner of Mega Western Sales, CEO of OldCastle Glass Division of CRH, President of BrassCraft and Alsons Division of Masco Group. University of Nevada, BS of Business management	Director at Globe Union Germany GmbH & Co. KG; Globe Union Verwaltungs GmbH; and GU PLUMBING de MEXICO S.A. de C.V.	N/A	N/A	N/A	N/A
Vice President	Republic of China	Tsung-Min Chen	M	2015.10.16	377,320	0.09%	0	0%	0	0%	MA in Finance, National Sun Yat-sen University; Department of Business Administration, Tunghai University Director of Investment Analysis, Investment Department, Cathay Life Insurance	Note 1	N/A	N/A	N/A	N/A
Vice President	Republic of China	Lei-Hui Lee	F	2020.8.6	155,000	0.04%	0	0%	0	0%	Master of International Business, University of Strathclyde Department of International Trade, Feng Chia University	Director at GLOBE UNION (UK) LIMITED and Globe Union Business Consultancy (Shanghai)	N/A	N/A	N/A	N/A



Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
												Company Limited.				
Vice President	Republic of China	Zhen-Hui Jin	M	2022.1.27	155,000	0.04%	4,718	0%	0	0%	Manager of Ta An Aluminum Co., Ltd Chief of San Zhen Aluminum Co., Ltd Supervisor of Hocheng Corporation Precision Die Casting Supervisor of CPD Group Inc Mining and Metallurgical Engineering Department of Provincial Taipei Institute of Technology	Director of subsidiaries Milim G&G Ceramics Co., Ltd., and Globe Union Business Consultancy (Shanghai)Company Limited	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Jung-Chao Lin	M	2018.1.1	100,575	0.02%	107	0%	0	0%	Chief of Taiwan Kose Co., Ltd Department of Nutrition, Chung Shan Medical University	Director of subsidiaries Shenzhen Globe Union Enterprise Co., Ltd.	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Bhor-Chaou Chang	M	2018.1.1	51,600	0.01%	0	0%	0	0%	Virginia Commonwealth Master of Commerce	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Ta-Ying Chang	M	2021.11.9	100,000	0.02%	0	0%	0	0%	Vice president of product engineer supporting the head office of Shenzhen Globe Union Enterprise Co., Ltd.	Director of Chengxinzhao (Zhangzhou) Hardware Co., Ltd.; and Globe Union Ann Bo	N/A	N/A	N/A	N/A

Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding		Shares held by spouse and underage children		Shares held in the name of others		Major education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree			Notes
					No. of shares	Shareholding ratio	No. of shares	Shareholding ratio	No. of shares	Shareholding ratio			Title	Name	Relationship	
											R&D manager of Globe Union Industrial Corp.	Manufacturing Co., Ltd.				
Assistant Vice President	Republic of China	Jun-Hong Li	M	2019.10.25	80,000	0.02%	0	0%	0	0%	Manager, Design Department, Tsann Kuen Enterprise Co., Ltd. Master's degree in Design, National Yunlin University of Science & Technology	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Ming-Feng, Zhang	M	2022.1.27	80,000	0.02%	4,141	0%	0	0%	Clerk at E. SUN Commercial Bank Auditor at Deloitte & Touche B.A. in Accounting, Tunghai University	N/A	N/A	N/A	N/A	N/A

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

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

(1) Remuneration for directors (including independent directors)

December 31, 2022

Unit: Thousand NTD

Title	Name	Director's remuneration								Ratio of total compensation (A+B+C+D) and to net profit after tax (%) (Note 6)	
		Remuneration (A) (Note 1)		Severance pay and pension (B)		Director's remuneration (C) (Note 2)		Business expenses (D) (Note 3)			
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)
Director	Representative of Ming-Ling Co., Ltd.:										
	Shane Ouyang	3,500	3,500	0	0	0	0	270	390	3,770 (0.42%)	3,890 (0.44%)
	Hung-Kang Lin	500	500	0	0	0	0	240	240	740 (0.08%)	740 (0.08%)
	Andrew Yates	500	500	0	0	0	0	210	210	710 (0.08%)	710 (0.08%)
	Wen-Hsin Chen	500	500	0	0	0	0	270	270	770 (0.09%)	770 (0.09%)
Independent Director	Chin-Shan Huang	800	800	0	0	0	0	300	300	1,100 (0.12%)	1,100 (0.12%)
	Young-Sheng Hsu	800	800	0	0	0	0	300	300	1,100 (0.12%)	1,100 (0.12%)
	Wen-Yi Fan	800	800	0	0	0	0	300	300	1,100 (0.12%)	1,100 (0.12%)

Title	Name	Remuneration for part-time employees								Ratio of total compensation (A+B+C+D+E+F+G) and to net profit after tax(%) (Note 6)		Remuneration from reinvestments other than subsidiaries or the parent company
		Salary, bonuses, and allowances (E) (Note 4)		Severance pay and pension (F)		Employee remuneration (G) (Note 5)						
		The Company	All companies in the financial report (Note 7)	The Company	All companies in the financial report (Note 7)	The Company		All companies in the financial report (Note 7)		The Company	All companies in the financial report (Note 7)	
Cash value	Share value											Cash value
Director	Representative of Ming-Ling Co., Ltd.:											
	Shane Ouyang	0	0	0	0	0	0	0	0	3,770 (0.42%)	3,890 (0.44%)	0
	Hung-Kang Lin	0	0	0	0	0	0	0	0	740 (0.08%)	740 (0.08%)	0
	Andrew Yates	0	0	0	0	0	0	0	0	710 (0.08%)	710 (0.08%)	0
	Wen-Hsin Chen	0	0	0	0	0	0	0	0	770 (0.09%)	770 (0.09%)	0
Independent Director	Chin-Shan Huang	0	0	0	0	0	0	0	0	1,100 (0.12%)	1,100 (0.12%)	0
	Young-Sheng Hsu	0	0	0	0	0	0	0	0	1,100 (0.12%)	1,100 (0.12%)	0
	Wen-Yi Fan	0	0	0	0	0	0	0	0	1,100 (0.12%)	1,100 (0.12%)	0

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

Note 2: Proposed distribution of directors' remuneration approved by the Board of Directors on 3/7/2023.

- Note 3: These are business expenses of directors in the most recent year (including transportation allowance, special allowance, stipends, lodging, and vehicle, among other supplies in kind). In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration.
- Note 4: All payments to directors who are also employees of the Company (including the position of President, Vice President, other manager, and staff), including salary, additional pay, severance pay, bonuses, rewards, transportation allowance, special allowance, stipends, lodging, and vehicle. In case of housing, vehicle, and other transportation or exclusive individual expenditures, the nature and costs, actual rents or those calculated based on fair market prices, gas fees, and other payments of the assets provided must be disclosed. If a chauffeur is provided, please note the relevant compensation paid by the Company, but exclude the remuneration. Salary expenses recognized in accordance with IFRS 2 Share-based Payment shall also include employee stock option certificates, restricted stock awards, and share subscription in capital increase by cash. The Company has no director who is concurrently an employee.
- Note 5: Refers to proposed distribution of employees' remuneration (proposed figure) approved by the Board of Directors on March 7, 2023. The Company has no director who is concurrently an employee.
- Note 6: Net profit after tax refers to the net profit after tax from the most recent standalone financial report.
- Note 7: The total pay to the directors from all companies in the consolidated statements (including the Company).

(2) Remunerations to President and Vice Presidents

December 31, 2022

Unit: Thousand NTD

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Amount of employee remuneration (D)				Ratio of total compensation (A+B+C+D) and to net profit after tax (%)		Remuneration from reinvestments other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
President	Todd Alex Talbot	17,028	17,028	0	0	3,472	3,472	0	0	0	0	20,500 (2.31%)	20,500 (2.31%)	0
Vice President	Tsung- Min Chen	5,826	5,940	108	108	2,172	2,172	0	0	0	0	8,107 (0.91%)	8,220 (0.92%)	0
Vice President	Lei- Hui Lee	3,192	3,225	108	108	1,537	1,537	0	0	0	0	4,837 (0.54%)	4,870 (0.55%)	0
Vice President	Zhen- Hui Jin	2,806	2,846	108	108	2,498	2,498	0	0	0	0	5,412 (0.61%)	5,452 (0.61%)	0

Note: Board of Directors approved resolution not to distribute employees' remuneration on March 7, 2023. Net profit after tax refers to the net profit after tax from the most recent standalone financial report.

Chen-Hui Chin was promoted to Vice President on January 27, 2022.

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

Unit: NT\$1,000

Standalone	2022			2021		
Title	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)
Director	9,290	(888,874)	(1.05%)	9,263	12,797	72.38
President and Vice Presidents	38,856		(4.37%)	42,316		330.67

Consolidated financial statements	2022			2021		
Title	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)	Total remuneration	Net profit after tax	Total remuneration as a percentage of net profit after tax (%)
Director	9,410	(888,874)	(1.06%)	9,403	12,797	73.48
President and Vice Presidents	39,042		(4.39%)	72,330		565.21

Remunerations to the President and Vice Presidents in 2022 increased compared with that in 2021. This is mostly attributable to the severance payment to the 2 resigned Vice Presidents according to the employment contract in 2021.

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

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

1. The Company's policies, standards of paying director remuneration and packages of remuneration shall be handled in accordance with the Company's Articles of Association and the Rules of Procedure for Remuneration of Directors approved by the Board of Directors.

(a). The remuneration of directors: According to Article 23 of the Company's Articles of Association, directors can receive

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

- (b). Director's remuneration: According to Article 25-1 of the Company's Articles of Association, whereby surpluses concluded from a financial year shall be subject to director remuneration of no more than 2%. If surpluses are concluded from a financial year and the earnings per share is in excess of NT\$1, then director remuneration shall be allocated according to the Company's Articles of Association. In addition, the Company regularly evaluates the performance of directors in accordance with the "Board of Directors Performance Evaluation Guidelines", and the relevant performance evaluation and the rationality of remuneration are reviewed by the Remuneration Committee and the Board of Directors.
2. The Company's manager remuneration is based on the manager performance evaluation and remuneration policies, systems, standards, and structure. The remuneration structure includes: Remunerations, performance bonuses, and employee's remuneration.
- (a). The remuneration refers to the standard of the same industry and items such as job title, job levels, education/ work experience, professional capabilities, and responsibilities.
  - (b). The performance bonuses are based on the Company's annual performance, financial position, operational situation, and the key performance indicators or management by objectives adopted respectively according to high or low correlations between the individual responsibilities and the Group's profit.
  - (c). According to Article 25-1 of the Company's Articles of Association, if the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration. Managers shall adopt KPI or MOB evaluation methods according to high or low correlations between the manager's responsibilities and Group's profits. Managers shall combine "begin with the end in mind" with the Company/business unit's annual strategy and key policies and focus on the implementation of annual goals. The annual performance results that the managers shall review are the degree of achievement of the four following aspects 1. company/business unit's financial goals, 2. individual annual



major work projects, 3. values and behavior, 4. leadership. These shall be discussed with the cross-department/supervisor regularly to ensure the fairness and objectivity of performance evaluation results. Under the premise that the Company has made profits, we focus on the results of the team's joint efforts and contributions. The employee remuneration is paid on the principle of profit-sharing.

● The procedures for setting remuneration:

1. The procedures for setting director's remuneration:

- (a). The remuneration of directors shall comply with Article 23 of the Company's Articles of Association: The Company's directors can receive monthly remuneration and transportation costs regardless of the Company's profit or loss: The amount of their remuneration is handled in accordance with the Company's "Rules of Procedure for Remuneration of Directors".
- (b). The remuneration of directors shall comply with Article 25-1 of the Company's Articles of Association: If the Company was profitable during the year, no more than 2% may be allocated as remuneration for directors. However, profits must first be taken to offset cumulative losses if any.

2. The procedures for setting manager's remuneration:

- (a). Performance bonuses are determined based on annual business performance.
- (b). Remuneration of the employees shall comply with Article 25-1 of the Company's Articles of Association: If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration.

● Relation to business performance and future risks:

1. Correlation of directors' business performance and future risks:

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

- (b).The results of the Company's 2022 internal self-evaluation of the board of directors, individual directors, and each individual functional committee have all been exceeding expectations.

The Company sustained a loss in 2022 and directors' remuneration will not be paid out for this year. This resolution was submitted to the Remuneration Committee for review, and upon its approval, it was subsequently submitted to, and approved by the board of directors.

2.Correlation of manager's business performance and future risks:

- (a).The reasonableness of the remuneration and relevant performance evaluation of the Company's directors and managers are regularly evaluated and reviewed by the Remuneration Committee and the board of directors every year. On the whole, they look at the Company's operating performance, future development trends, and possible risks of the industry, and examine relevant laws and the Company's actual operating conditions. They review the remuneration system and consider the progress of achieving individual performance goals and their contribution to the company, to give reasonable remuneration. The Company sustained a loss in 2022 and employee remuneration will not be paid out for this year.
- (b).When reviewing the relevant remuneration payment standards and systems in the remuneration policy, the Company mainly considers its overall operating performance. We determine the payment standards based on the performance goals' achievement rates and contributions to improve the overall efficiency of the management team. To ensure that the remuneration of the management level of the Company remains competitive, we refer to the remuneration standard of the industry to retain outstanding people with management talents. Managers' performance goals are mainly financial goals, and they manage and prevent possible risks within the scope of their powers and responsibilities. The performance of each important decision is reflected in the Company's profitability, and then the Company links the results of the actual performance evaluation to the relevant remuneration policies. The Company also issues employee stock options to the Company's and its subsidiaries' executives at the management level. The actual benefits of remuneration are related to the future stock price. These executives will share the overall future operational risks with the Company and actively create overall profits.

Individual Remuneration Paid to the Company's Top Five Management Personnel

December 31, 2022

Unit: Thousand NTD

Title	Name	Salary (A)		Severance pay and pension (B)		Bonuses and Allowances (C)		Amount of employee remuneration (D)				Ratio of total compensation (A+B+C+D) and to net profit after tax (%)		Remuneration from reinvestments other than subsidiaries or the parent company
		The Company	All companies in the financial report	The Company	All companies in the financial report	The Company	All companies in the financial report	The Company		All companies in the financial report		The Company	All companies in the financial report	
								Cash Amount	Shares Amount	Cash Amount	Shares Amount			
President	Todd Alex Talbot	17,028	17,028	0	0	3,472	3,472	0	0	0	0	20,500 (2.31%)	20,500 (2.31%)	0
Vice President	Tsung-Min Chen	5,826	5,940	108	108	2,172	2,172	0	0	0	0	8,107 (0.91%)	8,220 (0.92%)	0
Vice President	Lei-Hui Lee	3,192	3,225	108	108	1,537	1,537	0	0	0	0	4,837 (0.54%)	4,870 (0.55%)	0
Vice President	Zhen-Hui Jin	2,806	2,846	108	108	2,498	2,498	0	0	0	0	5,412 (0.61%)	5,452 (0.61%)	0
Assistant Vice President	Ta-Ying Chang	2,872	2,872	0	0	617	617	0	0	0	0	3,489 (0.39%)	3,489 (0.39%)	0

Manager's name and distribution of employee bonuses

December 31, 2022 Unit: Thousand NTD

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

Note: Board of Directors approved resolution not to distribute employees' remuneration on March 7, 2023.

Note: Provide the employee remunerations approved by the Board of Directors and distributed to the managers in the most recent year (including shares and cash); if they cannot be estimated, calculate the value intended to be distributed this year according to the actual value distributed last year.

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

Pursuant to Order Tai-Cai-Zheng-San-Zi No. 0920001301 dated March 27, 2003, the scope of managers is as follows:

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

#### IV. Corporate Governance Practices:

##### (I) Operation of the Board of Directors:

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

The Board of Directors met 10 times (A) (8 times in 2022) during 2022 and as of the date of this annual report. Board attendance was as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Notes
Chairman	Shane Ouyang (Representative, Ming-Ling Co., Ltd.)	10	0	100	
Director	Hung-Kang Lin (Representative, Ming-Ling Co., Ltd.)	9	1	90	
Director	Andrew Yates (Representative, Ming-Ling Co., Ltd.)	8	2	80	
Director	Wen-Hsin Chen (Representative, Ming-Ling Co., Ltd.)	10	0	100	
Independent Director	Chin-Shan Huang	10	0	100	
Independent Director	Young-Sheng Hsu	10	0	100	
Independent Director	Wen-Yi Fan	10	0	100	

Other disclosures:

- I. Board resolutions stipulated in the Article 14-3 of the Securities and Exchange Act or other resolutions with dissenting or qualified opinions given by independent directors that are recorded or stated in writing should state dates of the board meetings, term, resolution content, opinions of all independent directors, and the Company's response: Please refer to IV. Corporate Governance Practices (XI) Important Resolutions of the Board of Directors in the Most Recent Year (pages 101 to 106 ).
- II. When there are recusals of directors due to conflicts of interests, names of the directors, contents of resolutions, reasons of recusal, and voting participation should be stated: N/A.
- III. TWSE/TPEx listed companies shall disclose the cycle and period, scope, method, and content of self (or peer) evaluation and fill in the implementation status of the evaluation of the board of directors in the attached table (please see the following description for details).
- IV. Programs this year and in the most recent year for strengthening the functionality of the Board (for example, setting up an auditing committee, improving transparency, etc.) and assessment of execution:
  1. The Rules of Procedures for Board of Directors Meetings are stated in the Company's Articles of Incorporation in accordance with the Regulations Governing Procedure for Board of Directors Meetings of Public Companies. Amendments were subsequently approved by the board on December 16, 2022 to strengthen board effectiveness.
  2. The Remuneration Committee was established on December 21, 2011 to strengthen the Company's corporate governance by formulating and regularly reviewing the remuneration for directors, supervisors, and managers.
  3. After the reelection of the Company's directors on May 25, 2018, the Audit Committee was established in accordance with the regulations.
  4. Assessment of execution: To improve the transparency of the Company, after each meeting of the board, the key resolutions are immediately posted to the Market Observation Post System website and periodically announced on the Company website to protect shareholders' interests.

## Implementation Status of the Evaluation of Board of Directors

Self-evaluation: The results of the self-evaluation from the Company's Board of Directors and functional committees should be completed and reported to the Board of Directors before the end of Q1 in the following year.

External evaluation: The execution of the Company's performance evaluation of the Board of Directors, should be implemented by an external professional and independent institution or an external team of experts/scholars, and the frequency of which should be no less than once every three years. The evaluation should be completed and reported the Board of Directors before the end of Q1 in the following year.

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
Implemented once a year	2022/1/1-12/31	Performance evaluation of the Board of Directors, individual board members, and functional committees	Self-evaluation of the board	<ul style="list-style-type: none"> <li>• Level of participation in the Company's operations</li> <li>• Improvement of the quality of the Board of Directors' decision making</li> <li>• Board composition and structure</li> <li>• Election and continuing education of the directors</li> <li>• Internal control.</li> </ul>
			Self-evaluation of the board members	<ul style="list-style-type: none"> <li>• Familiarity with the goals and missions of the Company</li> <li>• Understanding of director's responsibilities</li> <li>• Level of participation in the Company's operations</li> <li>• Internal relationship management and communication</li> <li>• Internal control.</li> </ul>
			Self-evaluation from the members of the functional committee (Remuneration Committee and Audit Committee)	<ul style="list-style-type: none"> <li>• Level of participation in the Company's operations</li> <li>• Understanding of the roles and responsibilities of the functional committee</li> <li>• Improvement of the quality of the functional committee decisions</li> <li>• Composition of the functional committee and the selection of its members</li> <li>• Internal control.</li> </ul>

Self-evaluation options:

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

## 2022 Self-evaluation results

Performance evaluation of the Board of Directors	(Self) performance evaluation of member of board	Performance evaluation of Functional Committee
The average score for each aspect is between 4.08 and 4.67	The average score for each aspect is between 4.62 and 5	<p>Remuneration Committee The average score for each aspect is between 4.70 and 5</p> <p>Audit Committee The average score for each aspect is between 4.95 and 5</p>

Please refer to the Company's website <https://tw.globeunion.com/investors/corporate-governance/> under "Board Performance Evaluation Report" in "Other Relevant Documents".

(II) Operation of the Audit Committee:

The term of the 2nd Audit Committee is from August 2, 2021 to August 1, 2024.

In 2022 and as of the publication date of this Annual Report, the Audit Committee has convened 10 meetings (A), in which 8 meetings were held in 2022. The attendance of the independent directors is as follows:

Title	Name	Actual Attendance (B)	Attendance by proxy	Attendance rate (%) (B/A)	Notes
Independent Director	Young-Sheng Hsu	10	0	100	Convener
Independent Director	Chin-Shan Huang	10	0	100	
Independent Director	Wen-Yi Fan	10	0	100	

Other disclosures:

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

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

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

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

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

The Auditing Office periodically submits audit reports to independent directors for review and reports to directors during board meetings.

CPAs and chief auditors are invited to attend periodic Audit Committee meetings, and related supervisors are also invited as needed. CPAs summarize governance matters audited or reviewed in financial reports and communicate with the Audit Committee in writing or in person. Meetings are arranged depending on the circumstances if there are other individual issues about operation or internal control that require immediate discussion.

Please visit the Company's website for communication among independent directors, supervisors, chief auditors, CPAs, and the head of accounting:

<https://tw.globeunion.com/investors/corporate-governance/>



Resolutions of the Audit Committee

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
2nd-term 4th meeting 2022.1.27	18th-term 5th meeting 2022.1.27	<ol style="list-style-type: none"> <li>1. The employee lists of whom will be granted of The First Employee Stock Option Plan 2021.</li> <li>2. Delegates E.SUN Commercial Bank as the overall coordinating bank and management bank; E.SUN Commercial Bank and other financial institutions under E.SUN Commercial Bank's invitation will be the overall main processing bank ("Main Processing Bank") in charge is a combined trust project, as long as it does not exceed NT\$2.5 billion.</li> <li>3. The Company's engagement in trading of derivatives.</li> </ol>	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 5th meeting 2022.3.8	18th-term 6th meeting 2022.3.8	<ol style="list-style-type: none"> <li>1. The Company's 2021 business report and financial statements.</li> <li>2. 2021 Statement of Internal Control.</li> <li>3. The amendment to Company's "Regulations Governing the Acquisition and Disposal of Asset".</li> <li>4. Compensation for the service of the external auditor.</li> <li>5. The Company's engagement in trading of derivatives.</li> <li>6. The Company's application for bank loans.</li> </ol>	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 6th meeting 2022.4.11	18th-term 7th meeting 2022.4.11	<ol style="list-style-type: none"> <li>1. Earnings distribution.</li> <li>2. The Company proposed to set up subsidiary in China.</li> <li>3. The Company's engagement in trading of</li> </ol>	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
		derivatives. 4. The Company's application for bank loans.		the Board of Directors.
2nd-term 7th meeting 2022.5.6	18th-term 8th meeting 2022.5.6	1. The Company's consolidated financial report for Q1 2022. 2. Inter-company loan to subsidiary. 3. The Company's engagement in trading of derivatives. 4. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 8th meeting 2022.6.17	18th-term 9th meeting 2022.6.17	1. The Company's engagement in trading of derivatives.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 9th meeting 2022.8.5	18th-term 10th meeting 2022.8.5	1. The Company's consolidated financial report for Q2 2022. 2. The Company's proposed cash capital increase and issuance of new shares in 2022. 3. Routine evaluation of CPAs' independence. 4. The Company's engagement in trading of derivatives.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 10th meeting 2022.11.4	18th-term 11th meeting 2022.11.4	1. The Company's consolidated financial report for Q3 2022. 2. Compensation for the service of the external auditor. 3. The Company's engagement in trading of derivatives. 4. The Company's application for bank loans.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 11th meeting	18th-term 12th meeting	1. The Company's 2023 corporate budget and	Proposal approved as	Submitted to the Board of

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
2022.12.16	2022.12.16	<ul style="list-style-type: none"> <li>business strategy plan.</li> <li>2. The Company's 2023 annual audit plan.</li> <li>3. Inter-company loan to subsidiary.</li> <li>4. Proposal of capitalization of earnings by invested subsidiary Milim G&amp;G Ceramics Co., Ltd.</li> <li>5. The Company's engagement in trading of derivatives.</li> <li>6. The Company's application for bank loans.</li> </ul>	proposed by all members in attendance.	Directors for review and approved by the Board of Directors.
2nd-term 12th meeting 2023.1.18	18th-term 13th meeting 2023.1.18	<ul style="list-style-type: none"> <li>1. The Company's 2023 Employee Stock Options at Cash Capital Increase Policy.</li> <li>2. The 2023 Employee Stock Options at Cash Capital Increase subscription list.</li> <li>3. The Company's engagement in trading of derivatives.</li> </ul>	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.
2nd-term 13th meeting 2023.3.7	18th-term 14th meeting 2023.3.7	<ul style="list-style-type: none"> <li>1. The Company's 2022 business report and financial statements.</li> <li>2. 2022 Statement of Internal Control.</li> <li>3. Cooperate with the securities authority to strengthen the independence of auditing CPAs by implementing the self-rotation mechanism of CPAs and changing the auditing CPAs.</li> <li>4. Capital increase through issuance of new shares by exercising the conversion of employee warrants.</li> <li>5. Proposed sale of the Company's intangible assets.</li> <li>6. The Company's</li> </ul>	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
		engagement in trading of derivatives. 7. The Company's application for bank loans.		

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

Date	Meeting	Main points of communication	Recommendations and results
2022.3.8	Communication Meetings	Yu-Ting Huang, CPA: Audit Status for the 2021 Consolidated Financial Report. Chief auditor: explanation of self-assessment report.	No objection
2022.3.8	Audit Committee Board of directors	Audit of the 2021 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and management (I) CPA independence (II) Contents of the Customer Statement (III) Scope of group audit (IV) Post-audit consolidated financial position (V) Key audit matters (VI) Audit opinions of the CPAs in 2021 II. Update of securities regulations	No objection No objection No objection No objection No objection No objection No objection
2022.3.8	Audit Committee Board of directors	Internal audit report for the first quarter of 2022: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2022.8.5	Communication Meetings	Yu-Ting Huang, CPA: Discussion on accounting and auditing issues	No objection
2022.8.5	Audit Committee Board of directors	Audit items of the 2022 Q2 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and management (I) CPA independence (II) Contents of the Customer Statement (III) Scope of group audit	No objection No objection No objection

Date	Meeting	Main points of communication	Recommendations and results
		(IV) Post-audit consolidated financial position (V) Key audit matters (VI) Expected audit opinions of the CPAs on Q2 2022 financial position II. Law updates (I) Amendments on rules regarding public disclosure of material information (II) CFC system	No objection  No objection No objection  No objection  No objection
2022.8.5	Audit Committee Board of directors	Internal Audit Report for Q2 2022: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2022.11.4	Audit Committee Board of directors	Internal Audit Report for Q3 2022: Audit plan achievement rate and deficiencies and abnormalities in audit items Internal control review deficiencies from the competent authority	No objection  No objection
2022.12.16	Audit Committee Board of directors	Internal Audit Report for Q4 2022: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2023.3.7	Communication Meetings	Explanations from Ernst & Young CPAs: I. Scope of audit II. Discussion on accounting and auditing issues III. Other matters IV. Review results from individual review teams V. Major amendments to International Code of Ethics for Professional Accountants (IESBA Code)	No objection No objection  No objection No objection  No objection
2023.3.7	Audit Committee Board of directors	Audit of the 2022 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and management (I) CPA independence (II) Contents of the Customer Statement (III) Scope of group audit (IV) Post-audit consolidated financial position (V) Key audit matters	No objection No objection  No objection No objection  No objection

Date	Meeting	Main points of communication	Recommendations and results
		(VI) Audit opinions of the CPAs in 2022	No objection
		II. Update of securities regulations	No objection
2023.3.7	Audit Committee Board of directors	Internal audit report for the first quarter of 2023: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection

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

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

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
I. Has the company defined and disclosed its corporate governance best practice principles in accordance with the <i>Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</i> ?	✓		The Company has formulated a Corporate Governance Code of Practice for promoting the operation of corporate governance. Disclosure is also carried out on the Market Observation Post System and the corporate website.	No significant difference.
II. Shareholding structure & shareholders' equity (I) Has the company defined internal operating procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures?	✓		To protect the interest of shareholders, the Company has appointed a spokesperson and deputy spokesperson to handle shareholder proposals or disputes.	No significant difference.
(II) Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders?	✓		(II) The Company discloses the list of major shareholders and the list of ultimate owners of major shareholders in accordance with applicable regulations, and legitimately reports any changes in information.	No significant difference.
(III) Has the company established and implemented risk management and firewall systems within its conglomerate structure?	✓		(III) The Company has established and implemented the relevant controls in its internal control system.	No significant difference.
(IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on	✓		(IV) The Company has established the <i>Insider Trading Prevention Rules</i> prohibiting internal personnel and employees against using information not yet	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
information yet to be public on the market?			disclosed to the market for profit.	
III. Composition and responsibilities of the board of directors (I) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		(I) The <i>Corporate Governance Code of Practice</i> specifies that the members of the Company's board of directors shall be selected with an emphasis on diversity of backgrounds, general knowledge, skills, and the competencies required to perform incumbent duties.	No significant difference.
(II) In addition to establishing a Remuneration Committee and an Audit Committee, which are required by law, is the company willing to voluntarily establish other types of functional committees?	✓		(II) The Company has established a Remuneration Committee and an Audit Committee in accordance with the law, but currently does not have any other functional committees.	No significant difference.
(III) Has the company established guidelines and methods for evaluating the performance of the board of directors, conducted performance evaluation annually, reported the results to the board, and used the results as a reference for the remuneration, nomination, and reelection of individual directors?	✓		(III) The Board of Directors passed the Board of Directors Self-Evaluation or Peer Evaluation Regulations on March 29, 2019, and revised the name of the regulations according to law to the Board of Directors Performance Evaluation Guidelines on December 10, 2020. Self-evaluation of the board of directors was carried out in 2022 and the results were submitted to the board of directors on March 7, 2023. In the future, the results will be used as references for remunerations and nominations of the individual directors.	No significant difference.



Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
(IV) Does the company regularly evaluate the independence of CPAs?	✓		<p>(IV) The Company has a voluntary rotation mechanism in place for accountants. The Board of Directors approves all changes of the CPA. Starting in 2015, the board of directors assesses the independence of the accountants every year in accordance with Article 29 of the <i>Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies</i>. Assessment of CPA independence: The inspection was done through the share affairs unit of the Company and it was confirmed that the CPA did not hold any shares of the Company and did not hold any part-time position at the Company. In addition, declarations issued by the CPA were reviewed. It was determined that, except for costs associated with certification and related taxation, the CPA did not have any other financial interests or business interactions with the Company and both the CPA and members of the audit team were not holding the position of director, manager, or one of significant influence on the audit work, and they were not related biologically to staff handling the affairs mentioned above. The independence and competence of the Company's CPA was therefore confirmed, and was approved by the Audit Committee and Board of Directors on Friday, August 5, 2022.</p> <p>On March 7, 2023, in line with the Audit Quality Indicators (AQI), the Audit Committee and the Board of Directors approved of the replacement of</p>	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			CPAs starting in Q1 2023 in accordance with the self-rotation mechanism from the CPAs of Ernst & Young.	
IV. For TWSE/TPEX-listed companies, are there suitable persons in an appropriate number and designated supervisors for corporate governance to take charge of related matters (including but not limited to providing directors and supervisors with materials required for them to carry out their tasks, helping directors and supervisors comply with the law, taking care of board of directors' meetings and shareholders' meetings as required by law, and preparing minutes of board of directors' meetings and shareholders' meetings)?	✓		<p>On April 13, 2021, the Board of Directors approved that the financial officer, Tsung-Min Chen, is responsible for corporate governance-related affairs, and strengthening board functions on this basis. The main responsibilities include providing data needed by the Remuneration Committee and directors (including independent directors) to perform their duties; assisting them with regulatory compliance; handling meetings of the Remuneration Committee, Audit Committee, Board of Directors, and shareholders' meetings as required by law; and preparing and planning the CSR report. In 2022, the Board of Directors held 8 meetings, the Audit Committee held 8 meetings, and the Remuneration Committee held 4 meetings.</p> <p>For detailed executions of the Company's businesses and duties in 2022, please visit the Company's website <a href="https://tw.globeunion.com/investors/corporate-governance/">https://tw.globeunion.com/investors/corporate-governance/</a></p> <p>Operation and execution of the specific unit of corporate governance</p> <p>For continuing education of the corporate governance officer, please see supplement 2 below.</p>	No significant difference.
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without	✓		The Company has set up a dedicated stakeholder section with mailboxes of the spokesperson, deputy spokesperson and representatives on key CSR issues, in hopes of	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?			achieving effective and smooth communication and protecting the reasonable and legal rights of both parties.	
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	✓		The Company has appointed the transfer agency department of Sinopac Securities to handle matters relating to the shareholders' meeting and investor affairs.	No significant difference.
VII. Disclosure of Information (I) Has the company established a corporate website to disclose information regarding the company's financial, business, and corporate governance status?	✓		(I) The Company discloses information regarding the Company's financial position, business, and corporate governance on the corporate website. The Company files the Company's financial and business information regularly and irregularly in accordance with relevant laws and regulations.	No significant difference.
(II) Has the company established other information disclosure channels (e.g., maintaining an English-language website, appointing responsible people to handle information collection and disclosure, appointing spokespersons, or webcasting investor conferences on the company website)?	✓		(II) The Company appointed a spokesperson and deputy spokesperson in accordance with regulations, and has dedicated personnel to handle issues of institutional investors and other investors. Related departments are responsible for disclosing information on our Chinese and English-language website.	No significant difference.
(III) Does the company announce and declare the annual financial report within two months after the end of the fiscal year, and announce and declare the Q1, Q2 and Q3 financial reports and operating status of		✓	(III) The Company currently announces and declares our annual financial report within three months after the end of the fiscal year, and declares Q1, Q2 and Q3 financial reports and operating status of each month	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
each month within the prescribed deadline?			within the prescribed period.	
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors?)	✓		<p>(I) Employee rights and care: The Company has always treated employees with honesty. We protect the legal rights of employees in accordance with the Labor Standards Act and have established an employee welfare committee. A range of employee benefits as well as education and training are used to build a relationship of mutual trust with employees.</p> <p>(II) Investor relations: The Company has appointed a spokesperson to handle suggestions from shareholders and answer their queries in as much detail as possible, so that they better understand our operations and business situation. We handle matters before/after the shareholders' meeting in accordance with the Company Act and related laws and regulations, fully disclose relevant information, and simultaneously announce material information in Chinese and English to fully protect shareholders' right to know, so that they can participate or make a decision on this basis.</p> <p>(III) The Company maintains a positive relationship with our suppliers.</p> <p>(IV) We respect the rights of stakeholders. Stakeholders can communicate and make suggestions to the Company in order to protect their legal rights.</p> <p>(V) For continuing education of the Company's directors and supervisors, please see Supplement 1 below.</p>	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			(VI) Implementation of risk management policies and risk assessment standards: Please refer to pages 168 to 174 for the risk management section. (VII) The Company maintains a stable and positive relationship with customers in order to generate profits. (VIII) The Company has purchased liability insurance for directors from December 31, 2022 to December 31, 2023. The insured amount (US\$7.5 million), coverage, and premium rate were reported to the Board of Directors on March 7, 2023. Insurance coverage is disclosed on the Market Observation Post System in accordance with regulations.	
IX. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement. Results of the 8th Corporate Governance Evaluation were reported in the 10th meeting of the 18th Board of Directors on August 5, 2022. Among the un-scored items in the 8th Corporate Governance Evaluation results: Improved items: Chairman attended the annual shareholders' meeting in person. Strengthened the disclosure on the correlations between performance evaluation and remuneration of directors and managers in the Annual Report. Sustainability Report will be uploaded on the Market Observation Post System and Company website before the end of September. Not yet improved but prioritized items: Formulate policy to protect human rights and substantial management practice (e.g., human rights assessment, measures to mitigate risks related to human rights, and organize relevant training and more).				

