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GLOBE UNION
IDEAS IN MOTION
成霖企業股份有限公司
Globe Union Industrial Corp.

2023 Annual Report

Printed on April 1, 2024

1. Company Spokesperson and Deputy Spokesperson

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

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

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

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

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

4. CPA for most recent financial report

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

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

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

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Appendices

A. Letter to Shareholders

Dear Shareholders,

In 2023, the global political and economic situation remained turbulent, and the industry operating environment was undergoing adjustments. Fortunately, with the collective efforts of our colleagues and the support of our stakeholders, Globe Union Industrial Corp. demonstrated business resilience and successfully navigated through operational challenges. Simultaneously, we continuously enhanced our operational capabilities to strengthen long-term competitiveness.

As part of our ongoing plan to relocate our faucet hardware factory, we successfully closed the Shenzhen Fuyong facility in the third quarter of 2023; and seamlessly transitioned to our Dongguan Globe Union Ann-Bo manufacturing Co. Ltd. the operation and responsibility of supplying hardware products. During the relocation process, Globe Union not only ensured that its commitments to customers were met in terms of orders and delivery schedules, but also took the opportunity to optimize the company's resource allocation and achieve the business structure set by the strategy.

Meanwhile, through continuous improvement and collaborative efforts, the Mexican ceramic factory (GUMX) has significantly improved its yield. This has enabled the company to gradually reduce the length of its previous supply chain model and better adapt to future global supply chain trends with increased flexibility.

PJH, the UK subsidiary, has chosen a new warehouse facility in response to its industry-leading position in recent years. In 2023, they planned to expand their storage capacity to meet the growing business demand. This project will continue in 2024 and is expected to help PJH achieve a new operational milestone.

Amidst market adjustments, the group is progressing with the preliminary work for the planned expansion of Gerber's retail channel strategy in North America. Over the past three years, Gerber's operations have been proven to withstand the impact from external operational changes, such as inflation, which has highlighted the significance of brand value and its contribution to the Groups overall performance. This has further reinforced the need and justification for investing in enhancing Gerber's brand competitiveness.

In summary, based on the 2023 operational overview report, the company has undergone structural adjustments over the past year. As a result, in 2024, the company's main operations will be focused on Gerber and PJH, with contract manufacturing serving as a supporting structure. The operational plan will incorporate Globe Union's sustainable vision and regularly conduct target assessments to verify progress, showcasing the commitment to sustainability.

Looking ahead to 2024, Globe Union will conduct a thorough internal process review and lean integration to pave the way for the next phase of growth.

The Company’s 2023 operating performance, 2024 business plan, and future development strategy are as follows:

I. 2023 Operating Performance

(I) Consolidated Operating Results:

Results of business plan implementation:

Unit: Thousand NTD

Item \ Year	Financial information for the most recent year	
	2023	2022
Operating income	18,313,929	20,211,011
Operating margin	5,619,846	4,963,192
Operating profits	331,056	(696,879)
Non-operating income and expenses	480,894	(199,964)
Net profit before tax	811,950	(896,843)
Net profit of continuing operations for this period	605,101	(888,874)
Net income attributable to owners of the parent	605,101	(888,874)
Earnings per share (NTD) (after tax)	1.52	(2.48)

(II) Budget implementation in 2023: The Company did not publish 2023 financial forecasts.

(III) Financial structure and profitability analysis: Financial information of consolidated statements

Unit: Thousand NTD

Item		2023
Financial receipts and expenditures	Operating income	18,313,929
	Operating margin	5,619,846
	Net income attributable to owners of the parent	605,101
Profitability	Return on assets (%)	4.90%
	Return on equity (%)	11.45%
	Net profit margin (%)	3.3%
	Earnings per share (NTD)	1.52

Analysis of financial income and expenditures: Although operating income decreased compared to previous year,; operating margin increased by NT$656,654 thousands, operating expenses decreased by NT$371,281 thousands, and non-operating income and expenses increased by NT$680,858 thousands, income tax expense increased by NT$214,818 thousands, resulting in an increase of NT$1,493,975 thousands in Net Income Attributable to Parent compared to Year 2022.

Analysis of profitability: Profitability increased due to the improvement of the margin from the core business sectors; and the increase in non-operating income. Return on assets, return on equity, net profit margin, and earnings per share all increased compared to Year 2022.

(IV) Research and Development Status: Our direction in R&D is focused on four main areas: "Flow Technology," "Assured Quality," "Efficiency Optimization," and "Easy Installation."