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

Name	Title	Date	Organizer	Course Name	Training Hours
Shane Ouyang	Institutional Director Representative of the Chairman	2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/11/4	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Decision-making Applications	3
Hung-Kang Lin	Institutional Director Representative of the Directors	2022/3/16	Taiwan Corporate Governance Association	Integral Management and Fair Customer Treatment (1 hour of Integral Management and 1 hour of Fair Customer Treatment training)	2
		2022/3/29	Securities & Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Officer (Facts Regarding Directors and Supervisors' Breach of Trust and Special Breach of Trust	3
		2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/5/4	Taiwan Corporate Governance Association	Case Studies of Money Laundering Prevention in Banking Industry	1
		2022/9/5	Securities & Futures Institute	Practical Workshop for Directors and Supervisors (Independent) and Corporate Governance Officers (Latest Development Trends of International Tax Tariffs and Response Measures)	3
Andrew Yates	Institutional Director Representative of the Directors	2022/1/27	NON-EXECUTIVE IDIRECTORS' ASSOCIATION	ESG Risks – the threats and opportunities	4
		2022/12/8	IRM Trading Limited	Risk In The Boardroom - Virtual Learning	4.5

Name	Title	Date	Organizer	Course Name	Training Hours
Wen-Hsin Chen	Institutional Director Representative of the Directors	2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/11/4	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Decision-making Applications	3
Chin-Shan Huang	Independent Director	2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/11/4	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Decision-making Applications	3
Young-Sheng Hsu	Independent Director	2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/11/4	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Decision-making Applications	3
Wen-Yi Fan	Independent Director	2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3
		2022/10/11	Taiwan Stock Exchange Corporation (TWSE)	2022 Listed Company - Announcement of Guidelines for Independent Director and Audit Committee to Exercise Their Rights and Advocacy Seminar for Directors and Supervisors	3
		2022/10/19	Securities & Futures Institute	"2022 Insider Equity Transaction Legal Compliance Awareness Briefing (Online Seminar)"	3

Supplement 2 For continuing education of the corporate governance officer:

Date of Training	Course Organizer	Course Name	Hours	The total number of annual training hours
2022/4/18	Taiwan Corporate Governance Association	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	3	14
2022/7/27	Jointly organized by TWSE and TPEx	"Promotions of Industry Themes Related to Sustainable Development Roadmap"	2	
2022/8/18	Taiwan Institute of Directors	[SAP NOW Taiwan: Co-creating Sustainable Smart Enterprises]	3	
2022/11/4	Taiwan Corporate Governance Association	Enterprise Financial Information Analysis and Decision-making Applications	3	
2022/12/20	Taiwan Corporate Governance Association	Preventions: The Importance of Corporate Risk Management	3	



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

Members of the Remuneration Committee

March 28, 2023

<div> <div>Qualifications</div> <div>Identity</div> <div>Type</div> <div>Name</div> </div>		Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Independent Director Convener	Chin-Shan Huang	Please refer to page 20 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors.		0
Independent Director	Young-Sheng Hsu	Please refer to page 21 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors.		1
Independent Director	Wen-Yi Fan	Please refer to page 22 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors.		0

Type	Identity Name	Qualifications	Professional Qualifications and Experiences	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
Other	Chao-Tang Yue		<p>MA. in Accounting, National Taiwan University.</p> <p>Current positions: Independent Independent Director, Audit Committee member, and Remuneration Committee member of Johnson Health Tech Co., Ltd. And Independent Director, Convener of the Audit Committee, and Convener of the Remuneration Committee of Feng Hsin Steel Co., Ltd. Previously: He was a senior consultant of Ernst &amp; Young, adjunct professor of accounting and information technology at National Chung Cheng University, visiting professor of accounting department at National Chung Hsing University, visiting professor of accounting and information system at the Institute of Asia University. He served as the independent director, convener of the Audit Committee, member of Remuneration Committee of Uni-President Enterprises Corp., independent director and convener of Audit Committee of O-Bank, director of An-Shin Food Services Co., Ltd. (Mos Burger), supervisor of Depo Auto Parts Ind. Co., Ltd. At Taiwan Corporate Governance Association, he served as the Chairman of the Diwan &amp; Company, the predecessor to the current Ernst&amp;Young, in Taiwan.</p> <p>Mr. Chao-Tang Yue has more than 30 years of experience in accounting firms, and has professional knowledge of listed companies' operational management, corporate governance, and law. He utilizes his experience in various industries to supervise and review the company's remuneration policies, promote the effective use of resources and achieve corporate and shareholder goals.</p>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder does not hold shares of Globe Union Industrial Corp., and the shareholder's spouse holds 602,000 shares, with a shareholding ratio of 0.15%.</li> <li>2. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.</li> <li>3. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.</li> </ol>	2

Type	Identity Name	Qualifications	Independence	Number of other public companies in which the member also serves as a member of their remuneration committee
		Professional Qualifications and Experiences		
Other	Kuan-Chun Wang	<p>He has a master's degree in labor and human resources at the Institute of Chinese Culture University. He is currently the executive consultant and lecturer of the Chinese Human Resource Management Association. He served as the human resources vice president of HTC Corporation, executive consultant of Chinese Human Resource Management Association, human resources director of Philips Taiwan Ltd., human resources assistant vice president of NCR Systems Taiwan Ltd., human resources assistant vice president at head office of FreshDelight, human resources director of TSMC, and human resources vice president of Quanta Computer Inc.</p> <p>Mr. Kuan-Chun Wang has more than 30 years of practical experience in human resource management of listed companies. Using his expertise, he supervises the performance evaluation, remuneration policy, and remuneration of directors and managers. He achieved sound corporate governance and strengthened the boards' remuneration management functions.</p>	<ol style="list-style-type: none"> <li>1. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp.</li> <li>2. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp.</li> <li>3. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.</li> </ol>	0

## Roles and Responsibilities of the Remuneration Committee

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

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

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

## Operation of the Remuneration Committee

I. The current Remuneration Committee has 5 members.

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

The Remuneration Committee held 6 meetings (A) (4 times in 2022) in 2022 and as of the printing date of this annual report. The qualifications and attendance of the committee members are as follows:

Title	Name	Actual Attendance Times (B)	Attendance by proxy Times	Attendance rate (%) (B/A)	Notes
Convener	Chin-Shan Huang	6	0	100	Continued to serve on the 5th-term committee (independent director)
Committee member	Chao-Tang Yue	4	2	66.67	Continued to serve on the 5th-term committee
Committee member	Kuan-Chun Wang	5	1	83.33	Continued to serve on the 5th-term committee
Committee member	Young-Sheng Hsu	6	0	100	Continued to serve on the 5th-term committee (Independent Director)
Committee member	Wen-Yi Fan	6	0	100	Directors were reelected and assumed positions (independent director) on August 2, 2021

### Other disclosures:

- I. In the event that a Remuneration Committee recommendation is rejected or amended in a board of directors meeting, please describe the date and session of the meeting, content of motion, the board's resolution, and the way the company handled the Remuneration Committee's opinions (describe the differences and reasons, if any, should the board of directors approve a solution that was more favorable than the one proposed by the Remuneration Committee): N/A.
- II. If a member had dissenting or qualified opinion on record or stated in writing regarding any resolution passed by the Remuneration Committee, describe the date of committee meeting, term of the committee, content of motion, opinions of all members, and actions taken by the company in response to the opinion of members: Please see the following description for details of the resolutions.

Resolutions of the Remuneration Committee:

Important resolutions reached by the Remuneration Committee in 2022 and up to the publication of the annual report are as follows:

Meeting date	Details of the proposal and subsequent developments	Opinions of the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
5th-term 2nd meeting 2022.1.27	<ol style="list-style-type: none"> <li>1. Reviewed the year-end and performance bonuses for managers in 2021.</li> <li>2. Review the Company's managers' remuneration adjustment and personnel promotion</li> <li>3. Reviewed the remuneration for the promotion of the senior director of the Company's vice president.</li> <li>4. The employee lists of whom will be granted of The First Employee Stock Option Plan 2021.</li> </ol>	Proposal approved as proposed by all members in attendance.	<ol style="list-style-type: none"> <li>1. None.</li> <li>2. None.</li> <li>3. Submitted to and approved by the Board of Directors.</li> <li>4. Submitted to and approved by the Board of Directors.</li> </ol>
5th-term 3rd meeting 2022.3.8	<ol style="list-style-type: none"> <li>1. Approved the proposed remuneration for directors and employees in 2021.</li> <li>2. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors.</li> <li>3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers.</li> </ol>	Proposal approved as proposed by all members in attendance.	<ol style="list-style-type: none"> <li>1. Submitted to and approved by the Board of Directors.</li> <li>2. Submit amendments at the next meeting.</li> <li>3. None.</li> </ol>
5th-term 4th meeting 2022.6.17	<ol style="list-style-type: none"> <li>1. Reviewed the proposed salary raises for the Company's President.</li> <li>2. Reviewed the disbursement of severance pay for Manager of the Company.</li> <li>3. Audited the employee bonuses proposed by managers in 2021.</li> <li>4. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors.</li> </ol>	Proposal approved as proposed by all members in attendance.	<ol style="list-style-type: none"> <li>1. Submitted to and approved by the Board of Directors.</li> <li>2.-4. None.</li> </ol>
5th-term 5th meeting 2022.9.14	<ol style="list-style-type: none"> <li>1. Reviewed the proposed salary raises for managers in 2022.</li> <li>2. Discussed Remuneration Committee's work plan for 2023.</li> </ol>	Proposal approved as proposed by all members in attendance.	1.-2. None.

Meeting date	Details of the proposal and subsequent developments	Opinions of the Remuneration Committee	The Company's handling of the opinions of the Remuneration Committee
5th-term 6th meeting 2023.1.18	<ol style="list-style-type: none"> <li>1. The Company's 2023 Employee Stock Options at Cash Capital Increase Policy.</li> <li>2. The 2023 Employee Stock Options at Cash Capital Increase subscription list and list of subscriptions from managers.</li> <li>3. Reviewed the year-end and performance bonuses for managers in 2022.</li> </ol>	Proposal approved as proposed by all members in attendance.	<ol style="list-style-type: none"> <li>1.-2.Submitted to and approved by the Board of Directors.</li> <li>3. None.</li> </ol>
5th-term 7th meeting 2023.3.7	<ol style="list-style-type: none"> <li>1. Proposed remuneration for directors and employees in 2022.</li> <li>2. Reviewed policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors.</li> <li>3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers.</li> </ol>	Proposal approved as proposed by all members in attendance.	<ol style="list-style-type: none"> <li>1. Submitted to and approved by the Board of Directors.</li> <li>2.-3.None.</li> </ol>

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

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



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

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

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

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

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

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?			<p>year since 2016. Clean production audits, water and electricity management measures, and wastewater treatment standards are established in each production plant, and all production processes strictly comply with local regulations. The Company conducts an energy-conservation assessment once a year and proposes rewards. In addition to commissioning a professional environmental protection company for handling waste water and waste, we also comply with the ISO14064-1 standard of greenhouse gas emissions. We regularly promote water conservation and recycling, and optimize processes to increase the utilization rate of reclaimed water. Energy resource management is implemented in accordance with the government's environmental requirements, and energy management is included in departmental KPI management.</p> <p>The Company pays attention to the issue of water conservation and environmental protection. In addition to the comprehensive implementation of promotion of water conservation in daily life, it also installs water saving devices. In addition, after the</p>	

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

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<a href="https://tw.globeunion.com/sustainability/corporate-social-responsibility/csr-reports/">https://tw.globeunion.com/sustainability/corporate-social-responsibility/csr-reports/</a>	
IV. Social topics (I) Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		<p>To fulfill corporate social responsibilities and protect the fundamental human rights of all colleagues, customers and stakeholders, the Company complies with the principles of the United Nations' Universal Declaration of Human Rights. We respect internationally recognized fundamental human rights, eliminate violations of human rights and abide by the labor-related laws and regulations of the Company's location. In addition to providing a reasonable and safe workplace, we also ensure that the colleagues receive reasonable and dignified treatment.</p> <p>Pay particular attention to the following:</p> <p>Workplace health and safety: friendly workplace environment, healthy workplace certification, set up breastfeeding rooms to care for the needs of female employees, periodic health examinations for employees, on-site services provided by contracted physicians engaged in labor health services, “flexible working hours”, work shifts are selected by</p>	No significant difference.



Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			employees according to their own circumstances, and all kinds of discrimination are prohibited. We also have a complete and smooth promotion channel. Prohibition of forced labor: Implement the vacation system, and the system will automatically send vacation reminders every month to encourage colleagues to pay attention to the balance between life and work.	
(II) Does the company establish and implement reasonable employee benefits (including remuneration, leave, and other benefits), and ensure business performance or results are reflected adequately in employee remuneration?	✓		The Company has established reasonable salary and compensation policies. A system of rewards and penalties has been clearly defined in the work rules, ethical corporate management principles, ethical corporate management operating procedures and code of conduct, and it is being implemented accordingly. The year-end performance bonus is issued according to the Company's operating results and the employee's annual performance evaluation; employee remuneration is based on the Company's Articles of Association. If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration to incentivise all colleagues to work together to achieve the Company's goals.	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>Employee welfare:</p> <p>The Company has established an Employee Welfare Committee and it allocates 0.0005 of the total sales amount of Globe Union Industrial Corp. each month as welfare funds to provide various benefits for colleagues, such as: Scholarships for employees and their children, group travel subsidies; Dragon Boat and Mid-Autumn Festival bonuses; birthday bonuses; periodic health examinations, childbirth, marriage, bereavement and holiday bonuses; and set up fitness equipment and facilities; a fixed amount of subsidies is provided to each club established by employees on an annual basis.</p> <p>According to the Labor Health Protection Regulations, the Company hired qualified doctors/nurses since January 2020 to make monthly visits to the plants to help employees manage and check their health. In addition to handling various matters concerning insurance coverage according to the Labor Standards Act and the Labor Health Insurance Act, we also planned group accident insurance for employees, set up nursing rooms, cared</p>	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>for the needs of female employees, held annual company banquets, and set up employee cafeteria.</p> <p>According to the vacation system, in addition to the two-day weekend and special leave regulated by law, employees' may apply to leave without pay when required to take care of themselves and their families.</p> <p>The pension system is implemented in accordance with relevant laws and regulations.</p> <p><u>Diversity and equality in workplace</u></p> <p>We implement the same qualifications for reward and fair and equal promotion opportunities for male and female colleagues, create friendly workplace, so that colleagues of all genders can work with peace of mind.</p> <p>The ratio of females in managerial positions at the head office is 37%.</p> <p>The business performance shall be reflected in the employees' remuneration Article 25-1 of the Company's Articles of Incorporation: If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration, and no more than 2% may be allocated as remuneration for directors and supervisors. However, profits must first</p>	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>be taken to offset cumulative losses if any. Employee bonuses may be paid in shares or cash. Employees at affiliated companies that satisfy certain criteria may also qualify.</p> <p>The Company considers the market remuneration levels and individual performances to adjust salary and maintain salary competitiveness.</p>	
(III) Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		<p>The Company has formulated a number of management systems and operating procedures for safety production according to the actual environment and labor safety risks, and regularly entrusts a third party to conduct safety inspections. We introduce on-site health services through the participation of medical professionals in workplace, taking care of employees' safety and health, hoping that employees can work healthily and happily in the most suitable environment. Fire safety training is carried out every year and employee health examinations take place on a periodic basis. In recent years, in response to the epidemic, the CEO led the management team members and relevant responsible units to set up an epidemic prevention team, and instructed all</p>	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			subsidiaries around the world to implement the management of epidemic prevention measures. He also upholds the highest governing principle of employees' safety and financial security, while considering the continuous operation of the Company. Work environment and personal protection measures, no employee occupational accident, please refer to the following <Note 1>.	
(IV) Has the company implemented an effective training program that helps employees develop skills over the course of their career?	✓		The Company incorporates the improvement and implementation of the position management system into its policy and strategy, and uses it to design reasonable position classification, paths for employee promotion, and training programs. We integrate employee career plan with corporate development, increase employee participation in training and improve employee retention to enhance Globe Union's comprehensive competitiveness. We plan to introduce a platform to facilitate global employees to conduct internal and external training and online and offline hybrid learning. Employees can learn without time and space constraints. We integrate various training materials and post in onto the Company's	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>intranet to facilitate employees to learn at any time. They can improve the speed and effectiveness of training by using a systematic learning method. We define the future functions of leading supervisors to carry out succession planning for key positions, and combine core values with talent-related systems and culture to carry out talent distribution and cultural implementation.</p> <p>In 2022, there were 68,506 people of participating in the education and training of various types of courses, with a total of 50,744 hours.</p> <p>The supervisor and the employees discuss personal development plans during the annual performance settings and assessment, and review it again during the year to help plan what's best for the employees.</p>	
(V) Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure	✓		<p>The Company's products are mainly intended for export. The Company advertises and labels its products and services according to relevant regulations and international standards, and implement the commitment of product safety. The Company maintains excellent channels of communication with our customers. It implements the</p>	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
policies implemented?			management of customer's personal data and also protects the rights and interest of consumers. We have appropriate rules in place for handling customer complaints. This ensures that customer complaints are taken seriously and dealt with immediately and to protect their rights and interests.	
(VI) Does the company implement supplier management policies, requiring suppliers to observe relevant regulations on environmental protection, occupational health and safety, or labor and human rights? If so, describe the results.	✓		We will promote the virtuous cycle of the industry and supply chain while ensuring that the suppliers meet the ethical standards in the process of providing products and services, and comply with the local laws and regulations. Regarding the management of suppliers, we have formulate regulations for the management of supplier evaluation. New suppliers must be selected through evaluation procedures; all selected suppliers will sign an environmental protection agreement and a counter terrorism agreement to ensure compliance with the necessary regulations.	No significant difference. The relevant clauses will be added to contracts in the future.
V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or	✓		The Company follows the Global Reporting Initiative (GRI) Standards issued by GRI Standards: Core option in preparing the 2021 Sustainability Report. We	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
guidelines? Does the company obtain third-party assurance or guarantees for the reports above?			also utilized the Task Force on Climate-related Financial Disclosures (TCFD) framework to evaluate the corporate resilience in dealing with climate-related risks. Ernst & Young has also planned and issued a limited assurance report according to the Accounting Research and Development Foundation's "Assurance Engagements with Audits or Reviews of Non-Historical Financial Information" Assurance Standards No.1.	
<p>VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the <i>Sustainable Development Best Practice Principles for TWSE/TPEX Listed Companies</i>: The board of directors passed the "Corporate Responsibility Principles" in December, 2014 to strengthen the implementation of corporate social responsibility. In March 2022, the board of directors approved the amendments to the "Sustainable Development Regulations" for implementation, and reviewed the implementation and made improvements accordingly. There are no significant differences.</p>				
<p>VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development:</p> <p><i>Society</i> is made up of <i>people</i> playing different roles. The Company aims to become the most trustworthy company in the world and realize sustainable development. We therefore strive to create an exceptional working environment so that even as we win over the trust of customers, employees, suppliers, shareholders and competitors, we are also fulfilling our social responsibility. We are constantly promoting and implementing concepts of environmental protection. We support and sponsor organizations in society, such as: Straits Economic &amp; Cultural Interchange Association, Rotary Club of Taichung, and colleagues from the Taiwan head office have sponsored the book-sharing box in the Taiwan Reading and Culture Foundation's philanthropic library. In addition, our employees have long supported Tung Tzu</p>				



Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
Association of Taichung City Industrial Park, and cumulative donations have reached NT\$141 thousands. Our honorary chairman established the Hope Media Foundation and actively engages in charity donations and events, allocating approximately NT\$9,133 thousands for charity events throughout the year: The children's theater promoted the spirit of mutual assistance through elementary school tours and public performances; the Center for Media and Social Impact at National Central University project provided college students with relevant resources to learn and engage in social welfare projects; the Taiwan Volunteer Award promoted the spirit of courage, assist events relating to the promotion of social welfare by publishing on mass media, online media platform, and advertising on social media, emergency relief, and social welfare projects to alleviate the difficulties of personal and family life, etc. Out of respect for human rights, all our employees are treated equally regardless of gender, religion, political affiliation, and employment opportunity. We strive to create a good working environment free from all forms of discrimination and harassment. All safety and health aspects are monitored and comply with government regulations.				

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

Item No.	Target/Goal	Project	Current situation	Implementation
1.	Zero-accident elevator	Cargo elevators are for cargo only. Overloading is strictly prohibited. They must be maintained and serviced by qualified vendors on a regular basis.	Contracts have been signed with professional vendors for the regular maintenance and service of elevators. Elevators must pass the annual inspection to remain in service.	The heads of relevant units are informed on the spot about the prohibition against passengers in the cargo elevator and overloading. Elevator safety and care rules are posted. All equipment used by the Company is rated the highest class among all enterprises in terms of safety and standardization.
2	Zero electrical hazards	Every electrical equipment should comply with Article 9 of the Regulations for Electrical Technician and Power Facility Inspection and Maintenance Management. Implementation is in compliance with national regulations for safe electricity usage. All electrical equipment comes with a residual current circuit breaker and earth-fault protection.	Contracts have been signed with qualified vendors to conduct electrical safety inspections of all factory circuits, power-off tests, and maintenance take place each year at least once, as required by regulations.	Power circuits suspected of being overloaded are immediately reviewed for improvement. All circuit boxes are labeled with the warning "Do not open if you are not a professional circuit operator" in order to prevent electric shock hazards.
3	Zero fire hazard	Fire prevention equipment is inspected and repaired within a specific time frame according to applicable requirements each year.	In accordance with Article 15 of the Enforcement Rules of Fire Services Act, at least one 4-hour firefighting, emergency notification, and evacuation training drill takes place at least once every 6 months, and the local firefighting agency is notified in advance.	Any safety concern in fire safety equipment is to be addressed in a timely manner. If it is abnormal and is determined through inspection to have been damaged, it will be taken care of and replaced immediately, and it will also be numbered for management.

Item No.	Target/Goal	Project	Current situation	Implementation
			The fire prevention and maintenance unit services, maintains, and replaces damaged facilities on a regular basis. The Industrial Safety Group performs safety audits on a daily basis to make sure that the firefighting access, fire hydrants, and other safety equipment are normal.	
4	Domestic water supply switched over to pure tap water	The pipelines have been modified so that all water requirements can be met directly by tap water. Follow national policies.	The Administration Division issued a warning that the on-site water supply is groundwater that may have been contaminated by heavy metals or other toxins; drinking it directly is strictly prohibited and it should be used carefully.	The entire plant has now switched over to tap water. Drinking water now has filtration equipment installed, and the equipment is serviced periodically.
5	Electronic access control	Apply electronic access control to prevent against unauthorized access. Follow applicable access-control requirements of the Company.	New employees are all given standard privileges. Applications for special access privileges require approval from the highest-ranking supervisor with the relevant approval-granting rights. External people visiting for business must obtain a pass. Visitors must follow instructions and park their vehicles in designated areas. Related release receipts for goods leaving the site will be inspected and verified.	Access control records are maintained. Once an employee is no longer with the Company, access is immediately revoked.
6	After-hours security	Each day, the last employee to leave the site must set the security alarm to keep the	Staff to work overtime on holidays and on the weekends have to follow the overtime staff list issued by the	If the alarm is triggered for an unknown reason, the security guard on site or the security company shall find the reason and

Item No.	Target/Goal	Project	Current situation	Implementation
		Company safe. After working hours, staff may only access the site under special circumstances, and only after having explained their purpose to the security guard in order to ensure personnel and property safety.	Department of Human Resources. Employees working overtime on holidays and on the weekends must first register with the General Administration Section and collect the security token. The security token must be returned on the next working day to ensure effective management.	report the incidence.
7	Air-conditioning maintenance management	The chillers, fans and cooling towers undergo planned maintenance.	Chillers are regularly inspected during operation. Any problems are scheduled for correction.	The cooling towers are regularly cleaned and chlorine tabs added to prevent against bacteria and germs and to protect against generation of high pressure on the chillers to reduce expenditure on electricity.
8	Zero-accident for power centrifuge	Design the automatic inspection checklist and ask operators to perform periodic inspections, as required.	Article 74 of the Occupational Safety and Health Facilities Regulations stipulates that the power centrifuge must come to a complete stop before any object is removed from the machine.	Items are truthfully inspected and verified, and heads of executive units are asked to provide precise guidance.
9	Zero-accident for fire-related operations	The head of the operating unit shall inform the safety control unit (the General Administration Section or Safety Section) if operations likely to generate sparks are to be performed. The operating unit shall follow the Fire Operating Guide.	The safety control unit needs to inspect and make sure that there is no safety concern and shall inform operators of details to pay attention to before fire operations begin, despite the fact that a fire operation has been applied for and approved.	All danger sources are to be removed from the fire operation area, and areas with falling sparks are monitored at all times. Fire extinguishers shall be available at the workplace and readily accessible. Based on the class shown on the fire operation certificate, safety measures at the operation site and time-effectiveness of the operating certificate are checked from time to time.
10	Contractor safety and	Contractors need to carefully read through the document	Contractors shall abide by requirements for safety management	The contractor may be ordered to stop work immediately in the event of a serious

Item No.	Target/Goal	Project	Current situation	Implementation
	health declaration	before signing it and ask questions in advance if there is any area that is unclear to them. Reach an agreement regarding construction safety and health requirements, and confirm pre-construction protection and post-construction cleanup upon signing of a contract.	and provide operators with necessary protective equipment and devices during construction. The construction management department, safety management department, and 6S management department shall confirm on-site that protection requirements are fulfilled to warrant construction before it begins, inspect the process, and accept work upon completion.	breach of safety and health regulations. Actions that may be taken for other non-conformities include mandated improvements by a given deadline and termination of contract.
11	Zero-accident cutting machines	Purchase of new automatic band saw	Automatic starts and stops are possible while cutting an object in order to ensure the safety of the operator.	The head of the user unit is required to restrict operation to designated personnel.
12	Labor safety protection	Embark on a series of safety knowledge trainings, set up a safety supervision scheme, and improve safety at the workshop. Establish a 3-tier safety education system and a supervisor safety and production accountability system.	All employees are to complete physical checkups for occupational diseases and health. A complete database of all employees' health records is thereby established. All 3-tier safety training files are archived. Standards for carriage of labor supplies are specified. Occupational safety and health examinations take place on a yearly basis. Provide on-site health consultation services for medical professionals, establish employee health management classification, and prevent occupational accidents and occupational diseases.	Apart from training on safety awareness, workplace safety and comfort is ensured through the workshop layout, improved ventilation, and better natural/artificial lighting. We will abide by the regulations concerning the frequency of on-site health care service, and handle relevant labor health protection matters such as health management consultation and health promotion. We will timely adjust the duties and tasks of employees according to their physical conditions, which not only helps prevent occupational accidents and occupational diseases, but also improves employees' physical and mental health, and their working abilities.
13	Pollution	Perform pollution control	The Company is continuing to make	Emission indicators are monitored online

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

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

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

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



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

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

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

Evaluation item	Operating status (Note 1)			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEX Listed Companies and reasons
	Yes	No	Summary	
			<p>performing business. The responsible units also regularly forwards relevant official letters from the competent authority to directors and internal personnel to enhance their awareness of legal compliance. The Company organizes internal training on ethical corporate management every year. Directors are asked to adequately attend relevant external seminars and courses. In 2022, a total of 3,645 new employees of the subsidiary received new employee orientation on the day they join the Company (the average education and training time for each person was about 1 hours). The training scope includes the “Code of Conduct”. In 2022, there are 14 new employees at the head office who received on-the-job training on the day when they joined the Company (the education and training time for each person was approximately 8 hours) and the “Code of Conduct” and “Insider Trading” were included. The above-mentioned “Code</p>	

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

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

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

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

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

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

Market Observation Post System: [http://mops.twse.com.tw/mops/web/t100sb04\\_1](http://mops.twse.com.tw/mops/web/t100sb04_1)

Can be downloaded from "Formulation of Regulations Related to Corporate Governance Rules" under the "Corporate Governance" section or the corporate website:

<https://tw.globeunion.com/investors/corporate-governance/>

Visit "Corporate Governance" under "Investor Relations"



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

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

(IX) Implementation of internal control system:

1. Statement on Internal Control: Please refer to Page 184.
2. Accountant engaged to review the internal control system: None.

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

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

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

(Date of shareholders' meeting) May 27, 2022

1. Acknowledged the Company's 2021 business report and financial statements.
2. Acknowledged the Company's proposed distribution of 2021 earnings.

Implementation status: Dividends were not distributed; therefore, executions of relevant operations were not available.

3. Approved the amendment to certain articles of the Company's "Procedure for the Acquisition and Disposal of Assets".

Implementation status: The amended regulation has been followed, and information was disclosed on the Market Observation Post System website and also announced on the Company's website.

Important board resolutions:

Important resolutions reached by the Board of Directors in 2022 and up to the publication of the annual report are as follows:

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
18th-term 5th meeting 2022.1.27	1.Approval of the appointment of a new vice president.		
	2.Approval of the revision of the Company's 2021 First Employee Stock Option (ESOP) Issuance Policy.		
	3.Approval of the employee lists of whom will be granted of The First Employee Stock Option Plan 2021".	✓	N/A
	4.Approved to delegate E.SUN Commercial Bank as the overall coordinating bank and management bank; E.SUN Commercial Bank and other financial institutions under E.SUN Commercial Bank's invitation will be the overall main processing bank ("Main Processing Bank") in charge of the combined trust project, as long as it does not exceed NT\$2.5 billion.		
	5.Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 6th meeting 2022.3.8	1. Approval of the 2021 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2021.		
	3. Approval of the 2021 Statement of Internal Control.	✓	N/A
	4. Approval of the amendment to Company's "Corporate Social Responsibility Best Practice Principles".		
	5. Approval of the amendment to Company's "Regulations Governing the	✓	N/A

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	Acquisition and Disposal of Asset”		
	6. Approval of the time, date, location, procedure for shareholders' proposals, and the agenda for the 2022 shareholders' meeting.		
	7. Approval of the compensation for the service of External Auditor.	✓	N/A
	8. Approval of the revision of the Company's 2021 First Employee Stock Option (ESOP) Issuance Policy.		
	9. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	10. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 7th meeting 2022.4.11	1. Approval of proposal of dividend distribution.		
	2. Approved the proposal to set up subsidiary in China.	✓	N/A
	3. Approved the time, date, location, procedure for shareholders' proposals, and the agenda for the 2022 shareholders' meeting (updated the Reporting Matters).		
	4. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	5. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 8th meeting 2022.5.6	1. Approval of the Consolidated Financial Report of the Company for Q1 2022.		
	2. Approval of the Inter-company Loan to	✓	N/A

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	Subsidiary.		
	3. Approved the Company's proposal to plan GHG inventories and verification time for the parent company in line with the "Sustainable Development Roadmap".		
	4. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	5. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 9th meeting 2022.6.17	1. Approved the contract renewal for the Company's President.		
	2. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18-term 10th meeting on 2022.8.5	1. Approval of the Consolidated Financial Report of the Company for Q2 2022.		
	2. Approved the Company's proposed cash capital increase by issuance of new shares in 2022.	✓	N/A
	3. Approval of the routine evaluation of CPAs' independence.	✓	N/A
	4. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term	1. Approval of the Consolidated Financial		

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
11th meeting 2022.11.4	Report of the Company for Q3 2022.		
	2. Approval of the compensation for the service of External Auditor.	✓	N/A
	3. Approved amendments to the Company's "Procedures for Handling Material Insider Information" and "Insider Trading Prevention Rules".		
	4. Approved amendments to the Company's "Corporate Governance Best Practice Principles", "Audit Committee Charter", and "Remuneration Committee Charter".		
	5. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	6. Approval of the application of the credit line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 12th meeting 2022.12.16	1. Approval of the 2023 corporate budget and business strategy plan.		
	2. Approval of the 2023 audit plan.		
	3. Approval of the Inter-company Loan to Subsidiary.	✓	N/A
	4. Approval of profit reinvestment as capital injection to Subsidiary Milim G&G Ceramics Co., Ltd.	✓	N/A
	5. Approved the amendments to the Company's "Rules of Procedure for the Board Meetings".		
	6. Approved the amendments to the Company's "Articles of Incorporation".		
	7. Approval for the recognition of the Company's engagement in trading of derivatives.	✓	N/A
	8. Approval of the application of the credit		

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	line with the bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 13th meeting 2023.01.18	1. Approved the Company's 2023 Employee Stock Options at Cash Capital Increase Policy.	✓	N/A
	2. Approved the 2023 Employee Stock Options at Cash Capital Increase subscription list.	✓	N/A
	3. Approval for the recognition of the Company's engagement in trading of derivatives.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 14th meeting 2023.3.7	1. Approval of the 2022 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2022.		
	3. Approval of the 2022 Statement of Internal Control.	✓	N/A
	4. Approved the changing of auditing CPAs in order to coordinate with the securities competent authority's execution of CPA's self-rotation mechanism of CPAs to strengthen the independence of the CPAs.	✓	N/A
	5. Approved the exercise of conversion of employee warrants by issuing new shares.	✓	N/A
	6. Approved the election of additional independent director.		
	7. Approved the release of directors from the prohibition on participation in		

Date of the Board of Directors Meeting	Details of the proposal and subsequent developments	Matters stated in Article 14-3 of the Securities and Exchange Act	Dissenting or qualified opinion of independent director(s)
	competitive business.		
	8. Approval of the time, date, location, procedure for shareholders' nomination and proposals, and the agenda for the 2023 shareholders' meeting.		
	9. Approved the Company's proposal to plan GHG inventories and verification time for subsidiaries to be included in the consolidated statements in line with the "Sustainable Development Roadmap".		
	10. Approved the sale of the Company's intangible assets.	✓	N/A
	11. Approval of the Company's engagement in trading of derivatives.	✓	N/A
	12. Approved the Company's bank loan application.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		

Attendance of Independent Directors at Board Meetings

Date Name	2022							
	1/27	3/8	4/11	5/6	6/17	8/5	11/4	12/16
Chin-Shan Huang	◎	◎	◎	◎	◎	◎	◎	◎
Young-Sheng Hsu	◎	◎	◎	◎	◎	◎	◎	◎
Wen-Yi Fan	◎	◎	◎	◎	◎	◎	◎	◎

Date Name	2023	
	1/18	3/7
Chin-Shan Huang	◎	◎
Young-Sheng Hsu	◎	◎
Wen-Yi Fan	◎	◎

Note: ◎ Attendance in person (including video conference); △ Attendance by proxy;  
☆ Leave of absence.

- (XII) Dissenting or qualified opinions of directors or supervisors against an important resolution passed by the board of directors that are on record or stated in a written statement in the past year and up to the printing date of this annual report: N/A.
- (XIII) Summary of resignation or dismissal for chairman, president, accounting supervisor, financial officer, internal auditor, corporate governance officer, and R&D officer in the past year up to the printing date of this annual report: N/A.



## V. Compensation for the service of the external auditor:

Unit: Thousand NTD

Name of accounting firm	Name of CPA	Accountant's duration of audit	Audit fee	Non-audit fee	Total	Note:
Ernst & Young	Yu-Ting Huang	2022.01.01-2022.12.31	6,880	1,110	7,990	Non-audit fees include: tax certification audit fees, CSR consulting and assurance service fees, stock appreciation rights (SAR) review fees, and issuance of employee share options service fees.
	Ming-Hung Chen					

- (I) If the accounting firm has been changed and the annual audit fees were lower for the year of the firm change compared to that of the previous year, audit fees before and after the changes and the reason for such changes should be disclosed: No change of accounting firm.
- (II) If the audit fees have decreased by more than 10% compared to the previous year, the amount, ratio, and reason for the reduction in audit expense should be disclosed: N/A.

## VI. Information on change of accountants:

In cooperating with the securities authority to strengthen the independence of auditing CPAs and in accordance with Article 29 of the Corporate Governance Best Practice Principles for TWSE/TPEX Listed Companies, the following adjustments to the CPAs responsible for certifying the Company's financial statements have been made since Q1 2023 to implement the self-rotation mechanism of CPAs:

Former: Yu-Ting Huang, CPA; Ming-Hung Chen, CPA.

Newly appointed: Chin-Yuan Tu, CPA; Wen-Chen Lo, CPA.

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

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

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

Unit: Shares

Title	Name	2022		As of March 28, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held (Note 5)	Increase (decrease) in pledged shares
Institutional director representative, principal	Ming-Ling Co., Ltd.	-	-	14,607,340	9,346,000
Representative of institutional director	Shane Ouyang (Note 1)	2,034,000	-	-	8,874,000
	Hung-Kang Lin (Note 2)	-	-	-	-
	Andrew Yates	-	-	-	-
	Wen-Hsin Chen	-	-	-	-
Independent director, principal	Chin-Shan Huang	-	-	-	-
Independent director, principal	Young-Sheng Hsu	-	-	-	-
Independent director, principal	Wen-Yi Fan	-	-	-	-
President	Todd Alex Talbot	-	-	650,000	-
Vice President	Tsung-Min Chen	-	-	177,320	-
Vice President	Lei-Hui Lee	-	-	155,000	-
Vice President	Zhen-Hui Jin (Note 3)	-	-	155,000	-
Assistant Vice President	Jung-Chao Lin	-	-	-	-
Assistant Vice President	Ta-Ying Chang	-	-	100,000	-
Assistant Vice President	Bhor-Chaou Chang	-	-	-	-
Assistant Vice President	Ming-Sheng Wei (Note 4)	-	-	-	-

Title	Name	2022		As of March 28, 2023	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held (Note 5)	Increase (decrease) in pledged shares
Assistant Vice President	Jun-Hong Li	-	-	80,000	-
Assistant Vice President	Ming-Feng, Zhang (Note 3)	-	-	80,000	-
Head of Accounting	Ying-Fan Chen	-	-	60,000	-

Note 1: Purchased from the stock market. Note 2: The institutional director representative was assigned and assumed position on January 7, 2022. Note 3: Promoted and assumed position on January 27, 2022. Note 4: Retired on September 1, 2022. Note 5: Cash capital increase by issuance of stocks.

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

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

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

March 28, 2023

Name	Shareholding		Shares held by spouse and underage children		Total shares held in the name of others		Shareholders with the top 10 shareholding ratios who are related, spouses, and second-degree relatives, their names, and their respective relationships.		Notes
	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	No. of shares	Shareholding ratio %	Name (or name)	Relationship	
Ming-Ling Co., Ltd. (Representative: Shane Ouyang)	37,974,032	9.29	0	0	0	0	Shane Ouyang	Representative of Institutional Director for Ming-Ling Co., Ltd.	N/A
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.40	0	0	0	0	N/A	N/A	N/A
Shane Ouyang	22,185,496	5.43	0	0	0	0	Su-Hsiang Ou Young Chang Lei Ouyang	Mother and son Brothers	N/A
Su-Hsiang Ou Young Chang	21,486,175	5.26	20,000,000	4.90	0	0	Shane Ouyang Lei Ouyang	Mother and son	N/A
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.03	0	0	0	0	Scott Ouyoung	Principal (deceased)	N/A
Lei Ouyang	20,373,132	4.99	0	0	0	0	Su-Hsiang Ou Young Chang Shane Ouyang	Mother and son Brothers	N/A
Scott Ouyoung (deceased)	20,000,000	4.90	21,486,175	5.26	0	0	Shane Ouyang Lei Ouyang	Father/child	N/A
Chih-Yung Li	15,542,024	3.81	0	0	0	0	N/A	N/A	N/A
Huan-Ting Cho	12,358,252	3.03	0	0	0	0	N/A	N/A	N/A
Tsai-Su Ching Lu	7,780,000	1.90	0	0	0	0	N/A	N/A	N/A

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

## D. Capital Overview

### I. Capital and Shares:

#### (I) Source of share capital:

Unit: Share/NT\$

Year Month	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Other
March, 2018	10	600,000,000	6,000,000,000	367,440,962	3,674,409,620	Conversion of employee warrants 585,000 shares	N/A	Note 2
May, 2018	10	600,000,000	6,000,000,000	367,575,962	3,675,759,620	Conversion of employee warrants 135,000 shares	N/A	Note 2
July, 2018	10	600,000,000	6,000,000,000	367,595,962	3,675,959,620	Conversion of employee warrants 20,000 shares	N/A	Note 2
August, 2018	10	600,000,000	6,000,000,000	367,707,962	3,677,079,620	Conversion of employee warrants 112,000 shares	N/A	Note 2
October, 2018	10	600,000,000	6,000,000,000	367,944,962	3,679,449,620	Conversion of employee warrants 237,000 shares	N/A	Note 2
December, 2018	10	600,000,000	6,000,000,000	368,159,962	3,681,599,620	Conversion of employee warrants 215,000 shares	N/A	Note 2
March, 2019	10	600,000,000	6,000,000,000	368,211,962	3,682,119,620	Conversion of employee warrants 52,000 shares	N/A	Note 2
March, 2019	10	600,000,000	6,000,000,000	356,211,962	3,562,119,620	Reduction of treasury stock 12,000,000 shares	N/A	Note 3
May, 2019	10	600,000,000	6,000,000,000	356,236,962	3,562,369,620	Conversion of employee warrants 25,000 shares	N/A	Note 2
August, 2019	10	600,000,000	6,000,000,000	356,742,962	3,567,429,620	Conversion of employee warrants 506,000 shares	N/A	Note 2
November, 2019	10	600,000,000	6,000,000,000	357,212,962	3,572,129,620	Conversion of employee warrants 470,000 shares	N/A	Note 2
November,	10	600,000,000	6,000,000,000	356,212,962	3,562,129,620	Revoked restricted share awards	N/A	Note 1

Year Month	Issue price	Authorized capital		Paid-in capital		Notes		
		No. of shares	Amount	No. of shares	Amount	Source of share capital	Shares acquired by non-cash assets	Other
2019						1,000,000 shares		
March, 2020	10	600,000,000	6,000,000,000	356,848,962	3,568,489,620	Conversion of employee warrants 636,000 shares	N/A	Note 2
November, 2020	10	600,000,000	6,000,000,000	358,163,962	3,581,639,620	Conversion of employee warrants 1,315,000 shares	N/A	Note 2
March 2023	10	600,000,000	6,000,000,000	358,413,962	3,584,139,620	Conversion of employee warrants 250,000 shares	N/A	Note 4
March 2023	10	600,000,000	6,000,000,000	408,413,962	4,084,139,620	Cash capital increase 50,000,000 shares	N/A	Note 5

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

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

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

Note 4: April 7, 2020, Jin-Guan-Zheng-Fa-Zi No. 1090336257.

Note 5: Granted approval by Jin-Guan-Zheng-Fa-Zi No. 1110360842 dated November 9, 2022, and permitted to extend fundraising period by Jin-Guan-Zheng-Fa-Zi No. 1120331240 dated January 18, 2023.

Note: 408,413,962 shares issued and outstanding as of March 28, 2023.

March 28, 2023				Unit: Shares
Shares Type	Authorized capital			Notes
	Shares issued and outstanding (Note)	Unissued shares	Total	
Ordinary shares	408,413,962	191,586,038	600,000,000	

Note: Currently 408,413,962 ordinary shares are in circulation.

(II) Shareholder structure:

March 28, 2023 Unit: Shares

Shareholder structure Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
No. of People	0	7	41	13,702	109	13,859
No. of shares held	0	3,839,102	76,873,425	262,475,896	65,225,539	408,413,962
Shareholding ratio (%)	0	0.94	18.82	64.27	15.97	100.00

(III) Share distribution:

March 28, 2023 Unit: Shares; NT\$10 per share

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
1 to 999	3,026	629,129	0.15
1,000 to 5,000	7,214	15,712,275	3.85
5,001 to 10,000	1,477	11,147,978	2.73
10,001 to 15,000	621	7,520,744	1.84
15,001 to 20,000	326	5,907,608	1.45
20,001 to 30,000	396	9,675,326	2.37
30,001 to 40,000	183	6,355,942	1.56
40,001 to 50,000	143	6,472,790	1.58
50,001 to 100,000	200	14,205,638	3.48
100,001 to 200,000	131	17,583,743	4.31
200,001 to 400,000	63	17,418,708	4.26
400,001 to 600,000	24	11,394,923	2.79
600,001 to 800,000	12	8,355,540	2.05
800,001 to 1,000,000	5	4,419,192	1.08
Over 1,000,001	38	271,614,426	66.5
Total	13,859	408,413,962	100.00

Note: As of book closure on Tuesday, March 28, 2023. Currently 408,413,962 ordinary shares outstanding.

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

March 28, 2023		Unit: Shares	
	Shares	No. of shares held	Shareholding ratio (%)
Name of major shareholder			
Ming-Ling Co., Ltd.		37,974,032	9.29
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank		26,159,515	6.40
Hsien Ou Yang		22,185,496	5.43
Su-Hsiang Ou Young Chang		21,486,175	5.26
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland		20,558,787	5.03
Lei Ouyang		20,373,132	4.99
Scott Ouyoung (deceased)		20,000,000	4.90
Chih-Yung Li		15,542,024	3.81
Huan-Ting Cho		12,358,252	3.03
Tsai-Su Ching Lu		7,780,000	1.90

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

Item		Year	2021 years	2022 years	From this year to February 28, 2023
Market price per share	Highest		20.5	15.25	13.45
	Lowest		14.4	10.75	12.95
	Average		16.15	12.8	13.18
Net worth per share	Before distribution		14.44	13.04	-
	After distribution		14.44	13.04	-
Earnings per share	Weighted average shares		358,163,962	358,413,962	-
	Earnings per share	Pre-adjustment	0.04	(2.48)	-
		Post-adjustment	-	-	-
Dividends per share	Cash dividends		0	0	-
	Stock grants	Earnings	-	-	-
		Additional paid-in capital (APIC)	-	-	-
		Accumulated unpaid dividend	-	-	-
Return on investment Analysis	PE ratio (Note 1)		403.75	(5.16)	-
	Price-dividend ratio (Note 2)		0	0	-



Item \ Year		2021 years	2022 years	From this year to February 28, 2023
	Cash dividend yield (Note 3)	0	0	-

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

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

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

## (VI) Company dividend policy and implementation:

### 1. Dividend policy:

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

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

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

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

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

The Board of Directors reached a resolution for appropriation of profit and loss in a

Board meeting convened on April 13, 2023. The accumulated deficit in 2022 was NT\$691,191,621; therefore, no shareholder dividend will be distributed.

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

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

1. Percentages and ranges of remuneration to employees, directors, and supervisors, as specified in the Company's Articles of Association:

According to the Company's Articles of Association:

If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration, and no more than 2% may be allocated as remuneration for directors and supervisors. However, profits must first be taken to offset cumulative losses if any.

Employee bonuses may be paid in shares or cash. Employees at affiliated companies that satisfy certain criteria may also qualify.

2. Basis for estimating the amount of remuneration of employees, directors and supervisors; basis for calculating the number of shares to be distributed as employee remuneration; and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated amount, for the current period: If any changes made to the amounts after the annual financial reports are published, the changes will be applied in accordance with accounting estimation changes and will be included in the financial statements of the following year. The Company did not distribute stock dividends to employees in 2022.

3. Remuneration proposals passed by the board of directors:

- (1) Employee, director, and supervisor remuneration will be distributed in cash or shares. If there is any discrepancy with the recognized costs for the year then the difference, reason, and response should be disclosed:

According to the relevant regulations of the Company's Articles of Incorporation, the Board of Directors decided on March 7, 2023 not to appropriate any director remuneration or employee remuneration. There is no difference between these numbers and the total combined estimated amount.

- (2) The amount of remuneration to employees to be paid in shares and its percentage out of the standalone or individual financial report for the current period in terms of the sum of net profit after tax and employee remuneration: N/A.

4. Any discrepancy between actual remuneration distribution of employees, directors, and supervisors (including the number of shares, the amount and share price) and the recognized remuneration of employees, directors, and supervisors, and disclosure of the differences, reasons, and responses:

Upon resolution from the Board meeting on March 8, 2022, which was reported to the shareholders' meeting on May 27, 2022, the Company would not appropriate remuneration to directors, and NT\$1,897 thousands was allocated as employee remunerations (to be distributed in cash). There was no difference between these numbers and the total combined estimated amount.

The actual remuneration distributed to employees was consistent with the resolution of the board of directors.

(IX) Company stock buyback:

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

II. Issuance of corporate bonds: N/A.

III. Issuance of preferred stocks: N/A.

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

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

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

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

March 28, 2023

Tranche of ESOP	2020 First Employee Stock Option (ESOP) Issuance	2021 First Employee Stock Option (ESOP) Issuance
Date of approval by competent authorities and total units	April 7, 2020 10,696,000 shares	December 9, 2021 5,000,000 shares
Date of issuance (processing)	August 10, 2020	February 14, 2022
Units issued	10,200,000 shares	2,100,000 shares
Units available for issuance	0 shares (Note 2)	0 shares (Note 2)
Ratio of units available for issue to total shares outstanding	2.86%	0.59%
Subscription duration	3 years	3 years
Mode of implementation	Issuance of new shares	Issuance of new shares
Time frame and ratio of restricted subscription (%)	50% can be exercised two years from the day after issuance; 100% can be exercised after three years.	
Units exercised (shares)	250,000	N/A
Amount exercised (NT\$)	3,100,000	N/A
Number of rights unexercised	7,150,000	2,100,000
Exercise price for unexercised units (NT\$)	12.3	14.6
Ratio of unexercised rights To total shares outstanding (%)	1.75%	0.51%
Impact on shareholders' equity	Dilution of our Company's earnings per share is still generally limited and so will not exert a major impact on shareholders' equity.	

Note 1: August 10, 2020, total outstanding shares: 356,848,962 shares

2/14/2022, total outstanding shares: 358,163,962 shares

3/28/2023, total outstanding shares: 408,413,962 shares

Note 2: As the issuance period has been reached, the units available for issuance is therefore 0.

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

As of March 28, 2023

Unit: Shares: Thousand shares ; Amount: Thousand NTD

Date of issuance		Title	Name	Number of rights vested	Vested rights as a percentage of total outstanding shares	Exercised				Unexercised			
						Number of rights	Subscription price	Value of rights	Ratio of rights to total outstanding shares	Number of rights	Subscription price	Value of rights	Ratio of rights to total outstanding shares
2020.08.10	Managers	President	Todd Alex Talbot	3,350	0.82%	0	0	0	0%	3,350	12.30	41,205	0.82%
		Vice President	Tsung-Min Chen, Lei-Hui Lee, Zhen-Hui Jin										
		Assistant Vice President	Jung-Chao Lin										
		Vice President	Michael David Bond (Note)	1,100	0.27%	0	0	0	0%	1,100	NA	NA	NA
		Assistant Vice President	Sheng-Shyong Hwang (Note)										
2020.08.10	Employee	Employee	Min-Feng Ku, Hong-Ting Wang, Chong Kheng Lim, Jason David Shaw, Keith Edward Yurko, Kyle W Selph, Nathalie Wilhelmina Vandecraen, Richard Ian George	4,050	0.99%	250	12.4	3,100	0.06%	3,800	12.30	46,740	0.93%
			Eric Wu (Note), Janet Oh (Note), Raul Maldonado (Note), Ching-Hsiang Chang (Note)	1,700	0.42%	0	0	0	0%	1,700	NA	NA	NA

Date of issuance		Title	Name	Number of rights vested	Vested rights as a percentage of total outstanding shares	Exercised				Unexercised			
						Number of rights	Subscription price	Value of rights	Ratio of rights to total outstanding shares	Number of rights	Subscription price	Value of rights	Ratio of rights to total outstanding shares
2022.02.14	Managers	Vice President	Zhen-Hui Jin	250	0.06%	0	0	0	0	250	14.6	3,650	0.06%
	Employee	Employee	Carmen Fiordiroso 、Chip Boyles 、CHONG KHENG LIM	1,350	0.33%	0	0	0	0	1,350	14.6	19,710	0.33%
		Employee	Jeff Kessler (Note)	500	0.12%	0	0	0	0%	500	NA	NA	NA

Note: Manager has left his or her respective position at the Company within two years of receiving the employee subscription right; hence, said employee subscription right is no longer valid.

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

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

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

## VII. Implementation of capital allocation plan:

Up to the season prior to the printing date of this Annual Report, negotiable securities issued in previous batches or private placements that have not been completed or were completed within the last three years and have not yet realized the estimated return:

Approved the Company's cash capital increase and issuance of new shares in 2022. Details can be found as the following:

### (I) Content of plan:

1. Competent authority approval date and document number:  
Granted approval by Jin-Guan-Zheng-Fa-Zi No. 1110360842 dated November 9, 2022 from the Financial Supervisory Commission (FSC), and permitted to extend fundraising period by Jin-Guan-Zheng-Fa-Zi No. 1120331240 dated January 18, 2023.
2. Total funding required for the plan: NT\$525,000,000.
3. Sources of funds: Cash capital increase of 50,000,000 shares with par value per share of NT\$10. Issuance price per share is NT\$11.75, and the actual cumulative fundraising amounts to NT\$587,500,000.
4. Project items and expected fund implementation progress:

Unit: Thousand NTD

Project item	Expected completion date	Total funding required	Anticipated fund utilization plan
			2023
			Q1
Repayment of bank loans	Q1 2023	525,000	525,000
Replenishment of working capital	Q1 2023	62,500	62,500
Total		587,500	587,500

### 5. Expected benefits:

- (1) The current capital increase by cash has been completed in Q1 2023 with a total fund reaching NT\$587,500,000, in which NT\$525,000,000 will be used for repayment of bank loans. Besides effectively reducing interest expense and strengthening financial structure, we can also reduce the level of reliance on banks, increase the flexibility in working capital utilization, and

reduce operational risks. Based on the estimated interest rate of bank loans that we expect to repay, we are expected to save NT\$5,725 thousands of interest expenses in 2023, and will continue to save interest expenses of NT\$7,633 thousands on an annual basis thereafter.

- (2) For the current cash capital increase by issuance of common shares, the actual issuance price has been adjusted due to market changes, leading to an additional NT\$62,500,000 increase in the amount of funds raised than the original plan. This has been used toward replenishment of working capital in Q1 2023.
6. This plan has been uploaded to the designated reporting website by the Securities and Futures Institute: November 9, 2022
7. Changes of plan, reason of change, and benefits after the change: N/A.

(II) Implementation status: Item-by-item analysis of the execution status of the aforementioned plans' objectives, up to the season prior to the printing date of this Annual Report, compared to original estimated return:

Implementation status:

Unit: Thousand NTD

Project item	Expected expenditure	Actual expense	Implementation progress
Repayment of bank loans	525,000	525,000	100%
Replenishment of working capital	62,500	62,500	100%

Evaluation of benefits:

The Company has already used the funds toward repayment of bank loans, which will reduce the actual interest expense incurred. There is no significant discrepancies between the expected benefits and the actual achievement.



## E. Operational Highlights

### I. Business activities

#### (I) Business scope

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

Business breakdown:

Product	2022	Notes
Faucets and showerheads	34%	
Vitreous China	43%	
Other	23%	Note 1
Total	100%	

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

New products under development:

Technical R&D will deploy the second-generation vortex toilet upgrade program, which will focus on both "noise" and "flushing volume" using software simulation and sample trial experiments. The goal is to achieve a quiet, highly-efficient and water-saving benchmark.

New Vitreous China products: Optimize the installation experience using our proprietary, patented "Rocket Install" guided installation concept, which is gradually applied to products with exposed pipes, and will also be expanded to the rapid installation process of toilets with concealed trapways, and finally applied to all GERBER toilets.

New copperware:

1. Deploy the Thermo thermostatic core using the existing Treysta valve technology framework.
2. A new generation of quick-install products for a more intuitive operating experience.

3. Deployed a third function (rapid spray) to the kitchen faucet, providing a rapid, low-volume water spray.
4. The aforementioned technologies are simultaneously deployed to the core products in the "Essential" range and two new product lines.

(II) Industry overview:

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

Though the COVID-19 pandemic has largely subsided, the Russo-Ukrainian War continues to impact trading. The rate of inflation shows signs of deceleration, though inflation continues to remain high. Moreover, the monetary policies from central banks around the world, headed by the US Fed, are expected to maintain a tightening stance, leading to a bearish global economic outlook in 2023. The greatest impact of which is expected to occur in the eurozone.

The IMF predicted a 3.4% global growth rate in 2022, and this figure is expected to drop to 2.9% in 2023. Nevertheless, global growth rate is likely to increase to 3.1% by 2024.

Though the Fed's continued rate hikes to curb inflation and demand have shown positive results, but market numbers have shown that commercial activities in the U.S. are continuing to slump, and the labor market is also negatively affected somewhat, thereby raising market concerns over the economic slump in the US market in 2023. The IMF forecasted that the US economic growth will decrease from the 2.0% in 2022 to 1.4% in 2023, and then further drop to 1.0% by 2024.

The National Association of Realtors in the US forecasts in March 2023 that while existing home sales are expected to decline 11.1%, it is likely to grow to 17.7% by 2024. The new single home sales are expected to decrease by 3.7% in 2023, but is expected to grow by 19.4% in 2024. Additionally, the leading indicator of the housing starts for the property market is expected to reach 1.41 million homes in 2023 (a decrease of 9.2% compared to 2022), but is predicted to reach 1.53 million homes by 2024.

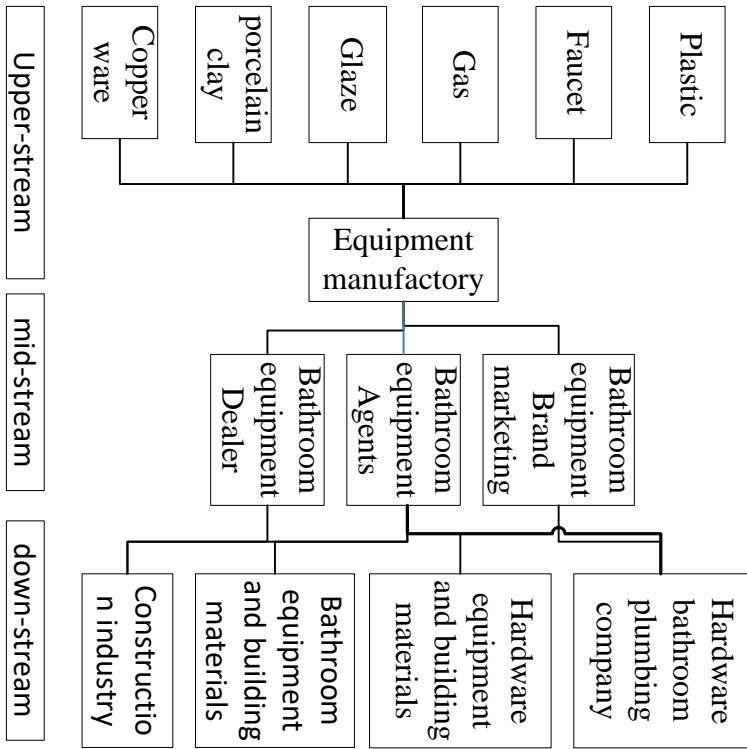
The European Commission has warned that the economic deceleration in the eurozone in 2022 is expected to continue to Q1 2023. Due to the uncertainties from the ongoing Russo-Ukrainian conflict, the high energy prices have eroded domestic consumption, and central banks throughout Europe may continue to implement tightening policies. The IMF expects a mere 0.7% economic growth rate in the eurozone in 2023, but the number is expected to rise to 1.6% by 2024.

The pandemic control measures and the recurring COVID-19 pandemic in China suppressed its economic activities in 2022. As the lockdown measures ease, economic activities and the movement of people are expected to resume, and the IMF believes that the rate of economic growth is expected to rebound to 5.2% in 2023. However, it is also expected to drop to 4.5% by 2024.

Population growth, the demand for the increasingly short supply of water, as well as the accelerated rate of urbanization are all major factors that will influence the growth of the sanitary equipment and accessories market. The trend for various functions including aesthetics, design, water-saving, energy-saving, environmental protection, comfort, healthcare, and ant-aging, will continue to grow, while smart washrooms will continue to become inevitable and popular trends. Major bathroom brands around the world are all actively committed to the R&D of smart bathroom products. They strive to bring revolutionary bathroom experiences to the people through pursuing even more humanistic designs. Smart faucets, showers, smart light control systems, and Bluetooth controls are some of the new technologies that will bring more possibilities to those seeking for higher quality of life, and will also create more humanistic and comfort to the people's bathroom routines.

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

Upstream and downstream kitchen and bathroom products supply chain:



- Basic Resources in Fireproof and Ceramic Products Manufacturing Sector. Taiwan Industry Economics Services by Taiwan Institute of Economic Research, as of September 9, 29, 2021.

1. Bathroom Vitreous China products:

Upstream raw materials include clay, feldspar, quartz, glaze, stain, mirabilite, fines, powder, magnesite, dolomite, and chromite. After purchasing the raw materials, the ceramic bathroom equipment manufacturers will manufacture and process general bathroom Vitreous China, water-supplying copperware, bathtubs, kitchenware, and bathroom fittings, and then sell them to construction companies that are in the new home construction and home improvement and repair markets, and retail channels for bathroom ceramics (Basic Resources in Fireproof and Ceramic Products Manufacturing Sector. Taiwan Industry Economics Services by Taiwan Institute of Economic Research, as of September 9, 29, 2021).

2. Hardware and faucet products:

Upstream companies provide the required plastic raw materials, metal raw materials, and rubber raw materials, which go through intermediate industries for casting, forging, powder metallurgy, heat treatment, and surface treatment, and processed and assembled into finished products, and then sold to

downstream industries through agents and distributors (2022 Analysis of Pump, Compressor, and Valves Manufacturing Industry in Taiwan. Taiwan Industry Economics Services by Taiwan Institute of Economic Research, as of February 22, 2022).

#### Product development trends and competition:

##### Product trends:

Health and sanitation regulations and laws around the world are becoming increasingly rigorous on health requirements, and faucet hardware product standards including NSF, ANSI, and KTW are also imposing even stricter aluminum and metal inspections. Therefore, many manufacturers are reducing metal detections by substituting raw materials with non-metals and through process improvements. Non-metal, plastic drains have increasingly appeared in mainstream designs and processes.

As the pandemic eases, key faucet hardware exhibitions including KBIS, ISH, and KBC in Shanghai are also organized once again, and we have observed the following key product directions:

##### Energy-saving, environmentally-friendly designs:

The increased awareness for environmental protection around the world has made energy-saving, environmentally-friendly design a major trend in faucet hardware products. Implement water-saving and energy-saving technologies to optimize product user experience and further assist consumers to save water and electricity consumption.

##### Smart designs:

Smart designs have become a key product trend. In response to the pandemic, the demand for smart sensor faucets, smart toilets, and smart sprayheads has also increased. Smart technologies can help consumers to use products with increased efficiency and safety.

##### Meticulous designs:

Designers are detail-oriented and even more meticulous in the treatment of various faucet components. Exquisite surface treatment technologies are also used to make the products more sophisticated and higher-end.

##### Simplistic and natural:

Simplicity has always been a favored trend; designers have also integrated "nature" into Vitreous China designs to create a relaxed and comfortable ambiance. The simplistic and natural design has become mainstream in the colors, materials, and surface textures of Vitreous China bathroom products and enables a modernistic design.

The trends for bathroom hardware products include energy-saving and environmentally friendly, smart, attention-to-detail, and simplistic and natural.

The Company will continue to explore new design philosophies and technologies to cater to the consumers' ever-changing demand.

**Competition:**

The competitive in the global bathroom industry has become even more intense in this post-pandemic era. In terms of brand competition, first-tier brands enjoy higher market share and are more adapt at responding to changes. For instance, brands such as Kohler, TOTO, American Standard, and HANSGROHE, have strong brand influence and consumer awareness in the market.

**Product technology:**

A company can only stand out from the competition through enhancing product quality and actively investing toward the R&D of popular trends. Therefore, innovations in new product trends including water-saving, environmental protection, smart, and even healthier material components, continue to be on the rise.

**Cost control:**

The Russo-Ukrainian War has caused economic blockchains to gradually replace the cost competition in globalization. The manufacturing cost of bathroom products is relatively high, and companies need to adopt effective cost control measures to reduce manufacturing cost and increase product competitiveness.

Globe Union will be even more committed to the product roadmap planning, R&D, and integrations of Gerber and Lenz products, focusing on more profitable self-owned brands to maximize profits.

**(III) Overview of technology and R&D:**

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

Unit: Thousand NTD

Item \ Year	2022	As of Tuesday, February 28, 2023 (Unaudited)
R&D expenses	221,388	28,529

**2. Successfully developed technologies and products**

Item	Project name	Status and impact of R&D results
1	Toilet noise measurement technology	Build noise measurement technology to assist in the inspection of "QuietClean" toilets and formulate quality standards, as well as to compare against competing products to provide sales and technical support for marketing efforts.
2	Installation of Toilets with exposed pipes	Improve user experience and create products that are easy to install and even more aesthetically-

Item	Project name	Status and impact of R&D results
		pleasing upon installation, thereby bringing more convenience to retail DIY customers. The concept can be applied to all product lines and become a key characteristic of GERBER Vitreous China products, which helps to support the brand philosophy.
3	Second-generation of rapid water inlet connectors	Optimize the user experience of the first generation products; deploy intuitive installation and dismantling process in the operating interface to develop the installations of own-brand products.
4	IR adjustable kitchen faucet	Expand the applications of wash basin faucet technology toward kitchen faucets while also adding infrared sensor that allows users to set their own handedness, making the faucet more convenient. The product has been successfully launched in North American and Canadian markets.
5	Thinner manufacturing technology	Enhance processing capability and breaking the limitation on shapes to coordinate with iF/Red dot design award-winning designs.
6	iF/Red dot award-winning design	Showcase the designs from the LENZ brand through winning international design awards.
7	Reduce product size	Develop thinner products by enhancing processing technology and reducing the limitations on designs and shapes, thereby expanding to new product lines and increasing competitiveness.
8	Plastic-free packaging	Develop plastic-free packaging by using patented cardboard designs. Some of this new packaging concept was deployed in the new packaging material design for LENZ, which received good sales results upon product launch.