Flow Technology: The primary objective of the Noise reduction for Ceramic product Project is to develop a low-noise toilet flow system and continuously optimize it. We already improved the water flow noise from the toilet bowl water outlet, and this year, we expect to further reduce the noise from the sewage pipe when flushing. The product is planned to be launched as early as 2025, and currently, there are only a few toilet products on the market that claim to be low noised. Our company's Rimless Toilet has a lower noise level compared to other competitors in the current market, giving us an advantage in ongoing development in this subject.

Quality Assurance: The shower bracket on the slide bar has been redesigned for convenience operation for users and also complied the American Disability Association (ADA) standard,. Furthermore, we have made continuous improvements to the functionality of our existing vertical bathtub faucets by incorporating a user-friendly multi angle shower holder. This enhanced design is scheduled to be released in 2025.

Efficiency Optimization: The new generation temperature-controlled bath faucet features a patented design that achieves a balance between cartridge size, water flow, and temperature control performance. Ongoing development is expected to launch in 2026.

Easy Installation: Our core project principle is to optimize toilet installation is to avoid the use of additional tools and simplify the installation process.

(1) Easy Installation of toilet seats : we have developed the ReadySet™ patent. This Easy installation system has ease up the installation process, which previously required two people to work together, to be completed by a single person.

(2) Simplified water tank installation, we have implemented a more efficient structure that has significantly reduced the time needed for tighten screws during installation. With our new design, the installation process now only takes one-third of the original time.

(3) Easy-to-install toilet seats: Our latest toilet seat product will allows consumers to install them without the need to squat down or deal with the limited space behind the toilet. Furthermore, this structure enables quick disassembly, providing convenience for cleaning purposes.

II. Business Plan for 2024: Future Company Development Strategies, Impact of External Competitive Environment, Regulatory Environment, and Overall Business Environment

(I) Business Direction

1. Continue to uphold our Company’s core value of “ Act with Integrity, , Dare to try , Keep Improving, work together,” ,we are dedicated to provide ease and peace of mind to our customers, by delivering comfortable, relaxing, and reliable bathroom products and services.
2. To comprehensively integrate the bathroom product business, we will implement a global strategy and focus on developing our own brands. This will help us achieve the vision "One family, One Vision." set by the founder, Mr. Scott Ouyang for sustainable development for Globe Union-

(II) Production and Marketing Strategies

1. Provide one-stop services to customers with the Group’s manufacturing capabilities for bathroom ceramics and faucet hardware products; also the compatibility for diverse business models and sales channels, thereby enhancing customer stickiness of the Group’s brand and products.
2. To strengthen brand power, establish brand recognition, accumulate brand equity, foster customer loyalty, and facilitate the long-term growth of the brand.
3. To optimize manufacturing, it is crucial to continuously enhance the production technology and management model of the Group's ceramic and faucet hardware. This will involve establishing a standardized production management system, which serves as a vital foundation for future capacity expansion and ensuring stable quality.

(III) Main Business Plan and Future Development Strategy

1. North American Market: Building Brand Power and Expanding to Multiple Channels

   Globe Union Industrial Corp. is dedicated to enhancing brand value. By utilizing Globe Union's manufacturing expertise in sanitary ceramics and faucet hardware, combined with Gerber's 90 years of brand experience in the North American market and the sales strategy of "Lead with VC; Differentiate with Faucet," our company strives to deliver high quality, cost-effective products, easy installation, and a streamlined ordering process. This will empower customers to engage with Gerber interactively while maintaining a competitive advantage and strong market position.

Gerber has maintained a steady market share in the wholesale channel. Since 2023, Gerber has been evaluating the distribution network and product portfolio in each region in US. The company plans to increase sales outlets in 2024 and target a larger number of national wholesale customers. We are also planning to introduce a B2B ordering platform to enhance our customer service by providing real-time and convenient service.

In addition to maintaining its current market shares in wholesale channels, Gerber will actively pursue a strategy to expand to increase in retail channels. This approach will not only boost the company's revenue and optimize production capacity but also strengthen Gerber's relationship with consumers by raising brand awareness, ultimately increasing brand value and influence.

Globe Union will continue to provide a comprehensive shopping experience for customers in North America. We aim to create greater value by leveraging our brand power, offering OEM/ODM services, implementing diverse distribution models, and integrating our product lines. In addition, consumer behavior has changed in the post-pandemic era, with the widespread adoption of online shopping. As a result, our focus this year will be on expanding the presence of our products on major e-commerce platforms and implementing effective marketing strategies. Furthermore, we will enhance logistics support to ensure efficient supply chain management.