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

A. Short-term business plan:

1. Business integrations and strengthening manufacturing

The Company optimized the integration of the Group's businesses and business units with “One family one vision” as the corporate core spirit, and defined a new market strategy: “Lead with VC; Differentiate with Faucet”. With the strategy established in 2021, the Company focuses on production capacity control and enhancement of core production processes to strengthen manufacturing capabilities. For customers, the Company offers one-stop services and takes advantage of its unique product manufacturing advantages to provide its current customers with a complete production line (Vitreous

China and faucet products). We can provide professional brands in a flexible way. Customized products and services such as ODM/OEM and private labeling use design options such as product differentiation to win market share.

2. Brand enhancement and expansion

With the promotion of the brand gradually achieving positive results, the visibility and demand for the Company's US-based Gerber brand and Europe-based LENZ brand have grown synchronously. The Company plans to undertake strategic integrations for the brand development.

- Brand product portfolio strategy: Plan product portfolios that focus on the brands, and draft product DNA based on the core strategies of the two brands. Implement integrative product designs for our GERBER and LENZ product lines in order to share the design resources and reduce manufacturing costs.
- Expand brand sales channels: The sales strategy for Gerber will focus on cultivating and growing our existing market share in the wholesale channel, and gradually entering the North American retail and big box stores to expand its sales channels. Regarding the enthusiastic response from the retail channel to the professional brand Gerber, we will strategically expand the retail market for Gerber to increase its product lineup, strengthen product portfolio, and strengthening people-oriented services. The brand will position its products featuring mid-to high-end, high-quality, and design-oriented to increase brand power and therefore overall revenue contribution.

The European-based LENZ has been positioned as a mid- to high-end kitchenware brand. It continues to experience stable growth, and with the emergence of e-commerce in Europe, the Company will prudently evaluate LENZ' brand strategy, examine the marketing plan for the LENZ Vitreous China bathroom products, and assess the feasibility of synchronous online-to-offline channel development to expand its sales channels.

3. Steady growth of PJH professional sales channel services

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



## B. Long-term business plan:

### 1. Increase production efficiency and achieve stable manufacturing capabilities

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

### 2. Channel development and expansion

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

## II. Market, production, and sales:

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

### 1. Main markets

Unit: Thousand NTD

Region \ Year	2022		2021	
	Amount	%	Amount	%
North America	11,596,413	57.38	11,325,722	58.11
United Kingdom	6,888,185	34.08	6,441,784	33.05
China	71,702	0.35	146,196	0.75
Other	1,654,711	8.19	1,577,653	8.09
Total	20,211,011	100.00	19,491,355	100.00

## 2. Market share:

The Company's main business regions are North America and Europe, of which the UK's PJH revenues are a main part. In 2022, the Company's revenue was 11.59 billion in North America and 6.89 billion in the UK. With sophisticated services, top-notch quality, and the two-pronged strategy of self-owned brands and OEM, the Company will occupy an important position in the global bathroom and kitchen products industry.

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

### (1) Supply and demand:

According to the analysis report on Global Plumbing Fixtures Market published by 360iResearch in October 2022, the scale of the global bathroom and kitchen products industry was US\$105.9 billion in 2021, and its compound annual growth rate (CAGR) from 2021 to 2027 is expected to reach 4.38%. In addition, the market size is expected to reach US\$137.0 billion in 2027. The Russo-Ukrainian War has affected the global economy, which was recovering from the COVID-19 pandemic. The ongoing war has led commodity prices to soar and supply chain disruptions, thereby impacting many markets around the world. However, the report has also pointed out that the emergence of global construction and renewal activities, the large-scale investments toward construction and infrastructure, as well as the increasing popularity of Vitreous China bathroom ware, will continue to drive the growth of the bathroom and kitchen products market.

#### ①USA

A 2023 report from 360iResearch showed the demand for bathroom fixtures in the U.S. was expected to reach US\$15.45 billion in 2022, and the compound annual growth rate of the US market is expected to reach 4.72% from 2022 to 2030, and will reach US\$22.35 billion in 2030.

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

#### ②Europe

According to a Business Solutions report from market research company Statista, benefiting from the active measures in industries related to infrastructure and the growth in construction companies, the demand in European market is expected to reach US\$14.9 billion by 2023, and is expected to achieve a CAGR of 3.03% from 2023 to 2028. In particular, the demand in Germany is expected to reach US\$2.95 billion in 2023, and will achieve a CAGR of 4.22% from 2023 to 2028, while the UK's demand is expected to reach US\$970

million in 2023, with a CAGR of 0.33% from 2023 to 2028.

(2) Growth potential:

Report from the International DIY Association (EDRA/GHIN) in Europe, the DIY home fixture industry experienced significant growth during the COVID-19 pandemic. Since most people experienced lockdown measures, DIY enthusiasts spent more time on home fixtures and renovations, and the global home fixture had reached US\$811.7 billion in production value in 2021, up 9.7% from 2020. In particular, the US accounted for the most production value, while the Asia-Pacific is expected to have the most rapid growth. According to a Research Department report from Statista, with the lifting of COVID-19 lockdown measures and the post-pandemic resumption of work, the fixture market in North America will continue to grow, and is expected to reach a 3.6% growth from 2021 to 2025.

4. Competitive niches

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

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

Sales revenue from our European LENZ brand continues to grow, and the Company will prudently evaluate and integrate its product lines and develop diverse sales channels to strengthen the long-term growth of LENZ.

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

- Self-owned brands and OEM two-pronged model:

Utilizing the two-pronged model of self-owned brands and OEM, we combine VC and faucet product profiles and product life-cycle management systems to reduce development costs. This allows us to flexibly allocate production capacity and speed up product launch schedules. In terms of sales strategies, we introduce products that coincide with the legislation, functional, and price demands of their

respective markets globally and improve our profits by focusing on high-value innovative products.

- The multi-country production strategy:  
The Company has implemented the deployment of multi-country manufacturing bases. Currently, there are the Globe Union (hardware and faucets) and Milim (Vitreous China) plants in China, and the GU PLUMBING de MEXICO S.A. de C.V. Vitreous China plant, which was set up in Mexico in 108. The business team will plan the production capacity and a globally consistent manufacturing management system. Through global deployment, the Group will make more effective capacity planning decisions and serve customers with a more flexible supply chain to reduce costs.
- Mastering core development technology:  
We intend to take full advantage of key development technologies, actively research and develop high value products, and improve technical production procedures, paired with strategic patent deployment. This will allow us to enhance our products' value proposition.

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

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

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

### Favorable factors:

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

### Unfavorable factors:

1. Exchange rate risk: Group revenues come mainly from Europe and the

Americas. Procurement and production are located in China Mexico. The Group's foreign exchange is therefore affected by fluctuations in EUR, USD and RMB.

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

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

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

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

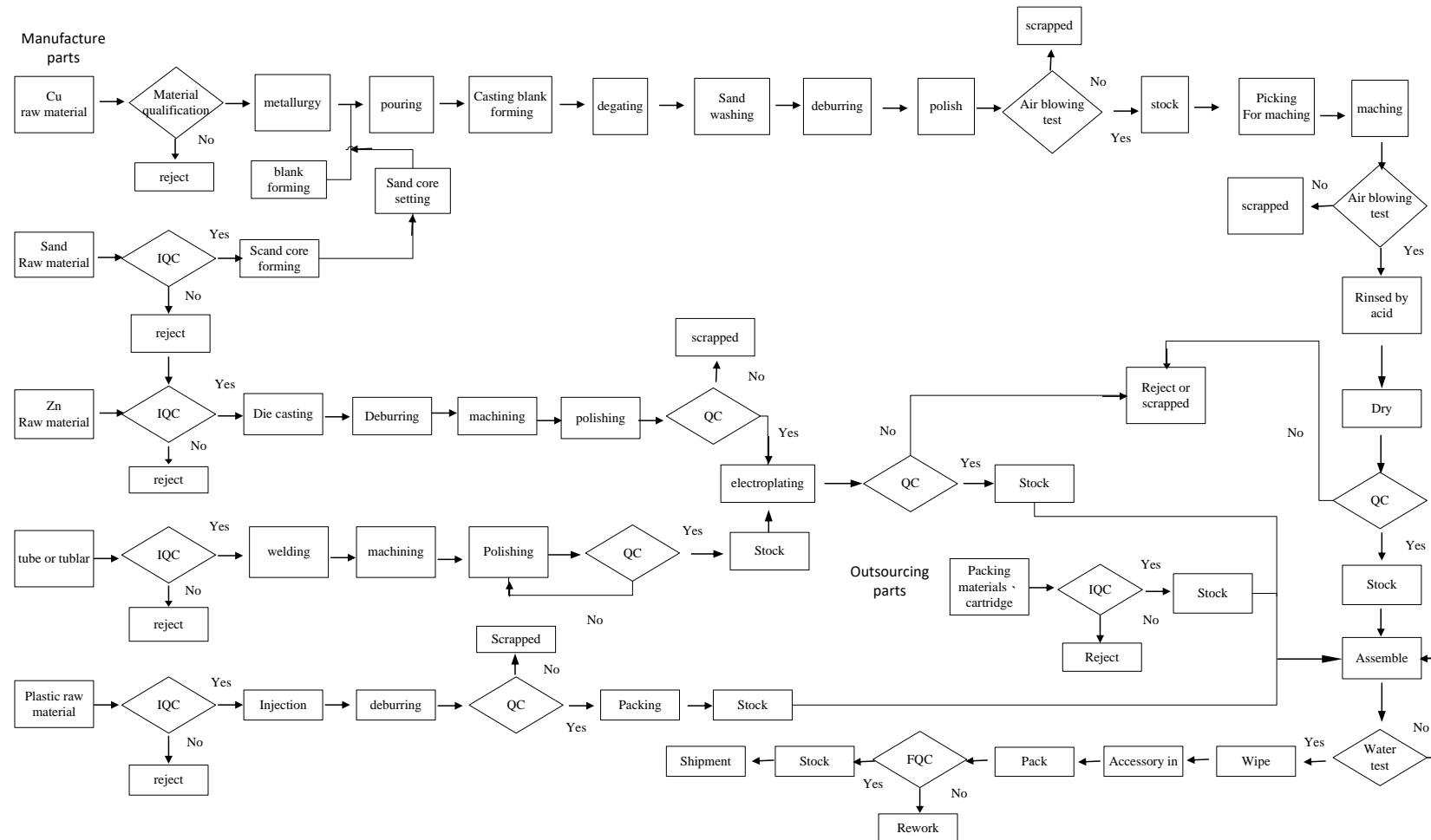
Response strategies: Positioned as a Tier 1.5 brand, the Company's North American brand Gerber is actively developing online sales and strengthening existing physical channels. Meanwhile, efforts are made to optimize the yield from our Mexican plant and increasing productivity. The brand is actively strengthening relations with clients who are brand owners. With their brand power and operation sites plus our production and design capabilities, we are able to explore different layers of the distribution market. We are also continuing to study online sales systems in order to expand our reach to consumers and provide them with production information even more quickly.

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

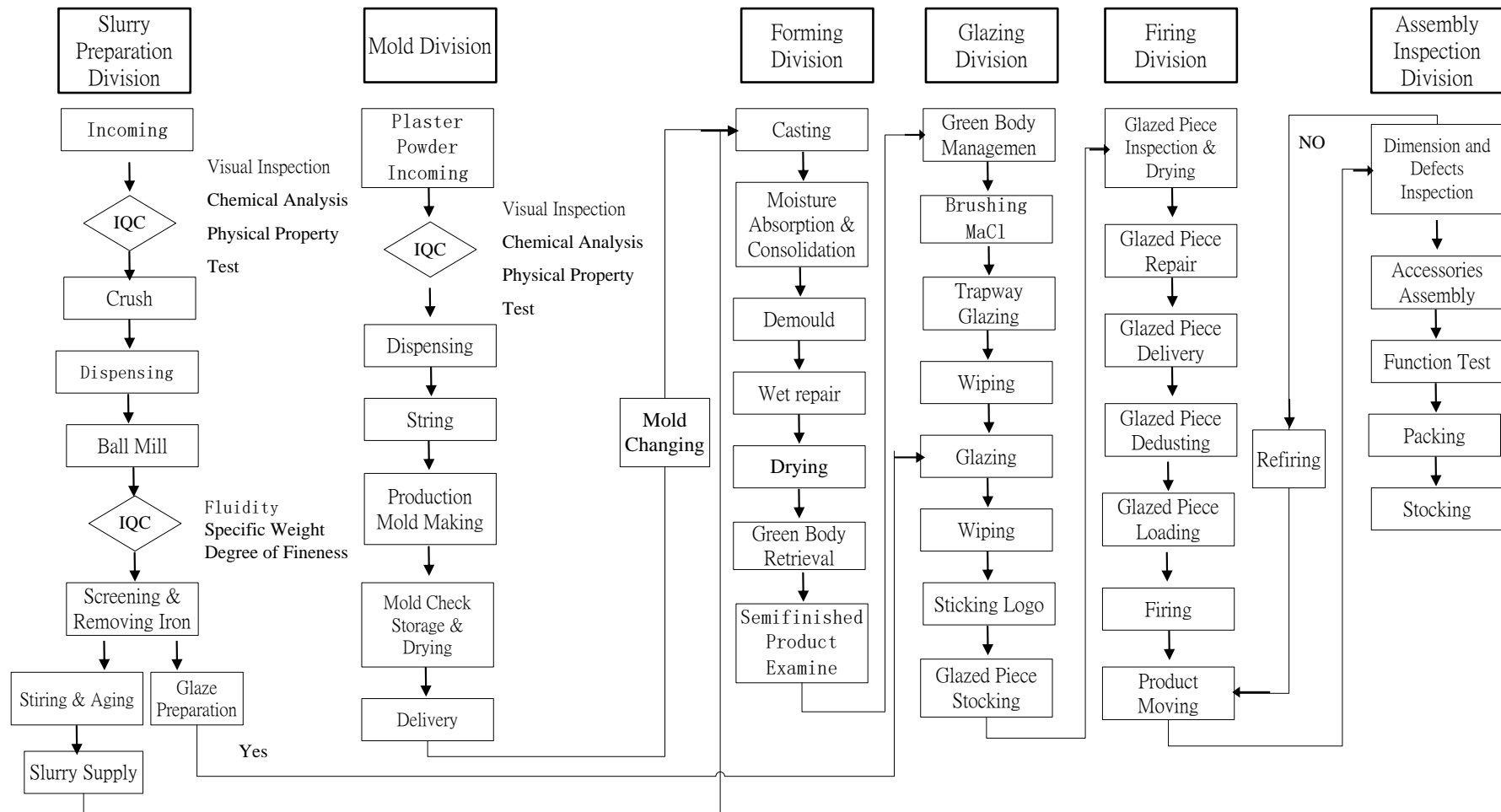
1. Major applications of core products: Suitable for bathroom, kitchen, and garden use.

2. Manufacturing processes of products:

Faucet product manufacturing process:



### Vitreous China tank and toilet manufacturing process:



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

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

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

Information on key sales customers during the past 2 years:

Unit: Thousand NTD

Year Item	2022				2021 years			
	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1.	Customer A	3,108,822	15.38	N/A	Customer A	3,091,110	15.86	N/A
	Other	17,102,189	84.62		Other	16,400,245	84.14	
	Net sales	20,211,011	100.00		Net sales	19,491,355	100.00	

- (V) Sales numbers for the last two years:

Unit: Thousand NTD

Year Core product	2022	2021	Notes
	Sales value	Sales value	
Faucets and showerheads	6,855,352	7,558,623	
Vitreous China	8,719,377	7,554,154	
Kitchen products	-	(44)	Note 1
Other	4,636,282	4,378,622	Note 2
Total	20,211,011	19,491,355	

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

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

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



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

Consolidated financial statements:

Year		2021	2022	From this year to Tuesday, February 28, 2023
Employee count	Direct employees	3,507	2,853	2,363
	Indirect employees	2,485	2,358	2,847
	Total	5,992	5,211	5,210
Average age		40.5	41.2	41.2
Average years of service		8.7	9.5	9.4
Academic qualification ratio (%)	Ph.D	0.02	0.00	0.00
	MA	3.28	1.82	1.78
	University/College	20.32	15.33	15.22
	High school	15.28	24.89	25.84
	Below high school	61.1	57.96	57.16

IV. Environmental protection expenditure information:

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

V. Employees-employer relations:

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

constant learning and growth.

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

1. Employee welfare

Remuneration:

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

Annual performance evaluations are used to conduct objective assessments and provide employees with an environment with fair compensations and promotional opportunities.

Health and safety-related benefits:

The Company has hired doctors/nurses to offer monthly onsite healthcare services since January 2020 in line with the Labor Health Protection Regulations in order to provide the best care and protection to our employees. Besides filing various insurance in line with the Labor Standards Act and Labor Health Protection Regulations, the Company has also filed group accidental insurance for the employees to enhance their overall protection. Moreover, employee healthcare seminars and health examinations are also routinely arranged, and comfortable employee cafeteria and clean and sanitary nursing rooms have also been set up in the hopes of providing a safe and comfortable work environment for our employees.

Education and entertainment-related benefits:

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

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

2. Employee continuing education and training

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

competitiveness.

During 2022, a total of NT\$6,209 thousands was spent on education and training, including 1,111 internal and external training sessions throughout the year that added up to 50,744 hours; a headcount of 68,506 people received the training. These primarily consisted in leadership and management, culture and values, labor safety training, internal audit, quality management, technology R&D, accounting management, information management, sales management, and new employee orientation.

Continuing education for managers of Globe Union:

Name	Title	Course Name	Organizer	Date of Training	Hours
Tsung-Min Chen	Chief Financial Officer	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Tsung-Min Chen	Chief Financial Officer	Critical Year of Transformation: New Taiwanese Leading Enterprises Forum	Business groups, SAP	2022/3/2	4
Tsung-Min Chen	Chief Financial Officer	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Tsung-Min Chen	Chief Financial Officer	"Promotions of Industry Themes Related to Sustainable Development Roadmap"	Jointly organized by TWSE and TPEx	2022/7/27	2
Tsung-Min Chen	Chief Financial Officer	[SAP NOW Taiwan: Co-creating Sustainable Smart Enterprises]	Taiwan Institute of Directors	2022/8/18	3
Tsung-Min Chen	Chief Financial Officer	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Tsung-Min Chen	Chief Financial Officer	Preventions: The Importance of Corporate Risk Management	Taiwan Corporate Governance Association	2022/12/20	3
Lei-Hui Lee	Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Lei-Hui Lee	Vice President	Incentive System Design That Drives Corporate Strategic Goals	CPHR-Human Resources Management Association	2022/4/16	6
Lei-Hui Lee	Vice President	Global Net-zero challenge: How can	Taiwan Corporate Governance Association	2022/4/18	3

Name	Title	Course Name	Organizer	Date of Training	Hours
		business leaders guide the low-carbon ESG transformation plan?			
Lei-Hui Lee	Vice President	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Ta-Ying Chang	Assistant Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Ta-Ying Chang	Assistant Vice President	2022 Information Security Education and Training: General Knowledge on Information Security	The Company's Information Security Department	2022/4/13	1
Ta-Ying Chang	Assistant Vice President	2022 Information Security Education and Training: Advanced Information Security Course 1	The Company's Information Security Department	2022/6/21	1
Ta-Ying Chang	Assistant Vice President	Information Sharing on Patents and Trademarks	The Company's Intellectual Property Department	2022/9/16	1.5
Ta-Ying Chang	Assistant Vice President	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Jung-Chao Lin	Assistant Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Jung-Chao Lin	Assistant Vice President	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Jung-Chao Lin	Assistant Vice President	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Bhor-Chaou Chang	Assistant Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Bhor-Chaou Chang	Assistant Vice President	Problem Analysis and Solving	The Company's Talent Development Department	2022/3/9	4

Name	Title	Course Name	Organizer	Date of Training	Hours
Bhor-Chaou Chang	Assistant Vice President	Design Thinking Workshop	Industrial Design Department	2022/4/1	4
Bhor-Chaou Chang	Assistant Vice President	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Bhor-Chaou Chang	Assistant Vice President	2022 Information Security Education and Training: General Knowledge on Information Security	The Company's Information Security Department	2022/7/28	1
Bhor-Chaou Chang	Assistant Vice President	2022 Information Security Education and Training: Advanced Information Security Course 1	The Company's Information Security Department	2022/7/28	1
Bhor-Chaou Chang	Assistant Vice President	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Jun-Hong Li	Assistant Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Jun-Hong Li	Assistant Vice President	Problem Analysis and Solving	The Company's Talent Development Department	2022/3/9	4
Jun-Hong Li	Assistant Vice President	Descriptions on Significant Articles on TIPS Deployment and Their Significance	The Company's Intellectual Property Department	2022/4/8	1.5
Jun-Hong Li	Assistant Vice President	2022 Information Security Education and Training: General Knowledge on Information Security	The Company's Information Security Department	2022/4/13	1
Jun-Hong Li	Assistant Vice President	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Jun-Hong Li	Assistant Vice President	TIPS Advanced Intellectual Property Training R&D Personnel	The Company's Intellectual Property Department	2022/5/13	1

Name	Title	Course Name	Organizer	Date of Training	Hours
		(1) - Nature of Patent Rights and Internal Proposal Procedure			
Jun-Hong Li	Assistant Vice President	TIPS Workshop Training - Chapters 7 and 8	The Company's Intellectual Property Department	2022/7/8	2
Jun-Hong Li	Assistant Vice President	2022 Information Security Education and Training: Advanced Information Security Course 1	The Company's Information Security Department	2022/7/11	1
Jun-Hong Li	Assistant Vice President	Information Sharing on Patents and Trademarks	The Company's Intellectual Property Department	2022/9/16	1.5
Jun-Hong Li	Assistant Vice President	Process of Recognizing Patent Infringement	The Company's Intellectual Property Department	2022/10/17	1.5
Jun-Hong Li	Assistant Vice President	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3
Ming-Feng, Zhang	Assistant Vice President	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Ming-Feng, Zhang	Assistant Vice President	Problem Analysis and Solving	The Company's Talent Development Department	2022/3/9	4
Ming-Feng, Zhang	Assistant Vice President	2022 Information Security Education and Training: General Knowledge on Information Security	The Company's Information Security Department	2022/4/13	1
Ming-Feng, Zhang	Assistant Vice President	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Ming-Feng, Zhang	Assistant Vice President	2022 Information Security Education and Training: Advanced Information Security Course 1	The Company's Information Security Department	2022/6/28	1
Ming-Feng, Zhang	Assistant Vice President	Enterprise Financial Information Analysis and	Taiwan Corporate Governance Association	2022/11/4	3

Name	Title	Course Name	Organizer	Date of Training	Hours
		Decision-making Applications			
Ying-Fan Chen	Head of Accounting	Information Overview and Endpoint Security	The Company's Information Security Department	2022/2/23	2
Ying-Fan Chen	Head of Accounting	Problem Analysis and Solving	The Company's Talent Development Department	2022/3/9	4
Ying-Fan Chen	Head of Accounting	2022 Information Security Education and Training: General Knowledge on Information Security	The Company's Information Security Department	2022/4/13	1
Ying-Fan Chen	Head of Accounting	Global Net-zero challenge: How can business leaders guide the low-carbon ESG transformation plan?	Taiwan Corporate Governance Association	2022/4/18	3
Ying-Fan Chen	Head of Accounting	Professional Development Course for Principal Accounting Officers	Accounting Research and Development Foundation	2022/5/30	12
Ying-Fan Chen	Head of Accounting	2022 Information Security Education and Training: Advanced Information Security Course 1	The Company's Information Security Department	2022/6/24	1
Ying-Fan Chen	Head of Accounting	Enterprise Financial Information Analysis and Decision-making Applications	Taiwan Corporate Governance Association	2022/11/4	3

### 3. Pension scheme

The retirement plans of the Company are applicable to all formally hired employees. In compliance with the Labor Pension Act, the Company defines its appropriation plan and follows the plan and formulates Employee Retirement Procedures accordingly by setting aside 6% from each employee's salary on a monthly basis to the personal pension account with the Bureau of Labor Insurance. All pension funds are under the management of the Labor Pension Reserve Supervision Committee and saved in the dedicated pension account in the name of the Labor Pension Reserve Supervision Committee. They are completely separated from the Company. In 2022, one employee retired under the old pension scheme. The appropriate pension was paid by the Company in accordance with the pension rates set out under Article 55 of the Labor Standards Act.

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

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

### 4. Measures for protecting employee rights

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

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



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

## VI. Cybersecurity management:

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

### Cyber Security Risk Management Framework:

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

On March 2, 2021, the Company established the "Cybersecurity Management Committee" to review its cybersecurity policies and supervise its cybersecurity operations. The operational model of the "Information Security Management Committee" adopts PDCA (Plan-Do-Check-Act) cycle management to ensure the achievement of goals and continuous improvement.

### Cybersecurity Policies:

The information system is a crucial part of the sustainable operation of the enterprise. In recent years, enterprises of all sizes have experienced various information security incidents whether at home or abroad. These incidents included: Relevant ransomware, malware, commercial email scam, and malicious domain names. All of which has caused huge losses to the enterprises. For this reason, the Company has formulated relevant cybersecurity policies to ensure the smooth operation of the Company, prevent information or information and communication systems from being infringed, and maintain the integrity and confidentiality of the Company's information.

### Specific management plans are as follows:

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

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

Information security management measures that have been implemented: Authority management, access control, external threats, system availability, email security management, and others.

Since cybersecurity insurance is an emerging type of insurance, and considering the comprehensive results of issues such as insurance coverage, claims coverage, claims identification, qualifications of identification institutions, and applicable industries, the Company postponed the purchase of cybersecurity insurance after evaluation. However, to strengthen the response to the ever-changing cyberattack incidents, in addition to checking the firewall security policy regularly, updating the virus codes of anti-virus software regularly, and backing up data in different places regularly, disaster

recovery drills are scheduled to be carried out every year to ensure normal operation of the backup mechanism and can meet the system recovery goals. The Company's reporting and handling of cybersecurity incidents are carried out in accordance with the Company's regulations on cybersecurity reporting procedures.

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

The resources invested in the cybersecurity management:

To maintain the Company's cybersecurity, we invest our maintenance budget of about NT\$4 million in the "critical business operation system" annually.

Implementation status of information security in 2022:

- Enhancing awareness for information security:  
Dedicated information security personnel have completed more than 30 hours of professional information security training course, while all employees have completed 3 hours of information security training course. Executed 2 email social engineering drills, in which high-risk employees were selected to engage in further information security training.
- Identifying information security risks:  
Vulnerability scanning is executed on key systems. A total of 42 system loopholes were found, and all were fully repaired within three months. Joined Taiwan Computer Emergency Response Team (TWCERT) to share information security data through CERT/CSIRT entities in Taiwan in order to understand the latest information security risks and to engage in timely repair. Engage in third-party information security diagnosis through network traffic and to repair known vulnerabilities in order to enhance the overall information security competencies.
- Controlling information security risks:  
Enable VPN multi-factor authentication (MFA) to avoid man in the middle attacks (MITM) or phishing attacks, thereby increasing the safety of remote networking.
- Strengthening information security in external service host:  
Installed "Managed Detection and Response" (MDR) in the external service host, in which information security consultants will engage in real-time 24/7 surveillance to detect whether unknown abnormal behavior has occurred to the host, and to undertake immediate protection and signal warnings.

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

VII. Important contracts:

Nature of contract	Contracting parties	Commencement date/Expiration date	Content	Restrictive clauses
Syndicated loan contract	Syndicated loan from eleven banks including E.Sun Commercial Bank, Ltd., CTBC Bank, Taipei Fubon Bank, and Bank of Taiwan (the coordinating bank for the syndicated loan)	2022.05.25 ~2027.05.25	Syndicated loan	For the duration of the contract, specific financial ratios shall be maintained in the annual and Q2 consolidated financial statements.
Land Lease Contract	Taichung Export Processing Zone, Export Processing Zone Administration, MOEA	2013.10.01 ~2023.09.30	Land lease	May only be used for the specified business purpose

## F. Financial Overview

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

#### (I) Condensed profit and loss statements

Consolidated Financial Statements (Based on the International Financial Reporting Standards)

Unit: Thousand NTD

Year		2018	2019	2020	2021	2022
Item						
Current assets		9,975,744	9,589,522	11,094,398	10,471,779	10,609,052
Property, plant and equipment		1,541,094	2,516,758	2,616,466	2,419,829	2,311,704
Right-of-use assets		-	2,056,539	1,956,842	2,117,441	2,328,096
Intangible assets (including business reputation)		823,222	765,340	757,409	713,916	733,100
Other assets		473,121	921,685	405,628	451,855	619,873
Total assets		12,813,181	15,849,844	16,830,743	16,174,820	16,601,825
Current liabilities	Before distribution	5,225,531	5,311,557	6,599,833	6,887,044	6,621,594
	After distribution	5,687,339	5,461,434	6,709,789	6,887,044	Not distributed
Non-current liabilities		1,612,835	4,964,677	4,713,633	4,115,091	5,306,427
Total liabilities	Before distribution	6,838,366	10,276,234	11,313,466	11,002,135	11,928,021
	After distribution	7,300,174	10,426,111	11,423,422	11,002,135	Not distributed
Equity attributable to owners of parent		5,897,630	5,573,610	5,517,277	5,172,685	4,673,804
Share capital		3,682,235	3,565,977	3,581,640	3,581,640	3,584,740
Capital reserve		1,032,019	995,214	938,667	877,995	887,844
Retained earnings	Before distribution	1,895,790	1,740,633	1,849,910	1,794,862	879,991
	After distribution	1,433,982	1,590,756	1,739,954	1,794,862	Not distributed
Other equity		(526,207)	(728,214)	(852,940)	(1,081,812)	(678,771)
Treasury stock		(186,207)	-	-	-	-
Non-controlling interests		77,185	-	-	-	-
Total equity	Before distribution	5,974,815	5,573,610	5,517,277	5,172,685	4,673,804
	After distribution	5,513,007	5,423,733	5,407,321	5,172,685	Not distributed

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

Condensed profit and loss statements

Based on the International Financial Reporting Standards - Standalone statements

Unit: Thousand NTD

Year		2018	2019	2020	2021	2022
Item						
Current assets		2,242,070	2,212,406	2,380,196	2,665,254	2,535,766
Property, plant and equipment		84,413	76,923	73,182	69,537	69,901
Right-of-use assets		-	3,123	2,849	2,588	1,232
Intangible assets		31,244	19,667	10,939	2,114	2,621
Other assets		9,176,106	9,483,508	9,740,593	9,700,555	8,720,315
Total assets		11,533,833	11,795,627	12,207,759	12,440,048	11,329,835
Current liabilities	Before distribution	4,270,660	3,760,317	4,404,587	5,530,868	3,824,674
	After distribution	4,732,468	3,910,194	4,514,543	5,530,868	Not distributed
Non-current liabilities		1,365,543	2,461,700	2,285,895	1,736,495	2,831,357
Total liabilities	Before distribution	5,636,203	6,222,017	6,690,482	7,267,363	6,656,031
	After distribution	6,098,011	6,371,894	6,800,438	7,267,363	Not distributed
Equity attributable to owners of parent		5,897,630	5,573,610	5,517,277	5,172,685	4,673,804
Share capital		3,682,235	3,565,977	3,581,640	3,581,640	3,584,740
Capital reserve		1,032,019	995,214	938,667	877,995	887,844
Retained earnings	Before distribution	1,895,790	1,740,633	1,849,910	1,794,862	879,991
	After distribution	1,433,982	1,590,756	1,739,954	1,794,862	Not distributed
Other equity		(526,207)	(728,214)	(852,940)	(1,081,812)	(678,771)
Treasury stock		(186,207)	-	-	-	-
Total equity	Before distribution	5,897,630	5,573,610	5,517,277	5,172,685	4,673,804
	After distribution	5,435,822	5,423,733	5,407,321	5,172,685	Not distributed

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

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

Unit: Thousand NTD

Item \ Year	2018	2019	2020	2021	2022
Operating income	17,879,120	17,023,426	16,775,209	19,491,355	20,211,011
Operating margin	4,894,358	4,797,880	4,616,751	4,799,037	4,963,192
Operating profit or loss	626,115	391,056	465,479	157,604	(696,879)
Non-operating income and expenses	177,277	92,475	(819)	18,800	(199,964)
Net income (loss) before tax	803,392	483,531	464,660	176,404	(896,843)
Net profit (loss) per share from continuing operations for the current period	618,916	336,055	287,487	12,797	(888,874)
Losses from discontinued operations	—	-	-	-	-
Net income (loss) for this period	618,916	336,055	287,487	12,797	(888,874)
Other comprehensive income (OCI) for this period (Net income after tax)	(23,631)	(199,926)	(153,059)	(186,761)	377,044
Total comprehensive income for this period	595,285	136,129	134,428	(173,964)	(511,830)
Profit attributable to owners of parent	618,220	335,173	287,487	12,797	(888,874)
Profit attributable to non-controlling interests	696	882	-	-	-
Total comprehensive income Attributable to owners of parent	593,687	135,247	134,428	(173,964)	(511,830)
Total comprehensive income Attributable to non-controlling interests	1,598	882	-	-	-
Earnings per share (NTD)	1.69	0.94	0.81	0.04	(2.48)

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

Condensed consolidated income statements

Based on the International Financial Reporting Standards - Standalone statements

Unit: Thousand NTD

Item \ Year	2018	2019	2020	2021	2022
Operating income	9,330,271	8,045,768	8,481,882	10,128,556	10,006,765
Operating margin	918,411	943,142	799,610	351,372	753,954
Operating profit or loss	93,152	134,540	219,817	(116,735)	79,515
Non-operating income and expenses	595,394	251,211	105,010	178,064	(918,660)
Net income (loss) before tax	688,546	385,751	324,827	61,329	(839,145)
Continuing business units Net income (loss) for this period	618,220	335,173	287,487	12,797	(888,874)
Losses from discontinued operations	-	-	-	-	-
Net income (loss) for this period	618,220	335,173	287,487	12,797	(888,874)
Other comprehensive income (OCI) for this period (Net income after tax)	(24,533)	(199,926)	(153,059)	(186,761)	377,044
Total comprehensive income for this period	593,687	135,247	134,428	(173,964)	(511,830)
Profit attributable to owners of parent	618,220	335,173	287,487	12,797	(888,874)
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	593,687	135,247	134,428	(173,964)	(511,830)
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NTD)	1.69	0.94	0.81	0.04	(2.48)

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



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

Year	CPAs	Audit opinions
2018	Tzu-Ping Huang, Hung-Kang Lin	Unqualified opinion
2019	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion
2020	Yu-Ting Huang, Tzu-Ping Huang	Unqualified opinion
2021	Yu-Ting Huang, Ming-Hung Chen	Unqualified opinion
2022	Yu-Ting Huang, Ming-Hung Chen	Unqualified opinion

Reason for change of CPAs within the past five years:

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

## II. Financial analysis for the past five years

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

Analysis item \ Year		Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt asset ratio	53.37	64.83	67.22	68.02	71.85
	Ratio of long-term capital to property, plant and equipment	492.35	418.72	391.02	383.82	431.73
Solvency %	Current ratio	190.90	180.54	168.10	152.05	160.22
	Quick ratio	124.70	120.48	113.04	87.22	85.12
	Interest coverage ratio	17.56	4.40	3.54	1.99	(3.24)
Operating ability	Receivables turnover (times)	6.31	6.94	6.34	6.63	7.42
	Average collection days	57.84	52.59	57.57	55.05	49.19
	Inventory turnover (times)	4.06	3.84	3.76	3.81	3.36
	Payables turnover (times)	5.68	5.77	5.02	5.88	7.27
	Average days of sales	89.90	95.05	97.07	95.80	108.63
	Turnover of property, plant and equipment (times)	11.48	8.39	6.54	7.74	8.54
	Total asset turnover (times)	1.37	1.19	1.03	1.18	1.23
Profitability	Return on assets (%)	5.04	3.14	2.66	0.94	(4.39)
	Return on equity (%)	10.25	5.82	5.18	0.24	(18.05)
	Net income before tax to paid-in capital ratio (%)	21.82	13.56	12.97	4.93	(25.02)
	Net profit margin (%)	3.46	1.97	1.71	0.07	(4.40)
	Earnings per share (NTD)	1.69	0.94	0.81	0.04	(2.48)
Cash flows	Cash flow ratio (%)	17.07	15.69	11.74	(12.38)	3.43
	Cash flow adequacy ratio (%)	84.33	87.62	95.92	39.98	31.84
	Cash reinvestment ratio (%)	3.79	3.68	5.92	(11.80)	2.41
Leverage	Operating leverage	1.45	2.55	2.37	5.64	(0.08)
	Financial leverage	1.08	1.57	1.58	(8.14)	0.77

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

Explanation for changes of over 20% between 2022 and 2021:

1. Decrease of interest coverage ratio: This is mainly due to a NT\$1,073,247 thousands decrease in net profit before tax from recognition of the one time Shenzhen Factory move this year.
2. Payables turnover (times): This is mainly due to the NT\$555,501 thousands increase in cost of goods sold, and the NT\$277,964 thousands decrease in the accounts payable at year end.
3. Decrease in return on assets, return on equity, net profit margin, and earnings per share: This is mainly due to a NT\$901,671 thousands decrease in net income after tax this year resulting from recognition of the one time Shenzhen Factory move.
4. Decrease in net income before tax to paid-in capital ratio: This is mainly due to a NT\$1,073,247 thousands decrease in net profit before tax this year resulting from recognition of the one time Shenzhen Factory move.
5. Increases in cash flow ratio and cash reinvestment ratio: This is mainly due to the NT\$1,079,619 thousands increase in net cash flow from operating activities this year.
6. Decrease in cash flow adequacy ratio: This is mainly due to the NT\$532,275 thousands decrease in net cash flow from operating activities in the most recent five years.
7. Decrease in operating leverage: This is mainly due to a NT\$854,483 thousands decrease in operating profit or loss this year resulting from recognition of the one time Shenzhen Factory move.
8. Increase in financial leverage: This is mainly due to an increase of NT\$35,762 thousands in interest expense.

The formulas are as follow:

1. Financial structure
  - (1) Debt asset ratio = total liabilities / total assets.
  - (2) Ratio of long-term capital to property, plant and equipment = (value of equity + non-current liabilities) / net amount of property, plant and equipment.
2. Solvency
  - (1) Current ratio = current assets / current liabilities.
  - (2) Quick ratio = (current assets - inventory - prepaid expenses) / current liabilities.
  - (3) Interest coverage ratio = net income before income tax and interest expenses / interest expenses for this period.
3. Operating ability
  - (1) Receivables (including accounts receivable and business-related notes receivable) turnover ratio = net sales / average balance of receivables for each period (including accounts receivable and business-related notes receivable).
  - (2) Average collection days = 365 / receivables turnover.
  - (3) Inventory turnover = cost of goods sold / average amount of inventory.
  - (4) Payables (including accounts payable and business-related notes payable) turnover = cost of goods sold / average balance of payables for each period (including accounts payable and business-related notes payable).
  - (5) Average days of sales = 365 / inventory turnover.

- (6) Property, plant and equipment turnover = net sales / average net amount of property, plant and equipment.
  - (7) Total assets turnover = net sales / total average assets.
4. Profitability
- (1) Return on assets = [profit and loss after tax + interest expenses x (1 - tax rate)] / total average assets.
  - (2) Return on equity = profit and loss after tax / net average shareholders' equity.
  - (3) Net profit margin = profit and loss after tax / net sales.
  - (4) Earnings per share = (Profit and loss attributable to owners of parent - stock dividends of preferred stocks) / weighted average number of outstanding shares.
5. Cash flows
- (1) Cash flow ratio = net cash flows from operating activities / current liabilities.
  - (2) Net cash flow adequacy ratio = net cash flows from operating activities in the past five years / (capital expenditure + increase in inventory + cash dividends) in the past five years.
  - (3) Cash re-investment ratio = (net cash flows from operating activities - cash dividends) / (gross amount of property, plant and equipment + long-term investment + other non-current assets + operating capital).
6. Leverage:
- (1) Operating leverage = (net operating income - current operating costs and expenses) / operating profit.
  - (2) Financial leverage = operating profit / (operating profit - interest expenses).

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

Analysis item \ Year		Financial analysis for the past five years				
		2018	2019	2020	2021	2022
Financial structure (%)	Debt asset ratio	48.87	52.75	54.81	58.42	58.75
	Ratio of long-term capital to property, plant and equipment	8,604.33	10,445.91	10,662.69	9,935.98	10,736.84
Solvency %	Current ratio	52.50	58.84	54.04	48.19	66.30
	Quick ratio	44.22	50.61	45.94	37.63	57.95
	Interest coverage ratio	22.57	11.24	7.49	2.27	(12.02)
Operating ability	Receivables turnover (times)	7.19	6.94	6.95	6.78	6.28
	Average collection days	50.76	52.59	52.52	53.83	58.12
	Inventory turnover (times)	29.03	25.96	27.94	23.81	22.78
	Payables turnover (times)	3.76	3.21	3.63	3.90	4.31
	Average days of sales	12.57	14.06	13.06	15.33	16.02
	Turnover of property, plant and equipment (times)	109.24	99.74	113.01	141.94	143.53
	Total asset turnover (times)	0.83	0.69	0.71	0.82	0.84
Profitability	Return on assets (%)	5.72	3.13	2.73	0.41	(7.04)
	Return on equity (%)	10.37	5.84	5.18	0.24	(18.05)
	Net income before tax to paid-in capital ratio (%)	18.70	10.83	9.07	1.71	(23.41)
	Net profit margin (%)	6.63	4.17	3.39	0.13	(8.88)
	Earnings per share (NTD)	1.69	0.94	0.81	0.04	(2.48)
Cash flows	Cash flow ratio (%)	16.21	7.73	(5.92)	(3.23)	(18.32)
	Cash flow adequacy ratio (%)	171.80	144.85	104.17	56.88	(10.86)
	Cash reinvestment ratio (%)	(7.97)	(80.70)	30.14	13.62	85.22
Leverage	Operating leverage	1.74	1.34	0.82	1.19	2.54

Analysis item \ Year	Financial analysis for the past five years				
	2018	2019	2020	2021	2022
Financial leverage	1.52	1.39	1.30	0.71	5.75

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

Explanation for changes of over 20% between 2022 and 2021:

1. Increase in current ratio and quick ratio: This is mainly due to a NT\$1,706,194 thousands decrease in current liabilities this year.
2. Decrease in interest coverage ratio and decrease in net income before tax to paid-in capital ratio: This is mainly due to a NT\$900,474 thousands decrease in net income before tax this year resulting from recognition of the one time Shenzhen Factory move.
3. Decrease in return on assets, return on equity, and net profit margin: This is mainly due to a NT\$901,671 thousands decrease in profit and loss after tax this year resulting from recognition of the one time Shenzhen Factory move.
4. Decrease in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: This is mainly due to a NT\$521,815 thousands decrease in net cash flow from operating activities.
5. Increase in operating leverage and financial leverage: This is mainly due to a NT\$196,250 thousands increase in operating profit.

### III. Audit Committee Audit Report

Globe Union Industrial Corp.

#### Audit Committee Audit Report

The Board of Directors has prepared and submitted the 2022 business report, financial statements, and deficit compensation proposal. Ernst & Young audited the financial statements and submitted an audit report. The Audit Committee has reviewed the business report, financial statements, and the deficit compensation proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

Globe Union Industrial Corp.

Convener of the Audit Committee: Young-Sheng Hsu

April 13, 2023

- IV. For financial reports of the most recent year, Please refer to Page 186 to 300.
- V. For the most recent CPA-certified standalone financial reports, Please refer to Pages 301 to 410.
- VI. If the Company and its affiliated companies experienced instances of financial difficulties in the most recent year and up to the publication date of this annual report, state their impact on the financial position of the Company: None.



# G. Discussion and Analysis of Financial Standing and Financial Performance and Risks

## I. Financial position

Comparative analysis of financial position (consolidated financial statements)

Unit: Thousand NTD

Item \ Year	2022	2021	Difference	
			Amount	%
Current assets	10,609,052	10,471,779	137,273	1.31
Property, plant and equipment	2,311,704	2,419,829	(108,125)	(4.47)
Right-of-use assets	2,328,096	2,117,441	210,655	9.95
Intangible assets (including business reputation)	733,100	713,916	19,184	2.69
Other assets	619,873	451,855	168,018	37.18
Total assets	16,601,825	16,174,820	427,005	2.64
Current liabilities	6,621,594	6,887,044	(265,450)	(3.85)
Non-current liabilities	5,306,427	4,115,091	1,191,336	28.95
Total liabilities	11,928,021	11,002,135	925,886	8.42
Equity attributable to owners of parent	4,673,804	5,172,685	(498,881)	(9.64)
Share capital	3,584,740	3,581,640	3,100	0.09
Capital reserve	887,844	877,995	9,849	1.12
Retained earnings	879,991	1,794,862	(914,871)	(50.97)
Other equity	(678,771)	(1,081,812)	403,041	(37.26)
Treasury stock	-	-	-	-
Non-controlling interests	-	-	-	-
Total equity	4,673,804	5,172,685	(498,881)	(9.64)

1. Explanation for changes of over 20%:
  - (1).Increase in other assets over 2021: This is mostly due to the NT\$129,808 thousands increase in deferred income tax assets.
  - (2).Increase in non-current liabilities over 2021: This is mostly due to the NT\$1,100,000 thousands increase in long-term borrowings.
  - (3).Decrease in retained earnings over 2021: This is mostly due to the NT\$969,871 thousands loss in this period resulting from recognition of the one time Shenzhen Factory move.
  - (4).Decrease in other equity over 2021: This is mainly due to a NT\$411,561 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations.
2. Impacts of changes in the financial standing over the past two years and countermeasures: This year due to recognition of the one time Shenzhen Factory move , the retained earning and equity to tal amount is less than 2021, this is one time impact. The Factory move will be completed by the end of 2023 as planned.

## II. Financial performance

### Comparative analysis of financial performance (consolidated financial statements)

Unit: Thousand NTD

Item \ Year	2022	2021	Difference	
			Amount	%
Operating income	20,211,011	19,491,355	719,656	3.69
Operating margin	4,963,192	4,799,037	164,155	3.42
Operating profit or loss	(696,879)	157,604	(854,483)	(542.17)
Non-operating income and expenses	(199,964)	18,800	(218,764)	(1,163.64)
Net profit before tax	(896,843)	176,404	(1,073,247)	(608.40)
Net profit of continuing operations for this period	(888,874)	12,797	(901,671)	(7,045.96)
Losses from discontinued operations	-	-	-	-
Net income (loss) for this period	(888,874)	12,797	(901,671)	(7,045.96)
Other comprehensive income (OCI) for this period (Net income after tax)	377,044	(186,761)	563,805	(301.89)
Total comprehensive income for this period	(511,830)	(173,964)	(337,866)	194.22
Net profits attributable to owners of the parent company	(888,874)	12,797	(901,671)	(7,045.96)
Net profits attributable to Non-controlling interests	-	-	-	-
Total comprehensive income attributable to owners of the parent company	(511,830)	(173,964)	(337,866)	194.22
Total comprehensive income attributable to non-controlling interest	-	-	-	-
Earnings per share (NTD)	(2.48)	0.04	(2.52)	(6,300.00)

#### 1. Explanation for changes of over 20%:

- (1) Decrease in operating profit and loss over 2021: This is mainly due to a NT\$164,155 thousands increase in operating margin and a NT\$1,018,638 thousands increase in operating expenses resulting from the recognition of the one time Shenzhen Factory move.
- (2) Decrease in non-operating income and expenses over 2021: This is mainly due to a NT\$216,783 thousands decrease in other profits and losses and a NT\$35,762 thousands increase in financing costs.
- (3) Decrease in net profit before tax, net profit of continuing operations for this period, net income for this period, profit attributable to owners of the parent over 2021: This is mainly due to a NT\$164,155 thousands increase in operating margin and a NT\$1,018,638 thousands increase in operating expenses.

- (4) Increase in other comprehensive income (net income after tax) for this period over 2021: This is mainly due to a NT\$637,435 thousands increase in exchange differences arising from the translation of the financial statements of foreign operations and a NT\$100,607 thousands decrease in the remeasurement of the defined benefits plan.
- (5) Decrease in comprehensive income for this period and total comprehensive income attributable to owners of the parent over 2021: This is mainly due to a NT\$164,155 thousands increase in operating margin, a NT\$1,018,638 thousands increase in operating expenses, a NT\$637,435 thousands increase in exchange differences arising from the translation of the financial statements of foreign operations, and a NT\$100,607 thousands decrease in the remeasurement of the defined benefits plan.

2. Sales forecast for the coming year and basis:

The Company's sales forecasts are based on the industry environment as well as supply and demand. Our production capacity and business development are also taken into account. The Company has a large product portfolio and each product uses a different unit of measurement so anticipated sales volume is not listed here. The anticipated distribution of product sales is: Faucets & showerhead products 34%, porcelain products 43%, other 23%.

### III. Cash flows:

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

Unit: Thousand NTD

Cash balance at the beginning of year	Annual net cash flow from operating activities	Annual net cash flow from investment activities	Annual net cash flow from fund-raising activities	Effects of changes in exchange rates	Cash balance at end of the year
2,281,297	227,340	(355,971)	193,546	(74,775)	2,271,437

#### Annual cash flow analysis

1. Net cash inflow from operating activities was NT\$227,340 thousands:

Mainly due to:

Main cash inflow subtotal of NT\$1,398,963 thousands:

This is mostly due to the fact that pre-tax net profits this year were NT\$(896,843 thousands) and income charges (credits) not affecting cash were NT\$1,159,777 thousands. Accounts receivable decreased by NT\$457,688 thousands while other current assets decreased by NT\$121,154 thousands and other payables increased by NT\$470,663 thousands.

Main cash outflow sub-total of NT\$1,171,623 thousands:

This is mostly due to a NT\$243,692 thousands increase in inventory, a NT\$326,425 thousands decrease in accounts payable, a NT\$123,059 thousands decrease in other non-current liabilities, NT\$211,353 thousands interest payment, and payment of NT\$116,872 thousands business income tax payment.

2. Net cash outflow for investment activities was NT\$355,971 thousands:  
Mainly due to: Cash outflow of NT\$307,913 thousands for acquiring property, plant, and equipment.
3. Net cash inflow from financing activities was NT\$193,546 thousands:  
Mainly due to: a NT\$4,571,996 thousands increase in short-term borrowings (an increase of NT\$4,457,471 thousands for Globe Union, an increase of NT\$114,525 thousands for PJH), repayment of NT\$4,953,950 thousands in short-term borrowings (NT\$4,953,950 thousands for Globe Union), NT\$2,760,000 thousands increase in long-term borrowings (including loans that will mature within one year) (NT\$2,760,000 thousands increase for Globe Union), repayment of NT\$1,849,947 thousands in long-term borrowings (including loans will mature within one year) (Globe Union repaid NT\$1,840,000 thousands, PJH repaid NT\$9,947 thousands), and decrease in lease liabilities by NT\$337,653 thousands.

(II) Cash flow analysis for the coming year

Unit: Thousand NTD

Cash balance at beginning of period (1)	Expected annual net cash flow from operating activities (2)	Expected annual cash outflow (3)	Expected cash surplus (deficit) (1)+(2)-(3)	Remedial measures for expected cash deficit	
				Investment plan	Financing plan
2,271,437	895,177	822,886	2,343,728	-	-

1. Change in cash flow analysis for the coming year:  
Operational improvements are expected to generate cash flow from operating activities in 2022; the main expenses will be mostly for capital expenditures such as replacement of production equipment, and repayment of loans, which will reduce liabilities, as well as payment of lease liabilities. This will lead to an overall cash outflow.
2. Remedial measures for expected cash deficit and liquidity analysis: None.

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

V. Re-investment policy in the past year, respective profit/loss and main reasons, improvement plan, and investment plan for the coming year:

The re-investment policy of the Company adopts the equity method to focus on long-term strategic objectives. Please refer to Pages 181 to 182 to for re-investment profit or loss in the most recent year. The Company recognized the investment loss of NT\$244,778 thousands for GU PLUMBING de MEXICO S.A. de C.V. in 2022. The main reason is that the re-invested business is in the initial stage of operation and is not yet stable. Currently, the yield and capacity increase plan has been implemented, and its actual performance has already been improved from the previous years. To comply with the future urban renewal planning policy and schedule from the local government at the site surrounding the Company's plant, the Company's subsidiary Shenzhen Globe Union Enterprise Co., Ltd has resolved

to relocate the hardware and faucet assembly plant to an industrial production base at Mayong, Dongguan City by resolution from the Board of Directors in a Board meeting held on July 10, 2022. The relocation is expected to be completed before the end of 2023. The Company recognized an investment loss of NT\$32,301 thousands from Globe Union Ann Bo Manufacturing Co., Ltd. This is mostly because said reinvestment is in the initial stage of operation, and it is still in a transitional stage from undertaking business transitions from Shenzhen Globe Union Enterprise Co., Ltd. In the future, the Company will continue to carefully evaluate the re-investment plan based on the principle of long-term strategic investment.

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

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

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

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

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

Thousand NTD; %	
Item	2022
Net interest income (expense) A	(154,108)
Operating income B	20,211,011
Operating profit C	(696,879)
A/B	(0.76%)
A/C	22.11%

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with floating interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for 2022 and 2021 to increase/decrease by N\$4,917 thousands and NT\$4,389 thousands respectively.

Future response measures: It is expected that the U.S. dollar and New Taiwan dollar will have a long-term interest rate risk from rising interest rate. The Company manages its interest rate risk by having a balanced portfolio with fixed and floating interest rates, strengthening balance sheet management, and reducing the amount of credit lines used to reduce the risk of increased interest rate. We also evaluate whether to enter into interest rate swaps to manage interest rate risks. Going forward, we will continue to monitor interest rate trends to formulate and adjust the Company's investment and financing strategy.

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

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

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

Thousand NTD; %	
Item	2022
Exchange gains and losses A	109,901
Operating income B	20,211,011
Operating profit C	(696,879)
A/B	0.54%
A/C	(15.77%)

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

	<u>Equity increase (decrease)</u>	<u>Loss (profit)</u>
2022	\$-	\$6,945

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

	<u>Equity increase (decrease)</u>	<u>Loss (profit)</u>
2022	\$-	\$9,580

If the value of NTD depreciates against the above currencies while all other variables remain unchanged, then the impact in 2022 and 2021 will be equal in an opposite manner for the above currencies.

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

3. Response measures for inflation:

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

reflected the increased production costs on selling prices to minimize interference with production from fluctuations in production costs including material prices and transportation etc.

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

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

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

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

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

Globe Union is one of the few enterprises in this industry with integrated porcelain and bath and shower product lines in addition to excelling in design, manufacturing, sales, and operations. We manage our self-owned brands (Gerber and LENZ) in the United States and Europe, and our R&D are geared toward enhancing brand value in order to develop the Group as a whole. Through our unique positioning (a strong mix in brand and OEM and a balanced product mix in porcelain and copper), we can execute our strategy of "leading brand through OEM, Lead with VC; Differentiate with Faucet".

Our core technology is focused on porcelain processing control, pioneering R&D and design skills, and being committed to product developments that emphasize on user experience. We are dedicated to bringing high quality and valuable products that are easy to operate to the consumers. To this means, we have developed five technical fields, including flushing system optimizations, environmental sustainability, user-friendly interface, performance enhancements, and easy-to-install, and we continue to update these technologies.

Going forward, R&D will be focused on developing middle to high-end products in the market, and will be focused on integrating R&D technologies and resources for our self-brands, Gerber porcelain and bath and shower faucet products. R&D efforts will be focused on "quality first", "balanced environmental protection and performance", "product aesthetics", and "developing product functions that are primed to optimize user experiences".

Expected R&D include performance integrative research for "QuietClean" and "EasyClean" flushing systems, optimization on the installation experience for all porcelain toilet products, begin the designs for "Essential" faucet product lines, assessment on the deployment of digitized product services, and integrating the laboratory experiment capacity and more.

In terms of intellectual property management, we will continue to expand upon the TIPS intellectual property management system and engage in developments of core technologies and product roadmap. We will also strategically plan quality patents and continue to promote technological patent roadmap. This will help us to protect the technologies, production, and innovations that we have researched and developed using patents and to effectively manage and

utilize them accordingly. In addition to implementing business secret protection, we will continue to promote technology patent deployment and reward patent proposals while monitoring the industry and customer-related patented technologies to properly apply patents to create value.

The abovementioned projects require an R&D and patent budget of NT\$62,000 thousands.

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

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

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

Risk of cyberattacks:

We did not face or discover any major cyberattacks or operations being affected by damaged systems from 2022 to the publication date of this annual report. There was no material negative impact on our business and operations, and we were not involved in any legal cases or investigated for related incidents.

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

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

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



Furthermore, due to business and operational requirements, we need to share highly sensitive information with third parties of the Company or our affiliated enterprises around the globe, or their employees, so that they can provide relevant services. Even though we require third party service providers to comply with confidentiality and/or network security regulations in the service contract, this does not fully guarantee that every third party service provider will, nor force them to, comply with or strictly abide by relevant obligations. The intranet system and/or external cloud network (such as servers) maintained by the above service providers and/or their contractors are also at risk of relevant cyberattacks.

If the Company or service providers cannot immediately resolve the difficult technical issues caused by cyberattacks that make business operations difficult; ensure the reliability and availability of the Company's data (and data that belongs to the Company's customers or other third parties) or maintain control over computer systems of the Company or other service providers, it may severely damage our commitment to customers and other stakeholders. It may also have a severely negative effect on our business results, financial position, future prospects, and reputation.

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

#### Risk of phishing attacks:

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

The Company has gradually introduced Microsoft Office 365 to the Group's email in Q2 2019, and enabled EOP, its cloud-based email filtering service, to protect the Company from spam and malware. It also includes features that safeguard the Company from messaging policy violations. Incoming mail will initially pass through connection filtering, which checks the sender's reputation and inspects the email for malware through

the anti-malware module. Emails continue through content filtering before entering the recipient's mailbox to prevent the first type of attack.

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

To further strengthen email security, the Company subscribed to Microsoft Defender for Office 365 in Q3 2020. Microsoft Defender for Office 365 features the following features: Protection capabilities such as safe attachments (malicious attachments filtering), safe links (malicious links filtering), and anti-phishing. It also offers safe attachments for SharePoint, OneDrive, and Microsoft Teams. Microsoft Defender for Office 365 routes all emails and attachments to a special environment where machine learning and analysis technologies are used to detect malicious intent to provide real-time protection. Emails are then forwarded to users' mailboxes if no suspicious activities are detected.

Endpoint security risks:

Based on cybersecurity considerations, protect the Company's intellectual property and business secrets from being destroyed to prevent endangering the Company's operating profits and causing damages to the Company. Personal IT equipment issued by the Company, such as Personal computers, laptops, and tablets, all have endpoint protection software installed and are regularly scanned to stay on top of whether risks exist at the endpoints, and to prevent infringements from malware, trojans, worms, or viruses etc.

- (VI) Impact of change in corporate image on risk management and response measures: The Company enjoys a good corporate image and there have been no reports that detract from our corporate image.
- (VII) Expected benefits and potential risks of mergers and acquisitions, and response measures: N/A.
- (VIII) Expected benefits and potential risks of capacity expansion, and response measures: N/A.
- (IX) Risks associated with over-concentration in purchases or sales, and response measures: This event did not occur at the Company.
- (X) The effects and risks of large-scale share transfers or conversions by directors, supervisors, or major shareholders holding more than 10% of the Company's shares, and response measures: N/A.
- (XI) The impact and risk of a change in ownership on the Company, and response

measures: N/A.

(XII) Litigation or non-litigation events:

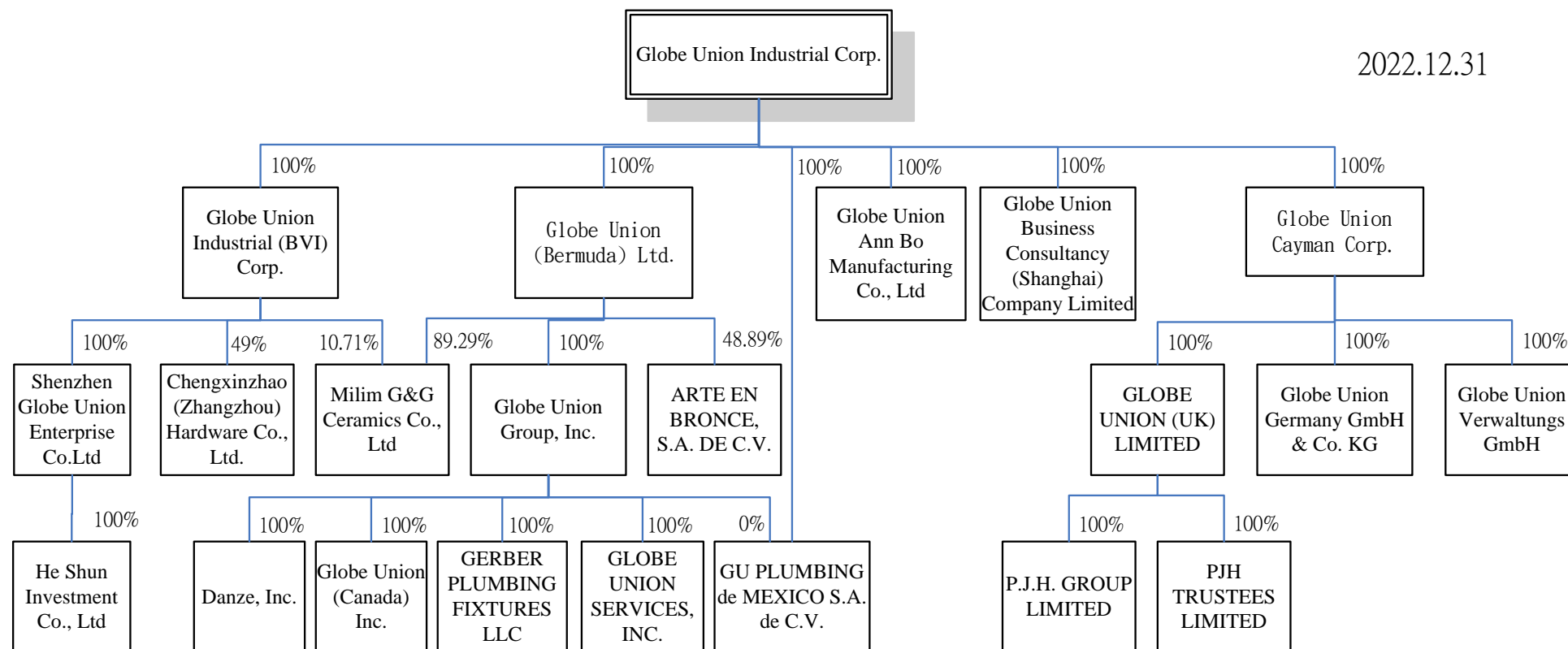
Involving the Company or the Company's directors, supervisors, president, de facto company representative, majority shareholders holding more than 10% of the Company's shares, or subsidiaries: N/A.