2. Europe and Other Markets: We aim to expand our product portfolio, cultivate our existing customer base, and penetrate new markets.

   The inflation resulting from the Russo-Ukrainian War has kept the overall market demand below pre-war levels. In addition to consistently and flexibly utilizing the Lenz brand and OEM product lines, we are also expanding our presence in offline and e-commerce channels. We plan to incorporate ceramic products into the Lenz product line to offer customers more options and expand our business.

3. PJH: Steady Business Growth

   PJH's logistics business of kitchen and bath product in the UK is experiencing a consistent growth. It is anticipated to move to a new 200K square foot logistics center in the Wolverhampton area in the fourth quarter of 2024. The new warehouse will adhere to the 'BREEAM excellent' sustainability standard and certification, which is a green building standard. Upon completion of this phase of warehouse expansion, PJH's overall operational efficiency will be enhanced, aligning with the group's dedication to sustainable development and fostering potential business growth.

4. Lean Manufacturing: Enhancing Supply Chain Resilience and Globalize supply chain management

   Dongguan Anbo (Faucet Hardware) Factory: The operational strategy is focus on core process production and integrated supply chain assembly, with the goal of improving production efficiency and quality. Additionally, the group has begun implementing the China+1 production layout to enhance market competitiveness ,the flexibility in production and sales allocation, thereby mitigating the impact of geopolitical factors and China-US trade.

   Shandong Milim (Ceramic) Facility: Ensuring Stable Manufacturing to Support Gerber Brand Development. In addition to improving overall Milim’s operating performance, we are also implementing plans to reduce carbon emissions and upgrade our manufacturing processes in line with China's carbon reduction goals. Our aim is to become a leading enterprise in this regard.

   Mexico (Ceramics) Facility: By implementing an efficient production management, enhancing operators’ production skills, improving supply chain management, and implementing effective raw material process control, the factory has achieved stable production yield and output rate. In 2024, our main focus will be on continuously optimizing production and cost management to enhance the overall market competitiveness of the Mexico facility.

   The group will continue to expand its global production and supply chain, actively integrating global operations and quality systems, strengthening manufacturing capabilities, and improving operational management.

5. Talent Deployment: Developing a Strategy for Cultivating Talent and Enhancing Research and Development Capacity

   Employees are the most valuable assets of the company. Since 2023, the company has undergone numerous organizational adjustments and integrations. In addition to bringing in external professional managers to assist with organizational processes and operational optimization, we are also enhancing leadership team development programs and implementing a talent identification and development system for high-potential and key positions within the Group. In addition, we will put focus in Taiwan R&D team as the central hub for technology development within the group. Our primary goal will be on strengthening product design and research and development innovation, with an emphasis on security and freedom. Furthermore, we will actively establish a patent portfolio to enhance our market competitiveness.

(IV) Expected sales quantity and its basis:

The projected sales volume of our company is determined by considering the industry environment, market supply and demand, as well as our own production capacity and business development. Due to the wide range of products in our company, each product has a different unit of measurement. Therefore, the expected sales volume is not specified. The anticipated sales distribution among different business entities is as follows: Brand - 40%, OEM products - 20%, PJH - 40%.

(V) Impacted by external environment, regulatory environment and general business environment

The company closely monitors various market regulations and environmental requirements and has established a vision for sustainable development: to become a trusted partner, a source of pride, and a sustainable business. The key focus will be on:

1. Implement environmental protection measures, such as monitoring energy usage, replacing high-energy-consuming equipment, utilizing solar power, managing waste, and recycling water resources.
2. We strive to deliver reliable and comfortable products and services, improve customer experience, and innovation for value-added products and services.
3. When it comes to talent sustainability, we prioritize talent development, foster innovation, advocate for shared prosperity, and strive to create a diverse and inclusive work environment.
4. In order to enhance our operational capabilities, whether it be through business expansion or improving operational efficiency and cost optimization, we will implement a more systematic and institutionalized approach to control. We are committed to acting with integrity and honesty towards our shareholders, customers, and employees, and aim to become a true driving force for positive progress.

We will evolve with a positive attitude toward our established long-term strategic goals and create new opportunities. We appreciate the continued support and guidance of 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 Incorporation: 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 Bronce, 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
- First place, 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
- Qingdao Lin Hon Precision Industrial Corp. was sold.
- The brand Gobo used in China was transfered.