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

VII. Other important matters: None.

## H. Special Disclosures

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



## (II) Affiliate profiles

December 31, 2022

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

Company name	Date of establishment	Address	Paid-in capital	Main business/products
GERBER PLUMBING FIXTURES LLC	2003.02.14	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US\$42,236,382	Assembly and sale of bathroom products
GLOBE UNION SERVICES, INC.	2005.04.29	2500 Internationale Parkway, Woodridge, IL 60517-4979, USA	US\$1,000,000	Marketing support services
GLOBE UNION (UK) LIMITED	2007.02.02	Alder House Slackey Brow Kearsley Bolton Lancashire BL4 8SL	£39,529,845	Holding company
P.J.H. GROUP LIMITED	1972.05.26	Alder House Kearsley Bolton BL4 8 SL	£7,500,000	Sale of kitchen and bathroom products
PJH TRUSTEES LIMITED	1994.06.09	Alder House, Slackey Brow, Kearsley, Bolton, UK, BL4 8 SL	£2	Trust company
Globe Union Business Consultancy (Shanghai) Company Limited	2006.01.05	Room 2906, No. 1701, Beijing West Road, Jing'an District, Shanghai, People's Republic of China	RMB 519,514.05	Consulting company
GU PLUMBING de MEXICO S.A. de C.V.	2019.08.30	Isidro Lopez Zertuche#3745, Saltillo, Coahuila, MEXICO, CP 25240	Mex\$681,612,220	Manufacture and sale of porcelain bathroom fittings
Globe Union Ann Bo Manufacturing Co., Ltd.	2022.06.10	Room 401, Building 36, No. 126 Guangma Avenue, Mayong Town, Dongguan City, Guangdong Province	RMB52,000,000	Manufacturing and selling bathroom products
He Shun Investment Co., Ltd.	2022.09.29	Liyuan Road, Qiaotou Community, Fuhai Street, Bao'an District, Shenzhen. Shenzhen Globe Union Enterprise Co., Ltd. 101	RMB0	Investment, developing and manufacturing hardware products

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

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

## (V) Information on the directors and supervisors of affiliates

December 31, 2022

Unit: Thousand NTD Shares: %

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

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
		Corp.)		
ARTE EN BRONCE, S.A. DE C.V.	Director	RODOLFO MIJARES GARZA SCOTT OUYOUNG MICHAEL ERIC WERNER GUILLERMINA MIJARES OVIEDO PEDRO MIJARES OVIEDO (Representative of Globe Union (Bermuda) Ltd.)	4,400,000	48.89
Globe Union Group, Inc.	Director	Shane Ouyang, Keith Edward Yurko (Representative of Globe Union (Bermuda) Ltd.)	100	100.00
Globe Union (Canada) Inc.	Director	Shane Ouyang Keith Edward Yurko Corey Dunwoodie (Representative of Globe Union Group Inc.)	5,824,000	100.00
DANZE, INC.	Director	Shane Ouyang (Representative of Globe Union Group Inc.)	700	100.00
GERBER PLUMBING FIXTURES LLC	Director	Shane Ouyang Keith Edward Yurko Tsung-Min Chen (Representative of Globe Union Group Inc.)	Ordinary shares 9,335,000 Preferred shares 32,901,382	100.00
GLOBE UNION SERVICES, INC.	Director	Keith Edward Yurko (Representative of Globe Union Group Inc.)	100	100.00
GLOBE UNION (UK) LIMITED	Director	Tsung-Min Chen 、Lei-Hui Lee RICHARD IAN GEORGE 、JASON DAVID SHAW (Representative of Globe Union Cayman Corp.)	39,529,854	100.00
P.J.H. GROUP LIMITED	Director	JASON DAVID SHAW 、RICHARD IAN GEORGE (Representative of Globe Union (UK) Limited)	7,500,000	100.00
PJH TRUSTEES LIMITED	Director	RICHARD IAN GEORGE (Representative of Globe Union (UK) Limited)	2	100.00
Globe Union Business Consultancy (Shanghai) Company Limited	Director Supervisor	Zhen-Hui Jin, Tsung-Min Chen, Lei-Hui Lee Ying-Fan Chen	1	100.00
GU PLUMBING de	Director	Keith Edward Yurko, Shane Ouyang,	681,612,220	100.00



Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
MEXICO S.A. de C.V.		Todd Alex Talbot		
Globe Union Ann Bo Manufacturing Co., Ltd.	Director	Min-Feng Ku 、 Ta-Ying Chang 、 Wei-Ling Huang	No issued shares	100.00
	Supervisor	Shan-Hung Hsieh		
He Shun Investment Co., Ltd.	Director	Min-Feng Ku	No issued shares	100.00
	Supervisor	Tsun-Chu Chou		

## (VI) Operational overview of each affiliate

Unit: Thousand NTD

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings (loss) per share (NTD) (after tax)
Globe Union Industrial (BVI) Corp.	1, 434, 538	3, 153, 823	18, 579	3, 135, 244	0	(225)	(101, 045)	(2. 27)
Shenzhen Globe Union Enterprise Co., Ltd.	1, 677, 448	3, 664, 668	696, 313	2, 968, 355	3, 617, 438	(240, 741)	(122, 740)	NA(Note 1)
Chengxinzhaoh (Zhangzhou) Hardware Co., Ltd.	177, 859	43, 191	4, 319	38, 872	0	(2, 483)	(2, 732)	NA(Note1)
Globe Union Cayman Corp.	2, 687, 629	1, 656, 047	5, 129	1, 650, 918	0	(426)	229, 133	2. 81
Globe Union Germany GmbH&Co.KG	188, 026	533, 236	134, 136	399, 100	783, 469	56, 556	55, 336	NA(Note1)
Globe Union Verwaltungs GmbH	57, 459	4, 747	0	4, 747	0	(7)	34	0. 02
Milim G&G Ceramics Co., Ltd.	1, 074, 949	1, 880, 893	534, 746	1, 346, 147	2, 151, 628	(28, 094)	(10, 585)	NA(Note1)
Globe Union (Bermuda)Ltd.	3, 098, 447	3, 968, 970	0	3, 968, 970	0	(1, 123)	(54, 152)	(0. 58)
Globe Union Group, Inc.	1, 956, 660	2, 512, 381	0	2, 512, 381	0	0	0	0
Globe Union (Canada)Inc.	356, 869	367, 637	191, 336	176, 301	681, 347	(28, 508)	(21, 369)	(3. 67)
DANZE, INC.	1, 014, 207	327, 062	16	327, 046	0	0	0	0
GERBER PLUMBING FIXTURES LLC	3, 636, 666	5, 354, 896	3, 350, 082	2, 004, 814	9, 996, 544	(28, 836)	(31, 342)	(3. 36)
GLOBE UNION SERVICES, INC.	30, 700	99, 711	0	99, 711	0	0	0	0
GLOBE UNION (UK) LIMITED	1, 466, 557	3, 009, 367	0	3, 009, 367	0	0	0	0
P.J.H. GROUP LIMITED	278, 250	2, 710, 289	2, 057, 187	653, 102	7, 052, 636	260, 034	182, 610	24. 35

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings (loss) per share (NTD) (after tax)
PJH TRUSTEES LIMITED	0	0	0	0	0	0	0	0
Globe Union Business Consultancy (Shanghai) Company Limited	2, 291	4, 279	245	4, 034	8, 611	154	410	0
GU PLUMBING de MEXICO S.A. de C.V.	1, 100, 255	2, 721, 223	2, 036, 377	684, 845	1, 945, 827	(133, 023)	(255, 363)	(0. 37)
Globe Union Ann Bo Manufacturing Co., Ltd.	229, 268	381, 048	183, 823	197, 225	0	(28, 835)	(32, 045)	NA(Note1)
He Shun Investment Co., Ltd.	0	0	0	0	0	0	0	NA(Note1)

2022.12.31 exchange rate:

USD/NTD=1 : 30. 7 、 CAD/NTD=1 : 22. 68 、 HKD/NTD=1 : 3. 941 、 CNY/NTD=1 : 4. 409 、 GBP/NTD=1 : 37. 10 、 EUR/NTD=1 : 32. 74 、 MXN/NTD=1 : 1. 574

Note 1: No issued shares.

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

(VIII) Reports of affiliates: None.

### **Statement**

We hereby state that the companies that should be included in the 2022 (January 1, 2022 to December 31, 2022) consolidated financial statements of affiliates in accordance with the Criteria Governing Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are identical to the companies that should be included in the consolidated financial statements of the parent company and subsidiaries in accordance with International Financial Reporting Standards No. 10, and the information that should be disclosed in the consolidated financial statements of affiliates has been duly disclosed in the aforesaid consolidated financial statements of the parent company and subsidiaries. The Company is therefore not required to prepare a separate consolidated financial statements of affiliates.

Hereby declares

Globe Union Industrial Corp.

Legal representative: Shane Ouyang

March 7, 2023

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

**Globe Union Industrial Corp.**  
**Statement of Internal Control System**

Date: March 7, 2023

The Company hereby makes the following statement about its internal control system for the year 2022 based on the assessments it performed:

- I. The Company takes cognizance of the fact that the establishment, execution, and maintenance of its internal control system are the responsibilities of the Company's Board of Directors and managers; such policies have been implemented throughout the Company. The purpose is to provide reasonable assurance to the effectiveness and efficiency of business operations (including profitability, performance, and security of assets), reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements in reaching compliance targets.
- II. Internal control regulations possess inherent shortcomings. Regardless of its design, an effective internal control system can only provide reasonable assurance of the three objectives as mentioned above. Furthermore, its effectiveness may change due to changes in the Company's environment and circumstances. However, self-supervision measures were implemented within the Company's internal control system to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company determines the effectiveness of the design and implementation of its internal control system in accordance with the items in Governing Regulations for Public Company's Establishment of Internal Control System (hereinafter called "Governing Regulations") that are related to the effectiveness of internal control systems. The measures based on which to evaluate the internal control system adopted under the Governing Regulations are its five underlying elements, namely: 1. control environment, 2. risk assessment and reaction, 3. control process, 4. information and communication, and 5. supervision. Each of the elements in turn contains certain audit items. Please refer to "Governing Regulations" for details.
- IV. The Company has adopted the aforementioned measures for an evaluation of the effectiveness of the design and implementation of the internal control system.
- V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2022 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, promptness, and transparency of reports, and compliance with relevant regulatory requirements, have achieved the aforementioned objectives.
- VI. This statement constitutes part of the Company's annual report and prospectus, and shall be disclosed to the public. The Company shall be legally liable under Articles 20, 32, 171 and 174 of the Securities and Exchange Act with respect to any unlawful aspects such as falsehood or concealment of facts in relation to the aforesaid statement.
- VII. This statement was approved unanimously by all 7 Directors present at the meeting of the Board on March 7, 2023.

Globe Union Industrial Corp.

Chairman : Shane Ouyang

- II. Private placement of securities in the last year up to the date of this annual report: None.
- III. Holding or disposal of stocks of the Company by subsidiaries in the past year and up to the date of this annual report: None.
- IV. Other supplemental information: None.
- V. Corporate events with material impact on shareholders' equity or stock prices set forth in Article 36 Paragraph 3 Subparagraph 2 of the Securities and Exchange Act in the most recent year and up to the date the annual report was printed: None.

## **REPORT OF INDEPENDENT ACCOUNTANTS**

### English Translation of a Report Originally Issued in Chinese

To Globe Union Industrial Corp.

#### **Opinion**

We have audited the accompanying consolidated balance sheets of Globe Union Industrial Corp. (the “Company”) and its subsidiaries as at 31 December 2022 and 2021, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2022 and 2021, and notes to the consolidated financial statements, including the summary of significant accounting policies.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Company and its subsidiaries (the “Group”) as at 31 December 2022 and 2021, and their consolidated 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 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 and became effective by Financial Supervisory Commission of the Republic of China.

#### **Basis for Opinion**

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and the Standards on Auditing of the Republic of China. Our responsibilities under those standards are further described in the Auditors’ Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company and its subsidiaries in accordance with the Norm of Professional Ethics for Certified Public Accountant of the Republic of China (the “Norm”), and we have fulfilled our other ethical responsibilities in accordance with the Norm. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Key Audit Matters**

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2022 consolidated financial statements. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

### Goodwill assessment

As at 31 December 2022, the goodwill was carried at NT\$680,469 thousand which accounted for 4% of the total assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. The impairment testing indicated that the value in use of certain cash-generating units was higher than their carrying amount. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group; the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

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

### Inventory valuation

As at 31 December 2022, the net inventories amounted to NT\$4,788,457 thousand, which accounted for 29% of the total consolidated assets. The determination of the provisions for obsolete inventories involved a high level of management judgment, and were subject to uncertainty due to product diversity. Furthermore, the cost of inventory included direct labor, raw material, and overhead, and the calculation and allocation were complex. Also, the allocation basis could have a material impact on the financial statements. As such, we determined this to be a key audit matter.

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



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

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

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

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

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

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the Standards on Auditing of the Republic of China will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2022 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

### **Other**

We have audited and expressed an unqualified opinion on the parent company only financial statements of the Company as at and for the years ended 31 December 2022 and 2021.

Huang Yu Ting

Chen Ming Hung

Ernst & Young, Taiwan  
7 March 2023

### **Notice to Readers**

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED BALANCE SHEETS  
31 December 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)	\$2,271,437	\$2,281,297
Financial assets at fair value through profit or loss, current	4, 6(2)	19,862	10,973
Financial assets measured at amortized cost, current	4, 6(3), 8	171,070	106,445
Accounts receivable, net	4, 5, 6(4), 8	2,565,843	2,879,295
Inventories, net	4, 5, 6(5), 8	4,788,457	4,289,152
Prepayment	6(6)	184,476	175,556
Other current assets		607,907	729,061
Total current assets		<u>10,609,052</u>	<u>10,471,779</u>
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(7)	27,960	36,480
Investments accounted for under the equity method	4, 6(8)	19,047	20,090
Property, plant and equipment	4, 6(9), 8	2,311,704	2,419,829
Right-of-use assets	4, 6(23)	2,328,096	2,117,441
Intangible assets	4, 6(10)	52,631	30,342
Goodwill	4, 5, 6(10) (11)	680,469	683,574
Deferred tax assets	4, 5, 6(27)	322,514	192,706
Deposits-out		27,282	34,137
Other non-current assets	6(12)	223,070	168,442
Total non-current assets		<u>5,992,773</u>	<u>5,703,041</u>
Total assets		<u>\$16,601,825</u>	<u>\$16,174,820</u>

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED 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(13)	\$1,777,167	\$2,159,121
Financial liabilities at fair value through profit or loss, current	4, 6(14)	6,102	3,500
Contract liabilities, current	6(21)	665	2,806
Notes payable		69,539	58,788
Accounts payable		1,888,505	2,177,220
Other payables	6(15)	228,202	253,750
Accrued expenses	6(16)	1,841,423	1,343,849
Current tax liabilities	4	74,413	72,518
Lease liabilities, current	4, 6(23)	354,880	248,831
Current portion of long-term loans	4, 6(17)	330,000	519,947
Other current liabilities		50,698	46,714
Total current liabilities		<u>6,621,594</u>	<u>6,887,044</u>
Non-current liabilities			
Long-term loans	4, 6(17)	2,810,000	1,710,000
Deferred tax liabilities	4, 5, 6(27)	11,838	15,057
Lease liabilities, non-current	4, 6(23)	2,183,928	1,988,523
Other non-current liabilities		266,316	389,375
Net defined benefit obligation, non-current	4, 6(18)	34,345	12,136
Total non-current liabilities		<u>5,306,427</u>	<u>4,115,091</u>
Total liabilities		<u>11,928,021</u>	<u>11,002,135</u>
Equity attributable to the parent company	4, 6(19)		
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		<u>887,844</u>	<u>877,995</u>
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>\$16,601,825</u>	<u>\$16,174,820</u>

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME  
For the Years Ended 31 December 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2022	2021
Net sales	6(21)	\$20,211,011	\$19,491,355
Cost of sales	6(5) (24)	(15,247,819)	(14,692,318)
Gross profit		<u>4,963,192</u>	<u>4,799,037</u>
Operating expenses	6(23) (24)		
Selling and marketing		(2,035,670)	(1,930,816)
General and administrative		(3,390,531)	(2,450,474)
Research and development		(221,388)	(245,774)
Expected credit losses	6(22)	(12,482)	(14,369)
Total operating expenses		<u>(5,660,071)</u>	<u>(4,641,433)</u>
Operating (loss) income		<u>(696,879)</u>	<u>157,604</u>
Non-operating income and expenses	6(25)		
Other revenue		150,157	115,156
Other gains and losses		(136,052)	80,731
Financial costs		(212,716)	(176,954)
Share of profit or loss of associates and joint ventures	4, 6(8)	(1,353)	(133)
Total non-operating income and expenses		<u>(199,964)</u>	<u>18,800</u>
(Loss) income from continuing operations before income tax		<u>(896,843)</u>	<u>176,404</u>
Income tax benefit (expense)	4, 5, 6(27)	7,969	(163,607)
(Loss) income from continuing operations, net of tax		<u>(888,874)</u>	<u>12,797</u>
Other comprehensive loss	6(26)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(32,288)	68,319
Unrealized gains or losses on financial assets at fair value through other comprehensive income		(8,520)	(2,520)
Income tax related to items that may not be reclassified subsequently to profit or loss		6,291	(26,208)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		411,251	(226,184)
Share of other comprehensive of associates and joint ventures	6(8)	310	(168)
Total other comprehensive income (loss), net of tax		<u>377,044</u>	<u>(186,761)</u>
Total comprehensive loss		<u><u>\$(511,830)</u></u>	<u><u>\$(173,964)</u></u>
Net (loss) income attributable to:			
Stockholders of the parent		\$(888,874)	\$12,797
Non-controlling interests		-	-
		<u><u>\$(888,874)</u></u>	<u><u>\$12,797</u></u>
Comprehensive loss attributable to:			
Stockholder of the parent		\$(511,830)	\$(173,964)
Non-controlling interests		-	-
		<u><u>\$(511,830)</u></u>	<u><u>\$(173,964)</u></u>
(Losses) earnings per share (NTD)	6(28)		
(Losses) earnings per share-basic		<u><u>\$(2.48)</u></u>	<u><u>\$0.04</u></u>
(Losses) earnings per share-diluted		<u><u>\$(2.48)</u></u>	<u><u>\$0.04</u></u>

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

GLOBE UNION INDUSTRIAL CORP AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY  
For the Years Ended 31 December 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Equity Attributable to the Parent Company								Total equity
		Capital		Additional Paid-in Capital	Retained Earnings			Other components of equity		
		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(19)	\$3,581,640	\$ -	\$938,667	\$861,006	\$728,214	\$260,690	\$(860,740)	\$7,800	\$5,517,277
Appropriations of earnings, 2020:										
Legal reserve					25,916		(25,916)			-
Special reserve						124,726	(124,726)			-
Cash dividends							(109,956)			(109,956)
Cash dividends distributed from additional paid-in capital				(69,126)						(69,126)
Net income in 2021							12,797			12,797
Other comprehensive income (loss), net of tax in 2021							42,111	(226,352)	(2,520)	(186,761)
Total comprehensive income (loss)							54,908	(226,352)	(2,520)	(173,964)
Share-based payment transactions-Share-based payment expense	6(20)		-	8,454						8,454
Balance as at 31 Dec 2021	6(19)	\$3,581,640	\$ -	\$877,995	\$886,922	\$852,940	\$55,000	\$(1,087,092)	\$5,280	\$5,172,685
Balance as at 1 Jan 2022	6(19)	\$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)	6(20)		3,100							3,100
Share-based payment transactions-Share-based payment expense	6(20)			9,849						9,849
Balance as at 31 Dec 2022	6(19)	\$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 consolidated 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. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended 31 December 2022 and 2021  
(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2022	2021
Cash flows from operating activities:			
Net (loss) income before tax		\$(896,843)	\$176,404
Adjustments to reconcile net (loss) income to net cash provided by operating activities:			
Depreciation		738,028	707,317
Amortization		16,221	24,454
Expected credit losses		12,482	14,369
Net loss (gain) of financial assets/liabilities at fair value through profit or loss		77,640	(101,843)
Interest expense		212,716	176,954
Interest income		(58,608)	(25,947)
Dividends income		(1,920)	(2,694)
Share-based payment expense		9,849	8,454
Share of profit or loss of associates and joint ventures		1,353	133
Loss on disposal of property, plant and equipment		12,904	3,305
Gain on lease modification		(184)	(34,432)
Impairment loss on non-financial assets		139,296	-
Changes in operating assets and liabilities:			
Financial assets/liabilities at fair value through profit or loss, current		(83,927)	122,496
Accounts receivable		457,688	13,658
Inventories, net		(243,692)	(1,001,805)
Prepayments		13,734	40,735
Other current assets		121,154	(21,795)
Other non-current assets		(54,628)	(92,934)
Notes payable		10,751	(1,481)
Accounts payable		(326,425)	(452,026)
Other payables		470,663	128,059
Contract liabilities, current		(2,141)	(2,352)
Other current liabilities		3,431	(13,673)
Defined benefit obligation		(9,526)	(45,532)
Other non-current liabilities		(123,059)	(153,773)
Cash generated from (used in) operations		<u>496,957</u>	<u>(533,949)</u>
Interest received		58,608	25,947
Interest paid		(211,353)	(177,205)
Income tax paid		<u>(116,872)</u>	<u>(167,072)</u>
Net cash generated from (used in) operating activities		<u>227,340</u>	<u>(852,279)</u>

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

(Continued)



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
CONSOLIDATED STATEMENTS OF CASH FLOWS  
For the Years Ended 31 December 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		\$(307,913)	\$(211,917)
Disposal of property, plant and equipment		24,662	1,209
Decrease in deposits-out		6,855	444
Financial assets measured at amortized cost, current		(64,625)	39,844
Acquisition of intangible assets		(16,870)	(17,396)
Dividends received		1,920	2,694
Net cash used in investing activities		<u>(355,971)</u>	<u>(185,122)</u>
Cash flows from financing activities:			
Increase in short-term loans		4,571,996	2,716,233
Decrease in short-term loans		(4,953,950)	(2,049,832)
Increase in long-term loans		2,760,000	530,000
Decrease in long-term loans		(1,849,947)	(1,002,627)
Cash dividends		-	(179,082)
Decrease in lease liabilities		(337,653)	(346,371)
Exercise of employee stock option		3,100	-
Net cash generated from (used in) financing activities		<u>193,546</u>	<u>(331,679)</u>
Effect of changes in exchange rate on cash and cash equivalents		<u>(74,775)</u>	<u>78,058</u>
Net decrease in cash and cash equivalents		(9,860)	(1,291,022)
Cash and cash equivalents at beginning of period	6(1)	<u>2,281,297</u>	<u>3,572,319</u>
Cash and cash equivalents at end of period		<u><u>\$2,271,437</u></u>	<u><u>\$2,281,297</u></u>

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

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements

For the Years Ended 31 December 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 consolidated financial statements of the Company and its subsidiaries (“the Group”) 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 Group applied for the first time International Financial Reporting Standards, International Accounting Standards, and Interpretations issued, revised or amended which are endorsed by the Financial Supervisory Commission (“FSC”) and become effective for annual periods beginning on or after 1 January 2022. Each new standards and amendments had no material impact on the Group.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated 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 Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	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 Group is still currently determining the potential impact of the standards and interpretations listed aforementioned, it is not practicable to estimate their impact on the Group at this point in time.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated 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 Group as at the end of the reporting period are listed below.

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	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. AND SUBSIDIARIES

### Notes to Consolidated 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. AND SUBSIDIARIES

### Notes to Consolidated 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 Group's financial statements were authorized for issue, the local effective dates are to be determined by FSC. As the Group is still currently determining the potential impact of the standards and interpretations listed under (c), it is not practicable to estimate their impact on the Group at this point in time. The remaining new or amended standards and interpretations have no material impact on the Group.

#### 4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

##### (1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2022 and 2021 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations"), IFRSs, IASs, IFRIC and SIC, which are endorsed by the FSC (collectively referred to as "TIFRSs").

##### (2) Basis of Preparation

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

##### (3) Basis of consolidation

###### Preparation principle of consolidated financial statements

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

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

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

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

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

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

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

If the Company loses control of a subsidiary, it:

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

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

The consolidated entities are as follows:

Investor	Subsidiary	Main Business	Percentage of ownership (%)		
			31 December 2022	31 December 2021	Note
Globe Union Industrial Corp.	Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Holding company	100.00%	100.00%	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling bathroom products	100.00%	100.00%	
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	10.71%	10.71%	
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Holding company	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Verwaltungs GmbH	Holding company	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union Germany GmbH & Co. KG	Selling faucets and accessories	100.00%	100.00%	
Globe Union Cayman Corp.	Globe Union (UK) Limited	Holding company	100.00%	100.00%	
Globe Union (UK) Limited	PJH Trustees Limited	Trust industry	100.00%	100.00%	
Globe Union (UK) Limited	PJH Group Limited	Selling kitchen and bathroom products	100.00%	100.00%	
Globe Union (UK) Limited	PJH (HK) Limited	Holding company	-	100.00%	Note 1
Globe Union Industrial Corp.	Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Holding company	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Globe Union Group, Inc.	Holding company	100.00%	100.00%	
Globe Union Group, Inc.	Danze, Inc.	Sales and maintenance center	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union (Canada) Inc.	Sales and customer service center	100.00%	100.00%	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	Assembling and selling faucets and sanitary ceramic wares	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union Services, Inc.	Customer service center	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling sanitary ceramic wares	89.29%	89.29%	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Manufacturing and selling sanitary ceramic wares	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	100.00%	100.00%	
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co., Ltd.	Manufacturing and selling bathroom products	100.00%	-	Note 2
Shenzhen Globe Union Enterprise Co., Ltd.	He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	100.00%	-	Note 3

Note 1: One of the subsidiaries, PJH (HK) Limited, ceased to operate and cancelled its registration in April 2022. Therefore, Globe Union (UK) Limited's ownership in PJH (HK) Limited decreased from 100% to 0%.

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

Note 3: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in September 2022.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (4) Foreign Currency Transactions

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

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

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

- (a) Exchange differences arising from foreign currency borrowings for an acquisition of a qualifying asset to the extent that they are regarded as an adjustment to interest costs are included in the borrowing costs that are eligible for capitalization.
- (b) Foreign currency items within the scope of IFRS 9 *Financial Instruments* are accounted for based on the accounting policy for financial instruments.
- (a) Exchange differences arising on a monetary item that forms part of a reporting entity's net investment in a foreign operation is recognized initially in other comprehensive income and reclassified from equity to profit or loss on disposal of the net investment.

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(5) Translation of financial statements in foreign currency

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

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

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

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (8) Financial Instruments

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

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

##### (a) Financial instruments: Recognition and Measurement

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

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

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

##### Financial assets measured at amortized cost

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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

#### Financial asset measured at fair value through other comprehensive income

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

- A. the financial asset is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and
- B. the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated 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 Group applies the credit-adjusted effective interest rate to the amortized cost of the financial asset from initial recognition
  - (ii) financial assets that are not purchased or originated credit-impaired financial assets but subsequently have become credit-impaired financial assets. For those financial assets, the Group applies the effective interest rate to the amortized cost of the financial asset in subsequent reporting periods.

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

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

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

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

The loss allowance is measured as follows:

- A. At an amount equal to 12-month expected credit losses: The credit risk on a financial asset has not increased significantly since initial recognition or the financial asset is determined to have low credit risk at the reporting date. In addition, the Group measures the loss allowance at an amount equal to lifetime expected credit losses in the previous reporting period, but determines at the current reporting date that the credit risk on a financial asset has increased significantly since initial recognition is no longer met.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated 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 receivables or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

#### (c) Derecognition of financial assets

A financial asset is derecognized when:

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

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

#### (d) Financial liabilities and equity

##### Classification between liabilities or equity

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



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated 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:

- 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.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

#### Financial liabilities at amortized cost

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

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

#### Derecognition of financial liabilities

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

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

#### (e) Offsetting of financial instruments

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (9) Derivative instrument

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

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

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

#### (10) Fair value measurement

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

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

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

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

#### (11) Inventories

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

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

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

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

Merchandise – Purchase cost on weighted average method.

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

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

#### (12) Investments accounted for under the equity method

The Group's investment in its associate is accounted for using the equity method. An associate is an entity over which the Group has significant influence. A joint venture is a type of joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint venture.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

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

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

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment; or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

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

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

#### (13) Property, plant and equipment

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

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

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

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

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

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

### (14) Leases

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

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### Group as a lessee

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

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

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

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

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

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



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

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

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

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

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

#### Group as a lessor

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated 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 Group allocates the consideration in the contract applying IFRS 15.

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

#### (15) Intangible assets

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

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

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

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

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

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

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

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

### (16) Impairment of non-financial assets

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

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

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

#### (17) Post-employment benefits

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

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

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

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

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

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (18) Provisions

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

#### (19) Revenue recognition

The Group's revenue arising from contracts with customers are primarily related to sale of goods. The accounting policies are explained as follows:

##### Sale of goods

The Group manufactures and sells goods. Sales are recognized when control of the goods is transferred to the customer and the goods are delivered to the customers. The main product of the Group are faucets and plumbing products and revenue is recognized based on the consideration stated in the contract. For certain sales of goods transactions, they are usually accompanied by volume discounts (based on the accumulated total sales amount for a specified period). Therefore, revenue from these sales is recognized based on the price specified in the contract, net of the estimated volume discounts. So the Group estimates the discounts using the expected value method based on historical experiences. Revenue is only recognized to the extent that it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur and when the uncertainty associated with the variable consideration is subsequently resolved. During the period specified in the contract, refund liability is recognized for the expected volume discounts.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

The Group provides its customer with a warranty with the purchase of the products. The warranty provides assurance that the product will operate as expected by the customers. The warranty is accounted in accordance with IAS 37.

The credit period of the Group's sale of goods is from 30 to 150 days. For most of the contracts, when the Group transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivables. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

#### (20) Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalized as part of the cost of the respective assets. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

#### (21) Government grants

Government grants are recognized where there is reasonable assurance that the grant will be received and all attached conditions will be complied with. Where the grant relates to an asset, it is recognized as deferred income and released to income in equal amounts over the expected useful life of the related asset. When the grant relates to an expense item, it is recognized as income over the period necessary to match the grant on a systematic basis to the costs that it is intended to compensate.

#### (22) Share-based payment transactions

The cost of equity-settled transactions between the Group and its subsidiaries is recognized based on the fair value of the equity instruments granted. The fair value of the equity instruments is determined by using an appropriate pricing model.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

The cost of equity-settled transactions is recognized, together with a corresponding increase in other capital reserves in equity, over the period in which the performance and/or service conditions are fulfilled. The cumulative expense recognized for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The income statement expense or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

No expense is recognized for awards that do not ultimately vest, except for equity-settled transactions where vesting is conditional upon a market or non-vesting condition, which are treated as vesting irrespective of whether or not the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled transaction award are modified, the minimum expense recognized is the expense as if the terms had not been modified, if the original terms of the award are met. An additional expense is recognized for any modification that increases the total fair value of the share-based payment transaction, or is otherwise beneficial to the employee as measured at the date of modification.

Where an equity-settled award is cancelled, it is treated as if it vested on the date of cancellation, and any expense not yet recognized for the award is recognized immediately. This includes any award where non-vesting conditions within the control of either the entity or the employee are not met. However, if a new award is substituted for the cancelled award, and designated as a replacement award on the date that it is granted, the cancelled and new awards are treated as if they were a modification of the original award, as described in the previous paragraph.

The dilutive effect of outstanding options is reflected as additional share dilution in the computation of diluted earnings per share.

#### (23) Income Tax

Income tax expense (income) is the aggregate amount included in the determination of profit or loss for the period in respect of current tax and deferred tax.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period. Current income tax relating to items recognized in other comprehensive income or directly in equity is recognized in other comprehensive income or equity and not in profit or loss.

The income tax for undistributed earnings is recognized as income tax expense in the subsequent year when the distribution proposal is approved at the shareholders' meeting.

#### Deferred tax

Deferred tax is provided on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognized for all taxable temporary differences, except:

- (a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

Deferred tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized, except:

- (a) Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss.
- (b) In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint arrangements, deferred tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date. The measurement of deferred tax assets and deferred tax liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities. Deferred tax relating to items recognized outside profit or loss is recognized outside profit or loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity. Deferred tax assets are reassessed at each reporting date and are recognized accordingly.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current income tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (24) Business combinations and goodwill

Business combinations are accounted for using the acquisition method. The consideration transferred, the identifiable assets acquired and liabilities assumed are measured at acquisition date fair value. For each business combination, the acquirer measures any non-controlling interest in the acquiree either at fair value or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Acquisition-related costs are accounted for as expenses in the periods in which the costs are incurred and are classified under administrative expenses.

When the Group acquires a business, it assesses the assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Any contingent consideration to be transferred by the acquirer will be recognized at the acquisition-date fair value. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognized in accordance with IFRS 9 *Financial Instruments* either in profit or loss or as a change to other comprehensive income. However, if the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

Goodwill is initially measured as the amount of the excess of the aggregate of the consideration transferred and the non-controlling interest over the net fair value of the identifiable assets acquired and the liabilities assumed. If this aggregate is lower than the fair value of the net assets acquired, the difference is recognized in profit or loss.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units. Each unit or group of units to which the goodwill is so allocated represents the lowest level within the Group at which the goodwill is monitored for internal management purpose and is not larger than an operating segment before aggregation.

Where goodwill forms part of a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation. Goodwill disposed of in this circumstance is measured based on the relative recoverable amounts of the operation disposed of and the portion of the cash-generating unit retained.

#### 5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

The preparation of the Group's consolidated financial statements require management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumption and estimate could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

##### (1) Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

##### (a) Fair value of financial instruments

Where the fair value of financial assets and financial liabilities recorded in the balance sheet cannot be derived from active markets, they are determined using valuation techniques including the income approach (for example the discounted cash flow model) or market approach. Changes in assumptions about these factors could affect the reported fair value of the financial instruments. Please refer to Note 12 for more details.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (b) Impairment of goodwill

An impairment exists when the carrying value of an asset or cash generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date less incremental costs that would be directly attributable to the disposal of the asset or cash generating unit. The value in use calculation is based on a discounted cash flow model.

The cash flows projections are derived from the budget for the next five years and do not include restructuring activities that the Group is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash-inflows and the growth rate used for extrapolation purposes. The key assumptions used to determine the recoverable amount for the different cash generating units, including a sensitivity analysis, are further explained in Note 6.

#### (c) Pension benefits

The cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans are determined using actuarial valuations. An actuarial valuation involves making various assumptions, including the discount rate and expected salary raise/cut or changes. Please refer to Note 6 for more details about the cost of post-employment benefit and the present value of the pension obligation under defined benefit pension plans.

#### (d) Share-based payment transactions

The Group measures the cost of equity-settled transactions with employees by reference to the fair value of the equity instruments at the date at which they are granted. Estimating fair value for share-based payment transactions requires determining the most appropriate valuation model, which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected life of the share option, volatility and dividend yield and making assumptions about them. The assumptions and models used for estimating fair value for share-based payment transactions are disclosed in Note 6.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (e) Revenue recognition – estimation of sales returns and allowance

The Group estimates sales returns and allowance based on historical experience and other known factors at the time of sale, which reduces the operating revenue. In assessing the aforementioned sales returns and allowance, revenue is recognized to the extent it is highly probable that a significant reversal in the amount of cumulative revenue recognized will not occur. Please refer to Note 6 for more details.

#### (f) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective 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 Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on deferred tax assets that the Group have not recognized as at 31 December 2022.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (g) Accounts receivables – estimation of impairment loss

The Group estimates the impairment loss of accounts receivables at an amount equal to lifetime expected credit losses. The credit loss is the present value of the difference between the contractual cash flows that are due under the contract (carrying amount) and the cash flows that expects to receive (evaluate forward looking information). However, as the impact from the discounting of short-term receivables is not material, the credit loss is measured by the undiscounted cash flows. Where the actual future cash flows are lower than expected, a material impairment loss may arise. Please refer to Note 6 for more details.

#### (h) Evaluation of inventories

Estimates of net realizable value of inventories take into consideration that inventories may be damaged, become wholly or partially obsolete, or their selling prices have declined. The estimates are based on the most reliable evidence available at the time the estimates are made. Please refer to Note 6 for more details.

### 6. CONTENTS OF SIGNIFICANT ACCOUNTS

#### (1) Cash and cash equivalents

	As at 31 December	
	2022	2021
Cash on hand	\$639	\$774
Demand deposits	2,171,868	1,607,501
Time deposits	98,930	673,022
Total	<u>\$2,271,437</u>	<u>\$2,281,297</u>

Cash and cash equivalents were not pledged.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

	As at 31 December	
	2022	2021
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	<u>\$19,862</u>	<u>\$10,973</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) Financial assets measured at amortized cost- Current

	As at 31 December	
	2022	2021
Bank deposits-time deposit (longer than three months)	\$52,958	\$6,731
Bank deposits-time deposit-pledged	62,167	56,032
Bank deposits-reserve account	55,945	43,682
Subtotal (total carrying amount)	171,070	106,445
Less: loss allowance	-	-
Total	<u>171,070</u>	<u>\$106,445</u>

The Group classified certain financial assets as financial assets measured at amortized cost. Please refer to Note 8 for more details on financial assets measured at amortized cost under pledge. Please refer to Note 12 for more details on credit risk.

(4) Accounts receivable, net

	As at 31 December	
	2022	2021
Accounts receivable	\$2,692,426	\$3,022,791
Less: allowance for sales discounts	(125,289)	(135,459)
Less: loss allowance	(1,294)	(8,037)
Total	<u>\$2,565,843</u>	<u>\$2,879,295</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated 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 \$2,692,426 and \$3,022,791, respectively. Please refer to Note 6(22) 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.

Please refer to Note 8 for more details on accounts receivable under pledge.

(5) Inventories

(a) Details as follows:

	As at 31 December	
	2022	2021
Raw materials	\$343,552	\$261,972
Supplies & parts	128,070	144,303
Work in progress	272,526	300,056
Finished goods	512,557	588,759
Merchandise	3,531,752	2,994,062
Total	<u>\$4,788,457</u>	<u>\$4,289,152</u>

(b) The cost of inventories recognized in expenses for the years ended 31 December 2022 and 2021 were \$15,247,819 and \$14,692,318, respectively. The profit and loss related to cost of goods sold are as follows:

	For the years ended 31 December	
	2022	2021
Losses on obsolete inventory price recovery	\$(124,682)	\$(33,430)
Scraps	(7,846)	(12,397)
Gain on physical inventory count	821	191
Net	<u>\$(131,707)</u>	<u>\$(45,636)</u>

Please refer to Note 8 for more details on inventories under pledge.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(6) Prepayments

	As at 31 December	
	2022	2021
Prepayment for purchases	\$39,937	\$20,637
Offset against VAT	30,038	29,124
Other prepayments	114,501	125,795
Total	<u>\$184,476</u>	<u>\$175,556</u>

Prepayments were not pledged.

(7) 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	<u>\$27,960</u>	<u>\$36,480</u>

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 Group'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	<u>\$1,920</u>	<u>\$2,694</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

Investees	As at 31 December			
	2022		2021	
	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:				
Chengxinzhaoh (Zhangzhou) Hardware Co., Ltd.	\$19,047	49.00%	\$20,090	49.00%
Arte En Bronce, S.A. DE C.V.	-	48.89%	-	48.89%
Total	<u>\$19,047</u>		<u>\$20,090</u>	

After the interest in the associate - Arte En Bronce, S.A. DE C.V. was reduced to zero, additional losses were provided for, and a liability was recognized only to the extent that the Group has incurred legal or constructive obligations or made payments on behalf of the associate. Unrealized gains and losses resulting from transactions between the Group and the associate are eliminated to the extent of the Group's related interest in the associate.

The Group's investments in Chengxinzhaoh (Zhangzhou) Hardware Co., Ltd. and Arte En Bronce, S.A. DE C.V. are not individually material. The aggregate financial information based on Group's share of associates is as follows:

	For the years ended 31 December	
	2022	2021
Loss from continuing operations	\$(1,353)	\$(133)
Other comprehensive gain (loss)	310	(168)
Total comprehensive loss	<u>\$(1,043)</u>	<u>\$(301)</u>

The associates had no contingent liabilities or capital commitments as at 31 December 2022 and 2021, and did not provide any guarantee.

(9) Property, plant and equipment

	As at 31 December	
	2022	2021
Owner occupied property, plant and equipment	<u>\$2,311,704</u>	<u>\$2,419,829</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Construction in progress and equipment awaiting examination	Total
Cost:							
As at 1 Jan. 2022	\$826,747	\$3,081,890	\$50,746	\$312,336	\$651,477	\$44,995	\$4,968,191
Additions	16,291	18,380	3,360	35,220	35,779	198,883	307,913
Disposals	-	(214,665)	(6,429)	(6,024)	(30,130)	-	(257,248)
Transfers	3,070	78,239	-	(23,280)	36,792	(140,879)	(46,058)
Exchange differences	14,984	194,786	188	11,797	14,081	2,895	238,731
As at 31 Dec. 2022	<u>\$861,092</u>	<u>\$3,158,630</u>	<u>\$47,865</u>	<u>\$330,049</u>	<u>\$707,999</u>	<u>\$105,894</u>	<u>\$5,211,529</u>
As at 1 Jan. 2021	\$825,877	\$3,062,840	\$49,640	\$295,076	\$620,142	\$35,299	\$4,888,874
Additions	9,812	36,547	4,078	28,540	24,164	108,776	211,917
Disposals	-	(18,590)	(1,277)	(5,307)	(18,412)	-	(43,586)
Transfers	803	59,559	-	26	37,700	(98,379)	(291)
Exchange differences	(9,745)	(58,466)	(1,695)	(5,999)	(12,117)	(701)	(88,723)
As at 31 Dec. 2021	<u>\$826,747</u>	<u>\$3,081,890</u>	<u>\$50,746</u>	<u>\$312,336</u>	<u>\$651,477</u>	<u>\$44,995</u>	<u>\$4,968,191</u>
Depreciation and impairment:							
As at 1 Jan. 2022	\$584,089	\$1,193,027	\$44,257	\$248,012	\$478,977	\$-	\$2,548,362
Depreciation	30,232	207,909	3,076	27,068	64,491	-	332,776
Impairment	-	139,296	-	-	-	-	139,296
Disposals	-	(179,072)	(6,375)	(5,850)	(28,385)	-	(219,682)
Transfers	-	(13,322)	-	(1,976)	13,361	-	(1,937)
Exchange differences	11,989	67,588	37	8,986	12,410	-	101,010
As at 31 Dec. 2022	<u>\$626,310</u>	<u>\$1,415,426</u>	<u>\$40,995</u>	<u>\$276,240</u>	<u>\$540,854</u>	<u>\$-</u>	<u>\$2,899,825</u>
As at 1 Jan. 2021	\$557,363	\$1,008,199	\$40,662	\$230,254	\$435,930	\$-	\$2,272,408
Depreciation	33,447	215,031	6,397	27,242	62,920	-	345,037
Disposals	-	(15,489)	(1,150)	(5,171)	(17,262)	-	(39,072)
Transfers	-	(5,665)	-	-	5,665	-	-
Exchange differences	(6,721)	(9,049)	(1,652)	(4,313)	(8,276)	-	(30,011)
As at 31 Dec. 2021	<u>\$584,089</u>	<u>\$1,193,027</u>	<u>\$44,257</u>	<u>\$248,012</u>	<u>\$478,977</u>	<u>\$-</u>	<u>\$2,548,362</u>
Net carrying amount:							
31 Dec. 2022	<u>\$234,782</u>	<u>\$1,743,204</u>	<u>\$6,870</u>	<u>\$53,809</u>	<u>\$167,145</u>	<u>\$105,894</u>	<u>\$2,311,704</u>
31 Dec. 2021	<u>\$242,658</u>	<u>\$1,888,863</u>	<u>\$6,489</u>	<u>\$64,324</u>	<u>\$172,500</u>	<u>\$44,995</u>	<u>\$2,419,829</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

- (b) GU PLUMBING de MEXICO S.A. de C.V., a subsidiary of the Company, plans to clear out some equipment that was no longer usable according to current conditions, in order to improve the utilization rate of plant space allocation. For the years ended 31 December 2022, parts of the property, plant and equipment were written down to the recoverable amount. The Group recognized the impairment loss in the amount of \$54,929, which has been included in other gains and losses in the statement of comprehensive income.
- (c) Shenzhen Globe Union Enterprise Co.Ltd., a sub-subsidiary of the Company, plans to clear out some property, plant and equipment as a result of factory relocation. The impairment loss in the amount of \$84,367 was booked according to the recoverable amount of the assets. Such loss has been included in other gains and losses in the statement of comprehensive income. Please refer to Note 12 for more details.
- (d) The major components of the Group's buildings are main buildings, freight elevator, water and power supply, and are depreciated according to their useful life of 55, 16 and 11 years, respectively.
- (e) Please refer to Note 8 for more details on property, plant and equipment under pledge as at 31 December 2022.
- (f) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2022 and 2021.

(10) Intangible assets and goodwill

	Computer software	Trademarks	Goodwill	Total
Cost:				
As at 1 Jan. 2022	\$235,650	\$74,147	\$1,291,564	\$1,601,361
Addition-acquired separately	16,870	-	-	16,870
Disposal	(24,116)	-	-	(24,116)
Reclassification	23,661	-	-	23,661
Exchange differences	3,091	(57)	(6,365)	(3,331)
As at 31 Dec. 2022	<u>\$255,156</u>	<u>\$74,090</u>	<u>\$1,285,199</u>	<u>\$1,614,445</u>
As at 1 Jan. 2021	\$228,176	\$77,790	\$1,360,712	\$1,666,678
Addition-acquired separately	17,396	-	-	17,396
Disposal	(2,395)	-	-	(2,395)
Reclassification	(609)	-	-	(609)
Exchange differences	(6,918)	(3,643)	(69,148)	(79,709)
As at 31 Dec. 2021	<u>\$235,650</u>	<u>\$74,147</u>	<u>\$1,291,564</u>	<u>\$1,601,361</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

	Computer software	Trademarks	Goodwill	Total
Amortization and impairment				
As at 1 Jan. 2022	\$206,427	\$73,028	\$607,990	\$887,445
Amortization	15,103	1,118	-	16,221
Disposal	(24,116)	-	-	(24,116)
Reclassification	2,357	-	-	2,357
Exchange differences	2,754	(56)	(3,260)	(562)
As at 31 Dec. 2022	<u>\$202,525</u>	<u>\$74,090</u>	<u>\$604,730</u>	<u>\$881,345</u>
As at 1 Jan. 2021	\$198,422	\$68,138	\$642,709	\$909,269
Disposal	16,110	8,344	-	24,454
Reclassification	(2,395)	-	-	(2,395)
Exchange differences	(5,710)	(3,454)	(34,719)	(43,883)
As at 31 Dec. 2021	<u>\$206,427</u>	<u>\$73,028</u>	<u>\$607,990</u>	<u>\$887,445</u>
Net carrying amount:				
31 Dec. 2022	<u>\$52,631</u>	<u>\$-</u>	<u>\$680,469</u>	<u>\$733,100</u>
31 Dec. 2021	<u>\$29,223</u>	<u>\$1,119</u>	<u>\$683,574</u>	<u>\$713,916</u>

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

	For the years ended 31 December	
	2022	2021
Operating costs	<u>\$560</u>	<u>\$1,162</u>
Operating expenses	<u>\$15,661</u>	<u>\$23,292</u>

(11) Impairment testing of goodwill

For the purpose of impairment testing, goodwill acquired through business combinations have been allocated to two cash-generating units which are also reportable operating segments. Carrying amount of goodwill allocated to each cash-generating units are as follows:

	As at 31 December	
	2022	2021
Goodwill		
- Channel unit	\$598,535	\$601,761
- Manufacturing unit	81,934	81,813
Total	<u>\$680,469</u>	<u>\$683,574</u>

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### Channel cash-generating unit

The recoverable amount of the channel unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 14.9% and 11.1% as at 31 December 2022 and 2021, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2022 and 2021, that was the same as the long-term average growth rate for the channel unit's industry. As a result of this analysis, management did not identify any impairment for goodwill of \$598,535 which is allocated to this cash-generating unit.

#### Manufacturing cash-generating unit

The recoverable amount of the manufacturing unit has been determined based on a value in use calculation using cash flow projections from financial budgets approved by management covering a five-year period. The projected cash flows have been updated to reflect the change in demand for products and services. The discount rate applied to cash flow projections were 14.7% and 15.4% as at 31 December 2022 and 2021, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2022 and 2021, that was the same as the long-term average growth rate for the manufacturing unit's industry. As a result of this analysis, management did not identify any impairment for goodwill of \$81,934 which is allocated to this cash-generating unit.

#### Key assumptions used in value-in-use calculations

The calculation of value-in-use for both channel and manufacturing units are most sensitive to the following assumptions:

- (a) Gross margin
- (b) Discount rates; and
- (c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins – Gross margins are based on average values achieved in the one year preceding the start of the budget period. These exclude the possibility of margin increase over the budget period for anticipated efficiency improvements. The gross margins applied for the channel unit and the manufacturing unit remained the same.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

Growth rate estimates – Rates are based on industry average growth rates or local industry research. For the reasons explained above, the long-term average growth rates used to extrapolate the budget for the channel unit and the manufacturing unit have been adjusted based on industry average growth rates.

#### Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the channel unit and the manufacturing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The implications of the key assumptions for the recoverable amount are discussed below:

Raw materials price inflation – Management has considered the possibility of raw material price inflation. The Group used past actual raw material price movements as an indicator of future price movements. Management believes there is no raw materials price deviating from the budget for the years ended 31 December 2022 and 2021, and therefore no further impairment may arise.

Growth rate assumptions – Management recognizes that the speed of technological change and the possibility of new entrants can have a significant impact on growth rate assumptions. The effect of new entrants is not expected to have an adverse impact on the forecasts included in the budget. The estimated long-term growth rate of channel unit, and manufacturing unit were 0%, 0%, and 0%, 0% for the years ended 31 December 2022 and 2021, respectively. Management deemed these growth rates reasonable after considering the long-term growth rate and the economic environment for the years ended 31 December 2022 and 2021. Therefore, no further impairment may result.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(12) Other non-current assets

	As at 31 December	
	2022	2021
Prepayment for equipment	\$219,847	\$167,308
Others	3,223	1,134
Total	<u>\$223,070</u>	<u>\$168,442</u>

(13) Short-term loans

	As at 31 December	
	2022	2021
Unsecured bank loans	\$1,442,290	\$1,938,769
Secured bank loans	334,877	220,352
Total	<u>\$1,777,167</u>	<u>\$2,159,121</u>
Interest Rates (%)	1.47%-5.70%	0.65%-2.45%

The Group's unused short-term lines of credits amounted to \$2,687,113 and \$1,879,889 as at 31 December 2022 and 2021, respectively.

Please refer to Note 8 for more details on secured loans.

(14) Financial liabilities at fair value through profit or loss – current

	As at 31 December	
	2022	2021
Held for trading:		
Derivatives not designated as hedging		
Instruments		
Forward foreign exchange contracts	<u>\$6,102</u>	<u>\$3,500</u>

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

(15) Other payables

	As at 31 December	
	2022	2021
Output tax	\$140,661	\$160,152
Accrued VAT payables	20,662	26,914
Others	66,879	66,684
Total	<u>\$228,202</u>	<u>\$253,750</u>



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(16) Accrued expenses

	As at 31 December	
	2022	2021
Accrued payroll and bonus	\$792,824	\$300,581
Accrued sales discounts	336,298	432,707
Accrued freight	257,211	269,481
Others	455,090	341,080
Total	<u>\$1,841,423</u>	<u>\$1,343,849</u>

Shenzhen Globe Union Enterprise Co. Ltd., the sub-subsidiary of the Company, has started the process of terminating employment contracts with its employees because of the factory relocation and has booked severance packages in the amount of \$730,357. The severance packages have been included in the operating expenses in the statement of comprehensive income. Please refer to Note 12 for more details. As of 31 December 2022, the unpaid amount totaled \$496,722.

(17) Long-term loans

(a) As at 31 Dec. 2022

Lenders	Type	As at 31 Dec. 2022	Maturity date and terms of repayment	Guarantee
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.	None
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.	None
Bank SinoPac	Credit	200,000	2021/09-2024/07 Interest is paid monthly.	None
China Trust Commercial Bank	Credit	170,000	2022/12-2024/12 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2022/09-2024/09 Interest is paid monthly.	None
O-Bank	Credit	100,000	2021/09-2023/11 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.	None
Subtotal		<u>\$3,140,000</u>		
Less: current portion		<u>(330,000)</u>		
Total		<u>\$2,810,000</u>		
Interest rate		1.570%-2.060%		

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated 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	Guarantee
China Trust Commercial Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	\$700,000	2018/07-2023/07 Interest is paid monthly; repayable annually starting from 2 years after the drawdown of the loan. The annual payment of each year is 100 million, 200 million, 300 million, and 400 million.	None
China Trust Commercial Bank (Leading Bank of Syndicated Loan)	Syndicated bank loans	350,000	2019/10-2023/07 Interest is paid monthly.	None
Yuanta Bank	Credit	210,000	2020/06-2022/03 Interest is paid monthly.	None
KGI Bank	Credit	180,000	2021/09-2023/09 Interest is paid monthly.	None
Cathay United Bank	Credit	130,000	2021/06-2023/06 Interest is paid monthly.	None
The Shanghai Commercial & Savings Bank, Ltd.	Credit	100,000	2021/07-2023/07 Interest is paid monthly.	None
Taishin International Bank	Credit	100,000	2021/09-2023/09 Interest is paid monthly.	None
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.	None
O-Bank	Credit	100,000	2021/09-2023/09 Interest is paid monthly.	None
Shin Kong Bank	Credit	100,000	2021/07-2023/03 Interest is paid monthly.	None
Far Eastern International Bank	Credit	100,000	2021/01-2023/01 Interest is paid monthly.	None
China Trust Commercial Bank	Credit	50,000	2021/12-2023/12 Interest is paid monthly.	None
HSBC UK BANK PLC	Credit	9,947	2019/09-2022/03 Interest is paid monthly. Payable quarterly after the grace period.	None
Subtotal		\$2,229,947		
Less: current portion		(519,947)		
Total		<u>\$1,710,000</u>		
Interest rate		0.950%-1.797%		

Please refer to Note 9(3) for more details on syndicated bank loans.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(18) Post-employment benefits

Defined contribution plan

The Company adopts a defined contribution plan in accordance with the Labor Pension Act of the R.O.C. Under the Labor Pension Act, the Group will make monthly contributions of no less than 6% of the employees' monthly wages to the employees' individual pension accounts. The Group has made monthly contributions of 6% of each individual employee's salaries or wages to employees' pension accounts.

Subsidiaries located in the People's Republic of China will contribute social welfare benefits based on a certain percentage of employees' salaries or wages to the employees' individual pension accounts.

Pension benefits for employees of overseas subsidiaries and branches are provided in accordance with the local regulations.

Expenses under the defined contribution plan for the years ended 31 December 2022 and 2021 were \$195,142 and \$189,403, respectively.

Defined benefits plan

The Company adopt a defined benefit plan in accordance with the Labor Standards Act of the R.O.C. The pension benefits are disbursed based on the units of service years and the average salaries in the last month of the service year. Two units per year are awarded for the first 15 years of services while one unit per year is awarded after the completion of the 15th year. The total units shall not exceed 45 units. Under the Labor Standards Act, The Company's 2019 pension fund deposited at the Bank of Taiwan has reached sufficient allocation and does not require further allocation based on the approval of the management department of processing zone. Before the end of each year, the Company assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute \$1,226 to its defined benefit plan in the next year starting from 31 December 2022.

The average duration of the defined benefits plan obligation as at 31 December 2022 and 2021, were 14 years and 18 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	\$4,056	\$3,535
Interest income or expense	7,706	7,214
Total	<u>\$11,762</u>	<u>\$10,749</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	\$804,873	\$1,150,061	\$1,402,967
Plan assets at fair value	(769,302)	(1,137,252)	(1,276,307)
Defined benefit obligation	35,571	\$12,809	\$126,660
Other current liabilities - the Group expects to contribute in the coming year	(1,226)	(673)	(25,214)
Other non-current liabilities - defined benefit obligation	<u>\$34,345</u>	<u>\$12,136</u>	<u>\$101,446</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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	\$1,402,967	\$(1,276,307)	\$126,660
Current period service costs	3,535	-	3,535
Net interest expense (income)	15,424	(8,210)	7,214
Subtotal	1,421,926	(1,284,517)	137,409
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(7,544)	-	(7,544)
Actuarial gains and losses arising from changes in financial assumptions	(50,183)	-	(50,183)
Experience adjustments	1,172	-	1,172
Remeasurements of the net defined benefit asset	-	(11,764)	(11,764)
Subtotal	(56,555)	(11,764)	(68,319)
Payments from the plan	(147,831)	120,017	(27,814)
Contributions by employer	-	(23,313)	(23,313)
Effect of changes in foreign exchange rates	(67,479)	62,325	(5,154)
As at 31 December 2021	\$1,150,061	\$(1,137,252)	\$12,809
Current period service costs	4,056	-	4,056
Net interest expense (income)	20,350	(12,644)	7,706
Subtotal	1,174,467	(1,149,896)	24,571
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	4,044	-	4,044
Actuarial gains and losses arising from changes in financial assumptions	(379,538)	-	(379,538)
Experience adjustments	41,016	-	41,016
Remeasurements of the net defined benefit asset	-	366,766	366,766
Subtotal	(334,478)	366,766	32,288
Payments from the plan	(31,742)	31,321	(421)
Contributions by employer	-	(23,187)	(23,187)
Effect of changes in foreign exchange rates	(3,374)	5,694	2,320
As at 31 December 2022	\$804,873	\$(769,302)	\$35,571

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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%-4.75%	0.73%-1.80%
Expected rate of salary increases	0.00%-3.00%	0.00%-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

The sensitivity analyses above are based on a change in a significant assumption (for example: change in discount rate or future salary), keeping all other assumptions constant. The sensitivity analyses may not be representative of an actual change in the defined benefit obligation as it is unlikely that changes in assumptions would occur in isolation of one another.

There was no change in the methods and assumptions used in preparing the sensitivity analyses compared to the previous period.

(19) Equities

(a) Common stock

The Company's authorized capital was \$6,000,000 as at 31 December 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.

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

For the year ended 31 December 2022, the employees 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 recorded 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	<u>\$887,844</u>	<u>\$877,995</u>

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:

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

- A. Payment of all taxes and dues.
- B. Offset prior years' operation losses.
- C. Set aside 10% of the remaining amount after deducting items (a) and (b) as legal reserve.
- D. Set aside or reverse special reserve in accordance with law and regulations.
- E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.



# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

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 reserve 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:

	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(24) for more details on employees' compensation and remuneration to directors.

### (20) 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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 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\$)
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

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. AND SUBSIDIARIES

## Notes to Consolidated 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 years ended 31 December 2022 and 2021 were \$7,042 and \$8,454, 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 Group 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:

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

- 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	Weighted average exercise price of share options
	(unit)	(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 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\$)
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.

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 was \$2,807. The following table lists the inputs to the model used for the plan:

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Notes to Consolidated Financial Statements (Continued)

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

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:

	<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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(21) Operating revenue

	For the years ended 31 December	
	2022	2021
Revenue from contracts with customers		
Sale of goods	\$21,920,075	\$21,121,732
Less : sales returns and allowance	(1,709,064)	(1,630,377)
Total	<u>\$20,211,011</u>	<u>\$19,491,355</u>

(a) Disaggregation of revenue

For the year ended 31 December 2022

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$2,056,185</u>	<u>\$71,709</u>	<u>\$10,450,500</u>	<u>\$7,632,617</u>	<u>\$20,211,011</u>
Timing of revenue recognition					
At a point in time	<u>\$2,056,185</u>	<u>\$71,709</u>	<u>\$10,450,500</u>	<u>\$7,632,617</u>	<u>\$20,211,011</u>

For the year ended 31 December 2021

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	<u>\$2,517,074</u>	<u>\$141,680</u>	<u>\$9,686,380</u>	<u>\$7,146,221</u>	<u>\$19,491,355</u>
Timing of revenue recognition					
At a point in time	<u>\$2,517,074</u>	<u>\$141,680</u>	<u>\$9,686,380</u>	<u>\$7,146,221</u>	<u>\$19,491,355</u>

(b) Contract balances

Contract liabilities - current

	31 Dec. 2022	31 Dec. 2021	1 Jan. 2021
Sales of goods	<u>\$665</u>	<u>\$2,806</u>	<u>\$5,158</u>

The significant changes in the Group's balances of contract liabilities for

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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	\$(2,527)	\$(4,868)
Increase in receipts in advance during the period (excluding the amount incurred and transferred to revenue during the period)	373	2,527
Exchange differences	13	(11)

(22) Expected credit losses

	For the years ended 31 December	
	2022	2021
Operating expenses – Expected credit losses		
Accounts receivable	<u>\$12,482</u>	<u>\$14,369</u>

Please refer to Note 12 for more details on credit risk.

The Group measures the loss allowance of its accounts receivable at an amount equal to lifetime expected credit losses. The assessment of the Group's loss allowance as at 31 December 2022 and 2021 is as follows:

- (a) The Group considers the grouping of accounts receivable by counterparties' credit rating, by geographical region and by industry sector and its loss allowance is measured by using a provision matrix, details are as follows:

31 December 2022

	Not yet due	Overdue				Total
		1-90 days	91-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,320,501	\$203,531	\$27,971	\$8,798	\$6,336	\$2,567,137
Loss ratio	-%	-%	-%	0.94%	19.11%	
Lifetime Expected credit losses	-	-	-	(83)	(1,211)	(1,294)
Carrying amount	<u>\$2,320,501</u>	<u>\$203,531</u>	<u>\$27,971</u>	<u>\$8,715</u>	<u>\$5,125</u>	<u>\$2,565,843</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

31 December 2021

	Not yet due	Overdue				Total
		1-90 days	90-180 days	181-365 days	Upon 366 days	
Gross carrying amount	\$2,442,323	\$369,450	\$22,090	\$10,380	\$43,089	\$2,887,332
Loss ratio	-%	-%	0.44%	2.48%	17.83%	
Lifetime Expected credit losses	-	-	(98)	(257)	(7,682)	(8,037)
Carrying amount	<u>\$2,442,323</u>	<u>\$369,450</u>	<u>\$21,992</u>	<u>\$10,123</u>	<u>\$35,407</u>	<u>\$2,879,295</u>

(b) The movement in the provision for impairment of accounts receivable during the years ended 31 December 2022 and 2021 is as follows:

	Accounts receivable
Beginning balance at 1 Jan. 2022	\$8,037
Addition for the current period	12,482
Write off	(19,619)
Exchange differences	394
Ending balance at 31 Dec. 2022	<u>\$1,294</u>
	Accounts receivable
Beginning balance at 1 Jan. 2021	\$13,321
Addition for the current period	14,369
Write off	(18,424)
Exchange differences	(1,229)
Ending balance at 31 Dec. 2021	<u>\$8,037</u>

(23) Leases

(a) Group as a lessee

The Group leases various properties, including real estate such as land and buildings, machinery and equipment, transportation equipment, office equipment and other equipment. The lease terms range from 2 to 47 years. There are no restrictions placed upon the Group by entering into these leases.

The Group's leases effect on the financial position, financial performance and cash flows are as follows:

A. Amounts recognized in the balance sheet



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As at 31 December	
	2022	2021
Land	\$58,178	\$59,968
Buildings	2,054,022	1,915,782
Machinery and equipment	31,981	52,149
Transportation equipment	177,402	76,875
Other equipment	6,513	12,667
Total	<u>\$2,328,096</u>	<u>\$2,117,441</u>

During the years ended 31 December 2022 and 2021, the Group's additions to right-of-use assets amounted to \$499,355 and \$922,366, respectively.

(ii) Lease liabilities

	As at 31 December	
	2022	2021
Lease liabilities	<u>\$2,538,808</u>	<u>\$2,237,354</u>
Current	<u>\$354,880</u>	<u>\$248,831</u>
Non-current	<u>\$2,183,928</u>	<u>\$1,988,523</u>

Please refer to Note 6(25)(c) for the interest on lease liabilities recognized during the years ended 31 December 2022 and 2021, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2022.

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	\$2,669	\$2,636
Buildings	304,714	270,499
Machinery and equipment	22,623	23,106
Transportation equipment	67,220	35,798
Other equipment	8,026	30,241
Total	<u>\$405,252</u>	<u>\$362,280</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

C. Income and costs relating to leasing activities

	For the years ended 31 December	
	2022	2021
The expenses relating to short-term leases	\$21,454	\$27,170
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	6,533	607
The expenses relating to variable lease payments not included in the measurement of lease liabilities	7,305	9,038
Total	<u>\$35,292</u>	<u>\$36,815</u>

D. Cash outflow relating to leasing activities

During the year ended 31 December 2022 and 2021, the Group's total cash outflows for leases amounted to \$509,579 and \$506,310, respectively.

E. Other information relating to leasing activities

(i) Variable lease payments

Some of the Group's warehouse rental agreements contain variable payment terms that are linked to daily usage of pallets in warehouses, which is common in the industry of the Group. As such variable lease payments do not meet the definition of lease payments, those payments are not included in the measurement of the assets and liabilities.

(ii) Extension and termination options

Some of the Group's property rental agreement contain extension and termination options. In determining the lease terms, the non-cancellable period for which the Group has the right to use an underlying asset, together with both periods covered by an option to extend the lease if the Group is reasonably certain to exercise that option and periods covered by an option to terminate the lease if the Group is reasonably certain not to exercise that option.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

These options are used to maximize operational flexibility in terms of managing contracts. The majority of extension and termination options held are exercisable only by the Group.

After the commencement date, the Group reassesses the lease term upon the occurrence of a significant event or a significant change in circumstances that is within the control of the lessee and affects whether the Group is reasonably certain to exercise an option not previously included in its determination of the lease term, or not to exercise an option previously included in its determination of the lease term.

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

Function Nature	2022			2021		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	\$1,442,111	\$2,467,761	\$3,909,872	\$1,504,989	\$1,781,195	\$3,286,184
Labor and health insurance	22,865	137,695	160,560	18,286	138,039	156,325
Pension	132,873	74,031	206,904	129,623	70,529	200,152
Other employee benefits expense	73,643	44,938	118,581	66,134	41,566	107,700
Depreciation	337,621	400,407	738,028	336,441	370,876	707,317
Amortization	560	15,661	16,221	1,162	23,292	24,454

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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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 \$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.

(25) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2022	2021
Interest income		
Financial assets measured at amortized cost	\$58,608	\$25,947
Dividends income	1,920	2,694
Others	89,629	86,515
Total	<u>\$150,157</u>	<u>\$115,156</u>

(b) Other gains and losses

	For the years ended 31 December	
	2022	2021
Losses on disposal of property, plant and equipment	\$(12,904)	\$(3,305)
Foreign exchange gains (losses), net	109,901	(30,303)
Impairment losses	(139,296)	-
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(77,640)	101,843
Gains on leases modification, net	184	34,432
Others	(16,297)	(21,936)
Total	<u>\$(136,052)</u>	<u>\$80,731</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

Shenzhen Globe Union Enterprise Co., Ltd., a sub-subsidiary of the Company, plans to clear out some property, plant and equipment as result of the factory relocation, and booked losses on disposal of property, plant and equipment and impairment loss according to the recoverable amount of such assets. Please refer to Note 12 for more details.

(c) Finance costs

	For the years ended 31 December	
	2022	2021
Interest on loans from bank	\$76,082	\$53,830
Interest on lease liabilities	136,634	123,124
Total	<u>\$212,716</u>	<u>\$176,954</u>

(26) Components of other comprehensive income

For the year ended 31 December 2022:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$(32,288)	\$-	\$(32,288)	\$6,291	\$(25,997)
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	(8,520)	-	(8,520)	-	(8,520)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	411,251	-	411,251	-	411,251
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	310	-	310	-	310
Total of other comprehensive income	<u>\$370,750</u>	<u>\$-</u>	<u>\$370,753</u>	<u>\$6,291</u>	<u>\$377,044</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

For the year ended 31 December 2021:

	Arising during the period	Reclassification adjustments during the period	Other comprehensive income, before tax	Income tax effect	Other comprehensive income, net of tax
Not to be reclassified to profit or loss in subsequent periods:					
Remeasurements of defined benefit plans	\$68,319	\$-	\$68,319	\$(26,208)	\$42,111
Unrealized losses from equity instrument investments measured at fair value through other comprehensive income	(2,520)	-	(2,520)	-	(2,520)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences resulting from translating the financial statements of a foreign operation	(226,184)	-	(226,184)	-	(226,184)
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	(168)	-	(168)	-	(168)
Total of other comprehensive income	<u>\$ (160,553)</u>	<u>\$-</u>	<u>\$ (160,553)</u>	<u>\$(26,208)</u>	<u>\$ (186,761)</u>

(27) Income tax

The major components of income tax expense are as follows:

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2022	2021
Current income tax expense:		
Current income tax charge	\$(121,694)	\$212,764
Adjustments in respect of current income tax of prior periods	(542)	(1,428)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	114,497	(47,729)
Tax expense recognized in the period for previously unrecognized temporary difference of prior period	(230)	-
Total income tax (income) expense	<u>\$ (7,969)</u>	<u>\$163,607</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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

	For the years ended 31 December	
	2022	2021
Deferred tax (income) expense:		
Remeasurements of defined benefit plans	\$(6,291)	\$26,208
Income tax relating to components of other comprehensive income	\$(6,291)	\$26,208

(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	\$(896,843)	\$176,404
Tax at the domestic rates applicable to profits in the country concerned	\$ (211,511)	\$123,696
Tax effect of revenues exempt from taxation	(18,064)	(38,252)
Tax effect of expenses not deductible for tax purposes	222,378	79,591
Adjustments in respect of current income tax of prior periods	(772)	(1,428)
Total income tax (income) expenses recorded in profit or loss	\$(7,969)	\$163,607

(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	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	\$86,103	\$18,862	\$-	\$9,488	\$114,453
Defined benefit Liability–Non-current	(1,328)	(1,812)	6,291	138	3,289
Unrealized intragroup profits and losses	63,258	28,014	-	-	91,272
Unrealized accrued expense	11,741	13,224	-	1,685	26,650
Allowance for sales discounts	21,106	(3,722)	-	-	17,384
Bad debt loss	8,965	(1,941)	-	866	7,890
Unrealized exchange gain or loss	22	6,359	-	-	6,381
Revaluations of financial assets and liabilities at fair value through profit or loss	(1,680)	(2,084)	-	-	(3,764)
Depreciation	(11,700)	3,630	-	151	(7,919)
Loss carryforward	1,162	53,737	-	141	55,040
Deferred tax expense/ (income)		\$114,267	\$6,291	\$12,469	
Net deferred tax assets/ (liabilities)	\$177,649				\$310,676
Reflected in balance sheet as follows:					
Deferred tax assets	\$192,706				\$322,514
Deferred tax liabilities	\$(15,057)				\$(11,838)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(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	Exchange differences	Ending balance as at 31 December
Temporary difference					
Allowance to reduce inventories to market value	\$80,373	\$7,942	\$-	\$(2,212)	86,103
Defined benefit Liability–Non-current	2,166	(2,830)	(26,208)	25,544	(1,328)
Unrealized intragroup profits and losses	75,186	(11,928)	-	-	63,258
Unrealized accrued expense	14,618	(2,550)	-	327	11,741
Allowance for sales discounts	30,656	(9,543)	-	(7)	21,106
Bad debt loss	6,744	2,429	-	(208)	8,965
Unrealized exchange gain or loss	10,580	(10,558)	-	-	22
Revaluations of financial assets and liabilities at fair value through profit or loss	(6,217)	4,537	-	-	(1,680)
Depreciation	11,828	(23,362)	-	(166)	(11,700)
Loss carryforward	3,158	(1,866)	-	(130)	1,162
Deferred tax expense/ (income)		<u>\$(47,729)</u>	<u>\$(26,208)</u>	<u>\$22,494</u>	
Net deferred tax assets/ (liabilities)	<u>\$229,092</u>				<u>\$177,649</u>
Reflected in balance sheet as follows:					
Deferred tax assets	<u>\$236,148</u>				<u>\$192,706</u>
Deferred tax liabilities	<u>\$(7,056)</u>				<u>\$(15,057)</u>

(iii) Unrecognized deferred tax assets

As at 31 December 2022 and 2021, deferred tax assets that have not been recognized amount to \$329,366 and \$217,787, respectively.

(iv) Unrecognized deferred tax liabilities relating to the investment in subsidiaries

The Group did not recognize any deferred tax liability for taxes that would be payable on the unremitted earnings of the Group's overseas subsidiaries, as the Group has determined that undistributed profits of its subsidiaries will not be distributed in the foreseeable future. As at 31 December 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.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(e) The unutilized accumulated losses for the Group were as follows:

Occurrence Year	Accumulated losses	Balance of unused investment tax credits as at		Expiration Year
		31 December 2022	31 December 2021	
2019	\$135,883	\$135,883	\$35,840	2029
2020	99,547	99,547	25,817	2030
2021	322,620	322,620	96,612	2031
2022	330,015	330,015	-	2032

(f) The assessment of income tax returns

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

	The assessment of income tax returns
Globe Union Industrial Corp.	Assessed and approved up to 2019

As at 31 December 2022, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2021.

(28) Earnings per share

Basic earnings per share amounts are calculated by dividing net profit for the year attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year.

Diluted earnings per share amounts are calculated by dividing the net profit attributable to ordinary equity holders of the parent entity by the weighted average number of ordinary shares outstanding during the year plus the weighted average number of ordinary shares that would be issued on conversion of all the dilutive potential ordinary shares into ordinary shares.

	For the years ended 31 December	
	2022	2021
(a) Basic (losses) earnings per share		
(Loss) profit attributable to ordinary equity holders of the Company (in thousands 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>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(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
Dilution effect:		
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.

## 7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

### (1) Key management personnel compensation

	<u>For the years ended 31 December</u>	
	<u>2022</u>	<u>2021</u>
Short-term employee benefits	\$156,636	\$196,412
Post-employment benefits and termination benefits	36,381	45,862
Share-based payment	<u>10,030</u>	<u>7,347</u>
Total	<u>\$203,047</u>	<u>\$249,621</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES  
Notes to Consolidated Financial Statements (Continued)  
(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)

**8. ASSETS PLEDGED AS SECURITY**

The following table lists assets of the Group pledged as security:

Item	Carrying amount as at 31 December		Secured liabilities
	2022	2021	
Financial assets measured at amortized cost - current	\$118,112	\$99,714	Secured for loans
Accounts receivable	858,772	746,483	Secured for loans
Inventory	1,193,909	1,109,888	Secured for other non-current liabilities and loans
Buildings	39,085	35,126	Secured for loans
Machinery and Equipment	1,065,574	1,127,481	Secured for other non-current liabilities
Transportation Equipment	598	551	Secured for loans
Office Equipment	25,746	24,395	Secured for other non-current liabilities and loans
Other Equipment	41,348	44,857	Secured for loans
Total	<u>\$3,343,144</u>	<u>\$3,188,495</u>	

**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:

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

- (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.
- (4) As of 31 December 2022, the Group's unrecognized commitment of acquisition of property, plant and equipment amounted to \$101,711.

#### 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.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at 31 December	
	2022	2021
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	\$19,862	\$10,973
Financial assets measured at amortized cost (Note)	5,007,711	5,266,263
Financial assets at fair value through other comprehensive income	27,960	36,480

Financial liabilities

	As at 31 December	
	2022	2021
Financial liabilities at amortized cost:		
Short-term borrowings	\$1,777,167	\$2,159,121
Notes and accounts payable	1,958,044	2,236,008
Long-term loans (including current portion with maturity less than 1 year)	3,140,000	2,229,947
Other payables	228,202	253,750
Accrued expenses	1,841,423	1,343,849
Leases liabilities (including current portion with maturity less than 1 year)	2,538,808	2,237,354
Financial liabilities at fair value through profit or loss:		
Held for trading	6,102	3,500

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

(2) Financial risk management objectives and policies

The Group's principal financial risk management objective is to manage the market risk, credit risk and liquidity risk related to its operating activities. The Group identifies measures and manages the aforementioned risks based on the Group's policy and risk appetite.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

The Group has established appropriate policies, procedures and internal controls for financial risk management. Before entering into significant transactions, due approval process by the Board of Directors and Audit Committee must be carried out based on related protocols and internal control procedures. The Group complies with its financial risk management policies at all times.

#### (3)Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of the changes in market prices. Market prices comprise currency risk, 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 Group's exposure to the risk of changes in foreign exchange rates relates primarily to the Group's operating activities (when revenue or expense is denominated in a different currency from the Group's functional currency) and the Group's net investments in foreign subsidiaries.

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analyses as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	\$-	\$6,945
For the year ended 31 December 2021	\$-	\$10,888

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2022	\$-	\$9,580
For the year ended 31 December 2021	\$-	\$1,308

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.

(b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Group's exposure to the risk of changes in market interest rates relates primarily to the Group's bank borrowings with fixed interest rates and variable interest rates.

The interest rate sensitivity analysis is performed on items exposed to interest rate risk as at the end of the reporting period, including investments and borrowings with variable interest rates. At the reporting date, a change of 10 basis points of interest rate in a reporting period could cause the profit for the years ended 31 December 2022 and 2021 to decrease/increase by \$4,917 and \$4,389, respectively.

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

#### (c) Equity price risk

The fair value of the Group's listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Group's listed equity securities are classified under fair value through other comprehensive income. The Group manages the equity price risk through diversification and placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Group's senior management on a regular basis. The Group's Board of Directors reviews and approves all equity investment decisions.

At the reporting date, a change of 5% in the price of the listed companies stocks classified as equity instrument investments measured at fair value through other comprehensive income could have an impact of \$1,398 and \$1,824 on the equity attributable to the Group 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.

#### (4) Credit risk management

Credit risk is the risk that counterparty will not meet its obligations under a contract, leading to a financial loss. The Group is exposed to credit risk from operating activities (primarily for accounts receivable) and from its financing activities, including bank deposits and other financial instruments.

Credit risk is managed by each business unit subject to the Group's established policy, procedures and control relating to credit risk management. Credit limits are established for all counter parties based on their financial position, ratings from credit rating agencies, historical experiences, prevailing economic condition and the Group's internal rating criteria, etc. Certain customer's credit risk will also be managed by taking credit enhancing procedures, such as requesting for prepayment.



## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

As at 31 December 2022 and 2021, accounts receivable from top ten customers represented 44.60% and 47.14% of the total accounts receivable of the Group, 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 Group's treasury in accordance with the Group's policy. The Group only transacts with counterparties approved by the internal control procedures, which are banks and financial institutions, companies and government entities with good credit rating. Consequently, there is no significant credit risk for these counter parties.

The Group adopted IFRS 9 to assess the expected credit losses. The Group makes an assessment at each reporting date as to whether the debt instrument investments are still considered low credit risk, and then further determines the method of measuring the loss allowance and the loss rates.

The Group used simplified approach (Note) to assess the expected credit losses of accounts receivable. As at 31 December 2022 and 2021, the Group's accounts receivable overdue amounted to \$246,636 and \$445,009, respectively. As at 31 December 2022 and 2021, the expected credit loss was estimated at 0.52% and 1.81%, respectively, while the loss allowances was measured at \$1,294 and \$8,037, respectively.

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 (the issuer or the debtor is in financial difficulties or bankruptcy).

#### (5) Liquidity risk management

The Group's objective is to maintain a balance between continuity of funding and flexibility through the use of cash and cash equivalents, highly liquid equity investments and bank loans. The table below summarizes the maturity profile of the Company's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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	\$1,785,049	\$-	\$-	\$-	\$1,785,049
Notes and accounts payable	1,958,044	-	-	-	1,958,044
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	228,202	-	-	-	228,202
Accrued expenses	1,841,423	-	-	-	1,841,423
Leases liabilities	547,908	937,164	671,413	1,621,901	3,778,386
As at 31 December 2021					
Short-term borrowings	\$2,163,110	\$-	\$-	\$-	\$2,163,110
Notes and accounts payable	2,236,008	-	-	-	2,236,008
Long-term borrowings (including current portion with maturity less than 1 year)	547,861	1,727,485	-	-	2,275,346
Other payables	253,750	-	-	-	253,750
Accrued expenses	1,343,849	-	-	-	1,343,849
Leases liabilities	403,460	746,038	611,000	1,651,920	3,412,418

Derivative financial liabilities

As at 31 December 2022

Inflows	\$196,018	\$-	\$-	\$-	\$196,018
Outflows	(202,120)	-	-	-	(202,120)
Net	<u><u>\$(6,102)</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$(6,102)</u></u>

As at 31 December 2021

Inflows	\$356,663	\$-	\$-	\$-	\$356,663
Outflows	(360,163)	-	-	-	(360,163)
Net	<u><u>\$(3,500)</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$-</u></u>	<u><u>\$(3,500)</u></u>

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 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	\$2,159,121	\$2,229,947	\$2,237,354	\$6,626,422
Cash flows	(381,954)	910,053	(337,653)	190,446
Non-cash flows (Note)	-	-	639,107	639,107
As at 31 December 2022	<u>\$1,777,167</u>	<u>\$3,140,000</u>	<u>\$2,538,808</u>	<u>\$7,455,975</u>

Note: For the year ended 31 December 2022, The Group's lease liabilities addition and exchange differences increased by \$670,565 in total, while right-of-use assets and lease liabilities decreased by \$31,274 and \$31,458, respectively, due to lease termination.

Reconciliation of liabilities for the year ended 31 December 2021:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 January 2021	\$1,492,720	\$2,702,574	\$2,036,798	\$6,232,092
Cash flows	666,401	(472,627)	(346,371)	(152,597)
Non-cash flows (Note)	-	-	546,927	546,927
As at 31 December 2021	<u>\$2,159,121</u>	<u>\$2,229,947</u>	<u>\$2,237,354</u>	<u>\$6,626,422</u>

Note: For the year ended 31 December 2021, the Group's right-of-use assets and lease liabilities increased by \$922,366, while right-of-use assets and lease liabilities decreased by \$341,007 and \$375,439, respectively, due to lease termination.

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

- A. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.
- B. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.
- C. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).
- D. Fair value of debt instruments without market quotations, bank loans 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).

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2022 and 2021 is as follows:

Forward currency contracts

The Group entered into forward currency contracts to manage its exposure to financial risk, but these contracts are not designated as hedging instruments. The table below lists the information related to forward currency contracts:

Items (by contract)	Notional Amount (in thousands)	Expiry Date
As at 31 December 2022		
Forward currency contract	Sell USD 25,500	From January 2023 to March 2023
Forward currency contract	Buy USD 3,000	January 2023
Forward currency contract	Sell GBP 3,796	From January 2023 to March 2023
As at 31 December 2021		
Forward currency contract	Sell USD 55,730	From January 2022 to April 2022
Forward currency contract	Buy USD 9,000	January 2022
Forward currency contract	Sell EUR 650	January 2022
Forward currency contract	Sell GBP 6,293	From January 2022 to June 2022

## GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

### Notes to Consolidated Financial Statements (Continued)

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

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

#### (9) Fair value measurement hierarchy

##### (a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.

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

Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

##### (b) Fair value measurement hierarchy of the Group's assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group's assets and liabilities measured at fair value on a recurring basis is as follows:

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

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	\$-	\$19,862	\$-	\$19,862
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	-	6,102	-	6,102

As at 31 December 2021

	<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	\$-	\$10,973	\$-	\$10,973
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	36,480	-	-	36,480
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	3,500	-	3,500

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

Transfers between Level 1 and Level 2 during the period

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

(c) Fair value measurement hierarchy of the Group's assets and liabilities not measured at fair value but for which the fair value is disclosed

None.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

	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	\$45,420	30.70	\$1,394,394	\$62,607	27.67	\$1,732,336
CNY	443,165	4.409	1,953,914	298,603	4.345	1,297,430
EUR	6,190	32.74	202,661	5,866	31.33	183,782
CAD	6,628	22.68	150,323	10,907	21.63	235,918
GBP	24,337	37.10	902,903	20,928	37.46	783,963
<u>Financial liabilities</u>						
Monetary items:						
USD	\$22,798	30.70	\$699,899	\$23,259	27.67	\$643,577
CNY	225,890	4.409	995,949	268,498	4.345	1,166,624
EUR	1,369	32.74	44,821	2,476	31.33	77,573
CAD	3,791	22.68	85,980	4,503	21.63	97,400
GBP	24,507	37.10	909,210	26,934	37.46	1,008,948

The Group is unable to disclose foreign exchange gains or losses on significant assets and liabilities denominated in foreign currencies because the Group entities have too many functional currencies. The exchange gains (losses) for the years ended 31 December 2022 and 2021 were \$109,901 and \$(30,303), respectively.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(11) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximize the shareholder value. The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust dividend payment to shareholders, return capital to shareholders or issue new shares.

(12) Financial asset transfer information

The Group entered into assignment agreements with recourse with financial institutions regarding some of its accounts receivable. Although the group transfers the contract rights of the cash flow from such accounts receivable, the Group still has to bear the credit risk in accordance with the agreement in the event the accounts receivable are not recoverable. The transaction information is as follows:

31 December 2022

<u>Lenders</u>	<u>Amount assigned</u>	<u>Prepaid amount (Note)</u>
HSBC UK BANK PLC	\$858,772	\$334,877

31 December 2021

<u>Lenders</u>	<u>Amount assigned</u>	<u>Prepaid amount (Note)</u>
HSBC UK BANK PLC	\$746,483	\$220,352

Note: Reported on short-term loans.

- (13) The Company incorporated the Mexican subsidiary, GU PLUMBING de Mexico S.A. de C.V. in August 2019 and planned to lease NAMCE, S. DE R. L. DE C. V.'s ceramic factory and land in Mexico through the subsidiary. The Company purchased equipment and inventory from the ceramic factory amounted to \$1,878,900 (USD 60,000 thousand). As of 31 December 2022, the unpaid amount totaled \$266,299 (USD 8,674 thousand), secured by equipment and inventory. Please refer to Note 8 for more details.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

- (14) The board of directors of the Company resolved on 17 June 2020 to enter into a joint venture with Thai Kin Co., Ltd. to subscribe for 51% shares of its existing subsidiary Paokin Co., Ltd. The investment limit is USD 14,768 thousand or equivalent in Thai baht. Upon an in-depth evaluation of the subsequent changes in the business environment by both parties, it was determined that the originally anticipated benefits and goals of the joint venture could not be achieved. As at 7 April 2021, the Company and Thai Kin Co., Ltd. therefore agreed to terminate the unexecuted joint venture.
- (15) The board of directors of Shenzhen Globe Union Enterprise Co., Ltd., a sub-subsidiary of the Company, in order to comply with the local government's future urbanization plan and schedule of the area around the subsidiary's manufacturing facility, has approved the plan to move the faucet assembly facility to a factory located in Machong Town, Dongguan City. The factory relocation is expected to complete by the end of 2023. The subsidiary has started the process of terminating employment contracts with its employees in July 2022 and offered severance packages. Except for the property, plant and equipment that will be relocated to the new factory, the remaining assets will be evaluated based on their recoverable amount and recognize impairment loss. The occurrence of this subsequent event has affected the evaluation of assets and liabilities. Therefore, the related assets and liabilities were adjusted. The related expenses are summarized as follows:

	For the year ended 31 December 2022	Account
Losses on obsolete inventory price decline	\$54,237	Cost of goods sold
Severance expenses	730,484	Operating expenses
Impairment losses of property, plant and equipment	84,367	Other gains and losses
Losses on disposal of property, plant and equipment	9,218	Other gains and losses
Others	140,468	Operating expenses (including demolition expenses and consultant fees, etc.)
Total	<u>\$1,018,774</u>	

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**

**Notes to Consolidated Financial Statements (Continued)**

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

**13. OTHER DISCLOSURE**

**(1) Information on significant transactions**

(a) Financing provided to others for the year ended 31 December 2022: All transactions below were between consolidated entities and have been eliminated in consolidation.

No (Note 1)	Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 8)	Amount of sales to (purchases from) counter-party	Reason for financing	Allowance for doubtful accounts	Collateral		Limit of financing amount for individual counter-party	Limit of total financing amount
													Item	Value		
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Other receivable	Yes	\$479,607 (USD 14,890,000)	\$420,590 (USD 13,700,000)	\$251,740 (USD 8,200,000)	3.75% ~5.70%	1	\$1,688,717	Business relationship	\$-	-	\$-	\$1,688,717 (Note 3)	\$1,869,522 (Note 2)
1	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 5)	\$1,202,889 (Note 4)
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 7)	\$399,114 (Note 6)
3	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 5)	\$1,187,342 (Note 2)

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

(1) The parent company fills in 0.

(2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: Total financing was limited to 40% of net equity of the lender as at 31 December 2022, and was limited to the financing amount for individual counter-party.

Note 3: Financing to individual counterparty was limited to the total transaction amounts with the lender.

Note 4: Total financing was limited to 60% of net equity of the lender as at 31 December 2022.

Note 5: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2022.

Note 6: Total financing was limited to 100% of net equity of the lender as at 31 December 2022.

Note 7: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2022.

Note 8: Code 1 represents an intercompany transaction call for a business contact; code 2 represents short-term financing.

# GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

## Notes to Consolidated Financial Statements (Continued)

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

### (b) Endorsement/Guarantee provided to others for the year ended 31 December 2022:

No. (Note 1)	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount For the year ended 31 Dec. 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 4)										
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	2	\$1,402,141 (Note 2)	\$740,830	\$706,100	\$461,697	\$-	15.11%	\$2,336,902 (Note 3)	Y	-	-

Note 1: The business transactions between the parent company and its subsidiaries should be indicated in the number column respectively. The method of filling in the numbers is as follows:

- (1) The parent company fills in 0.
- (2) Subsidiaries are numbered sequentially by the Arabic number 1 according to the company.

Note 2: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2022.

Note 3: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2022.

Note 4: According to the "Guidelines Governing the Preparation of Financial Reports by Securities Issuers" issued by the R.O.C. Securities and Futures Bureau, receiving parties should be disclosed as one of the following:

- (1) A company that has a business relationship with the provider.
- (2) A subsidiary in which the provider holds directly over 50% of equity interest.
- (3) An investee in which the provider and its subsidiaries hold over 50% of equity interest.
- (4) An investee in which the provider holds directly and indirectly over 90% of equity interest.
- (5) A company that has provided guarantees to the provider, and vice versa, due to contractual requirements.
- (6) An investee in which the provider conjunctly invests with other shareholders, and for which the provider has provided endorsement/guarantee in proportion to its shareholding percentage.
- (7) Companies in the same industry provide among themselves joint and several securities for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

### (c) Securities held as at 31 December 2022 (excluding subsidiaries, associates and joint venture):

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	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 1: If the securities issuer is not related to the company, no information is required to be provided.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(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:

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. AND SUBSIDIARIES**

**Notes to Consolidated 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.	Gerber Plumbing Fixtures, LLC	Sub-subsiary	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-subsiary	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%	-
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. AND SUBSIDIARIES**

**Notes to Consolidated 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 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	\$-

(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	\$13,760

(j) Significant intercompany transactions between consolidated entities are as follows: (amount exceeding the lower of NT\$100 million or 20 percent of the capital stock)

**GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Purchases	\$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. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
2	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	7,684,000 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	Other 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	Other 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. AND SUBSIDIARIES**  
**Notes to Consolidated Financial Statements (Continued)**  
**(Expressed in Thousands of New Taiwan Dollars unless Otherwise Specified)**

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
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. AND SUBSIDIARIES**  
**Notes to Consolidated 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. AND SUBSIDIARIES**

**Notes to Consolidated 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. AND SUBSIDIARIES

## Notes to Consolidated 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:
- 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.
  - 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%
Hsing 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. AND SUBSIDIARIES

### Notes to Consolidated 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.

#### 14. SEGMENT INFORMATION

For the purpose of operation, the Company operates in a single industry segment by different strategic segments, and they are classified into two segments as follows:

- (1)Segment A: In charge of selling faucets and other plumbing products and providing related services.
- (2)Segment B: In charge of manufacturing faucets and other plumbing products.

No operating segments have been aggregated to form the above reportable operating segments.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on operating profit or loss and is measured consistently with operating profit or loss in the consolidated financial statements. However, the financial costs, financial income and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segment are on an arm's length basis in a manner similar to transactions with third parties.

(1) Information on profit or loss of the reportable segment:

(a) For the year ended 31 December 2022

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	\$20,139,303	\$71,708	\$-	\$20,211,011
Inter-segment	9,734,714	5,758,323	(15,493,037)	-
Total revenue	<u>\$29,874,017</u>	<u>\$5,830,031</u>	<u>\$(15,493,037)</u>	<u>\$20,211,011</u>
Interest expenses	<u>\$243,343</u>	<u>\$5,264</u>	<u>\$(35,891)</u>	<u>\$212,716</u>
Depreciation and amortization	<u>\$530,228</u>	<u>\$224,021</u>	<u>\$-</u>	<u>\$754,249</u>
Investment losses	<u>\$(702,427)</u>	<u>\$(141,692)</u>	<u>\$842,766</u>	<u>\$(1,353)</u>
Segment losses	<u>\$(882,771)</u>	<u>\$(189,829)</u>	<u>\$175,757</u>	<u>\$(896,843)</u>
Assets				
Investments accounted for using the equity method	<u>\$4,038,166</u>	<u>\$4,616,744</u>	<u>\$(8,635,863)</u>	<u>\$19,047</u>
Capital expenditure of non-current assets	<u>\$111,525</u>	<u>\$213,258</u>	<u>\$-</u>	<u>\$324,783</u>
Segment assets	<u>\$23,727,263</u>	<u>\$6,116,356</u>	<u>\$(13,241,794)</u>	<u>\$16,601,825</u>
Segment liabilities	<u>\$13,942,044</u>	<u>\$1,433,703</u>	<u>\$(3,447,726)</u>	<u>\$11,928,021</u>

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(b) For the year ended 31 December 2021

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	\$19,349,675	\$141,680	\$-	\$19,491,355
Inter-segment	9,319,878	6,783,502	(16,103,380)	-
Total revenue	<u>\$28,669,553</u>	<u>\$6,925,182</u>	<u>\$(16,103,380)</u>	<u>\$19,491,355</u>
Interest expenses	<u>\$188,113</u>	<u>\$2,483</u>	<u>\$(13,642)</u>	<u>\$176,954</u>
Depreciation and amortization	<u>\$516,654</u>	<u>\$219,668</u>	<u>\$(4,551)</u>	<u>\$731,771</u>
Investment incomes (losses)	<u>\$(38,810)</u>	<u>\$150,330</u>	<u>\$(111,653)</u>	<u>\$(133)</u>
Segment profit	<u>\$74,285</u>	<u>\$213,226</u>	<u>\$(111,107)</u>	<u>\$176,404</u>
Assets				
Investments accounted for using the equity method	<u>\$5,141,435</u>	<u>\$4,488,370</u>	<u>\$(9,609,715)</u>	<u>\$20,090</u>
Capital expenditure of non-current assets	<u>\$189,097</u>	<u>\$40,216</u>	<u>\$-</u>	<u>\$229,313</u>
Segment assets	<u>\$24,155,542</u>	<u>\$6,655,729</u>	<u>\$(14,636,451)</u>	<u>\$16,174,820</u>
Segment liabilities	<u>\$14,116,459</u>	<u>\$1,504,405</u>	<u>\$(4,618,729)</u>	<u>\$11,002,135</u>

(2) Geographic information

(a) Revenue from external customers

	For the years ended 31 December	
	2022	2021
United States	\$10,366,524	\$9,933,668
Britain	6,888,185	6,441,784
Canada	1,229,889	1,392,054
Mainland China	71,702	146,196
Other countries	1,654,711	1,577,653
Total	<u>\$20,211,011</u>	<u>\$19,491,355</u>

The revenue information above is based on the location of the customer.



GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

Notes to Consolidated Financial Statements (Continued)

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

(b) Non-current assets

	As at 31 December	
	2022	2021
Mexico	\$1,892,045	\$1,835,140
Mainland China	1,328,419	1,203,055
Britain	1,338,791	1,265,019
United States	978,854	993,554
Taiwan	19,559	75,654
Germany	33,169	40,511
Canada	32,415	40,832
Total	<u>\$5,623,252</u>	<u>\$5,453,765</u>

Non-current assets do not include financial assets at fair value through other comprehensive income, investments accounted for under the equity method and deferred tax assets.

(3) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2022 and 2021 is as follows:

Client name	2022		2021	
	Sales amount	%	Sales amount	%
Customer A	<u>\$3,108,822</u>	<u>15.38</u>	<u>\$3,091,110</u>	<u>15.86</u>

## **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		<u>2,535,766</u>	<u>2,665,254</u>
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		<u>8,794,069</u>	<u>9,774,794</u>
Total assets		<u>\$11,329,835</u>	<u>\$12,440,048</u>

(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		<u>887,844</u>	<u>877,995</u>
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)

		For the Years Ended 31 December	
	Notes	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	2022	2021
Cash flows from operating activities:		
Net (loss) income before tax	\$(839,145)	\$61,329
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation	12,656	13,543
Amortization	1,107	10,326
Net loss (gain) of financial assets/liabilities at fair value through profit or loss	79,097	(99,760)
Interest expense	65,697	47,808
Interest income	(5,251)	(6,383)
Dividends income	(1,920)	(2,694)
Share-based payment expense	4,147	4,252
Share of profit or loss of subsidiaries, associates and joint ventures	844,118	(115,731)
Gain on disposal of property, plant and equipment	(343)	-
Gain of unrealized intercompany profit	365,272	256,437
Gain of realized intercompany profit	(256,437)	(302,779)
Changes in operating assets and liabilities:		
Financial assets and liabilities at fair value through profit or loss, current	(89,513)	122,446
Accounts receivable	(161,245)	(38,000)
Other receivables	156,017	(247,591)
Inventories, net	241,017	(232,057)
Prepayments	24,035	4,635
Other current assets	352	10,688
Other non-current assets	(2,090)	801
Accounts payable	(1,018,920)	292,913
Other payables	41,598	83,433
Accrued expenses	(72,743)	39,469
Contract liabilities, current	(2,528)	680
Other current liabilities	(602)	(6,719)
Defined benefit obligation	252	217
Other non-current liabilities	(128)	(35)
Cash used in operations	(615,500)	(102,772)
Interest received	5,251	6,383
Interest paid	(64,334)	(48,059)
Income tax paid	(26,138)	(34,458)
Net cash used in operating activities	(700,721)	(178,906)

(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)

	Notes	For the Years Ended 31 December	
		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		397,652	(10,395)
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		424,312	(6,880)
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		\$195,936	\$74,693

(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.



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(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.

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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.

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Notes to Parent Company Only Financial Statements (Continued)

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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.

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

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

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Notes to Parent Company Only Financial Statements (Continued)

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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.

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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.

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Notes to Parent Company Only Financial Statements (Continued)  
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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.



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- 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.

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Notes to Parent Company Only Financial Statements (Continued)  
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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:

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Notes to Parent Company Only Financial Statements (Continued)

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- 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.

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

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- (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.

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(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.

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

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

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

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

- (a) Its share of the present value of the estimated future cash flows expected to be generated by the associate, including the cash flows from the operations of the associate and the proceeds on the ultimate disposal of the investment;  
or
- (b) The present value of the estimated future cash flows expected to arise from dividends to be received from the investment and from its ultimate disposal.

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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



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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.

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Notes to Parent Company Only Financial Statements (Continued)  
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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.

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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.

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Notes to Parent Company Only Financial Statements (Continued)

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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.

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Notes to Parent Company Only Financial Statements (Continued)  
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A summary of the policies applied to the Company's intangible assets is as follows:

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

(15) Impairment of non-financial assets

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

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

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

## GLOBE UNION INDUSTRIAL CORP.

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

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

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Notes to Parent Company Only Financial Statements (Continued)  
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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.



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### 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.

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Notes to Parent Company Only Financial Statements (Continued)

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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.

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Notes to Parent Company Only Financial Statements (Continued)

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(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.

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Notes to Parent Company Only Financial Statements (Continued)

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(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. 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.

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6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2022	2021
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

	As at 31 December	
	2022	2021
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

	As at 31 December	
	2022	2021
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>

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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

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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.



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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>

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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	<u>\$115,731</u>	<u>\$(226,352)</u>	<u>\$38,744</u>	<u>\$4,202</u>

(8) Property, plant and equipment

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

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
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	<u>\$132,965</u>	<u>\$14,461</u>	<u>\$-</u>	<u>\$49,997</u>	<u>\$34,734</u>	<u>\$232,157</u>

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	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.

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(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>

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Notes to Parent Company Only Financial Statements (Continued)  
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(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

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

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Notes to Parent Company Only Financial Statements (Continued)  
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(b) As at 31 Dec. 2021

Lenders			Type	As at 31 Dec. 2021	Maturity date and terms of repayment
China Bank	Trust Bank	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 Bank	Trust Bank	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 Bank	Eastern Bank	International Bank	Credit	100,000	2021/01-2023/01 Interest is paid monthly.
China Bank	Trust Bank	Commercial Bank	Credit	50,000	2021/12-2023/12 Interest is paid monthly.
Subtotal				\$2,220,000	
Less: current portion				(510,000)	
Total				\$1,710,000	
Interest rate				0.950%-1.797%	

Long-term loans were not pledged. Please refer to Note 9(3) for more details of syndicated bank loans.

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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.



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(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	<u>1,027</u>	<u>(1,582)</u>	<u>(555)</u>
Subtotal	<u>(2,626)</u>	<u>(1,582)</u>	<u>(4,208)</u>

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	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

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

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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	<u>\$887,844</u>	<u>\$877,995</u>

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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.

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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:

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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:

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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	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT\$)	Number	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

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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.



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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.

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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:

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	Stock appreciation right plan for employees
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

	For the years ended 31 December	
	2022	2021
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

	Vitreous china	Faucets and showerheads	Total
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

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

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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:

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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	<u>\$1,049,674</u>	<u>\$624,374</u>	<u>\$686</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,674,734</u>

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	<u>\$940,877</u>	<u>\$572,440</u>	<u>\$172</u>	<u>\$-</u>	<u>\$-</u>	<u>\$1,513,489</u>

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%.

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

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Notes to Parent Company Only Financial Statements (Continued)  
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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:

Function Nature	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

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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



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\$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	\$57,187	\$(10,643)
(Losses) gains on financial assets and liabilities at fair value through profit or loss	(79,097)	99,760
Gains on disposal of property, plant and equipment	343	-
Others	(1,997)	(2,319)
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>

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

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Notes to Parent Company Only Financial Statements (Continued)  
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For the year ended 31 December 2021:

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

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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>

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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)

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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.

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Notes to Parent Company Only Financial Statements (Continued)

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	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.

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Notes to Parent Company Only Financial Statements (Continued)

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**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

<u>Name of the related parties</u>	<u>Nature of relationship of the related parties</u>
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>



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Notes to Parent Company Only Financial Statements (Continued)

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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>

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Notes to Parent Company Only Financial Statements (Continued)

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(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>

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Notes to Parent Company Only Financial Statements (Continued)  
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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.

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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

	As at 31 December	
	2022	2021
<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.

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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.

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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.



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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

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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
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	<u>\$(774)</u>	<u>\$-</u>	<u>\$-</u>	<u>\$-</u>	<u>\$(774)</u>

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

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	<u>\$1,442,290</u>	<u>\$3,140,000</u>	<u>\$1,209</u>	<u>\$4,583,499</u>

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

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

As at 31 December 2022

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
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

	<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	\$-	\$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	exchange		Foreign	Foreign	
	currencies	rate	NTD	currencies	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 PLUMBING DE MEXICO S.A. DE C.V.	Other receivable	Yes	\$479,607 (USD 14,890,000)	\$420,590 (USD 13,700,000)	\$251,740 (USD 8,200,000)	3.75% ~5.70%	1	\$1,688,717	Business relationship	\$-	-	\$-	\$1,688,717 (Note 2)	\$1,869,522 (Note 1)

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)**  
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**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**

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

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

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**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)**  
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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	\$13,760



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, GeorgeTown, 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.