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

2019
- Shane Ouyang took the post of Chairman of the Group.
- Signed a contract to sell the equity of HBI Co., Ltd.
- Investment and establishment of Globe Union Germany GmbH & Co. KG

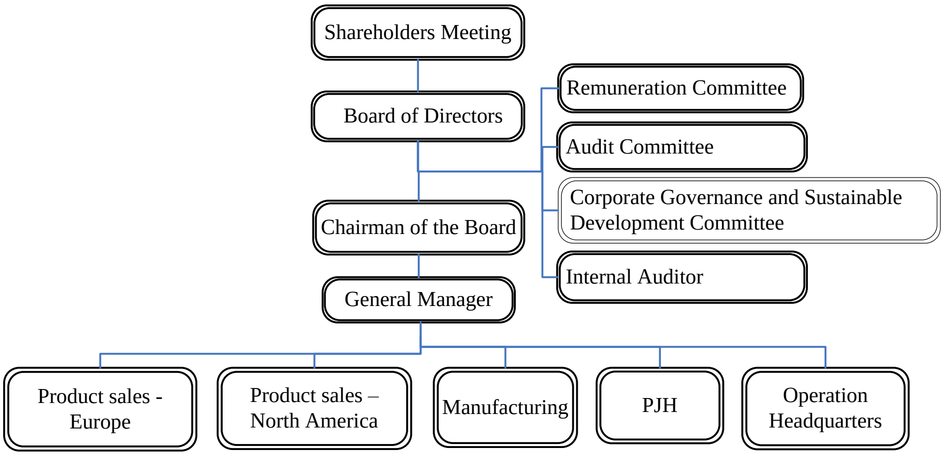
2022
- Investment and establishment of Globe Union Ann Bo Manufacturing Co., Ltd.

2024
- Shane Ouyang chairman of the group, also serves as general manager of the group.

C. Corporate Governance Report

I. Organization chart:

(I) Organizational 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; global procurement; manages finances and intellectual property; develops core technologies; and handles product design, human resources, and information technologies.

II. Directors, Supervisors and Management Team:

(I) Directors and Supervisors:

Profile of directors and supervisors (I)

April 1, 2024 (as of the date of suspension of transfer registration) Unit: Shares
Number of common outstanding shares: 409,463,962 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	ROC	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	37,974,032	9.27%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
	ROC	Representative: Shane Ouyang	Male 41~50	2021.8.2	2021.8.2 ~ 2024.8.1	2019.2.20	0	0%	30,393,496	7.42%	0	0%	0	0%	M.S. in Marketing, Northwestern University, USA Founder and CEO of Venture-G Inc. Director of Global Union Industrial Corp.	Note 1	N/A	N/A	N/A	N/A

Title	Nationality or place of registration	Name	Gender Age	Date elected/ appointed	Term (Year)	Date of first election	Shares held when elected		Shares currently held		Current shares held by spouse and underage children		Shares held in the name of others		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	
Director	ROC	Ming-Ling Co., Ltd.	-	2021.8.2	3 years	2006.6.15	23,366,692	6.52%	37,974,032	9.27%	0	0%	0	0%	N/A	N/A	N/A	N/A	N/A	N/A
	ROC	Representative: Hung-Kang Lin	Male 61~70	2022.1.7	2022.1.7 ~ 2024.8.1	2022.1.7	0	0%	0	0%	0	0%	0	0%	M.S. in Business Management, Brooklyn College, CUNY 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

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	
	ROC	Representative: Wen-Hsin Chen	Female 51~60	2021.8.2	2021.8.2 ~ 2024.8.1	2021.2.3	0	0%	0	0%	0	0%	0	0%	Master Degree in Business Administration and Public Relations, Boston University Note 3	N/A	N/A	N/A	N/A	N/A
	United Kingdom	Representative: Andrew Yates	Male 61~70	2021.8.2	2021.8.2 ~ 2024.8.1	2019.10.21	0	0%	450,000	0.11%	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	ROC	Chin-Shan Huang	Male 61~70	2021.8.2	2021.8.2 ~ 2024.8.1	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	ROC	Young-Sheng Hsu	Male 51~60	2021.8.2	2021.8.2 ~ 2024.8.1	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	ROC	Wen-Yi Fan	Male 51~60	2021.8.2	2021.8.2 ~ 2024.8.1	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

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	ROC	Ta-Chin Hsu	Male 71~80	2023.5.26	2023.5.26 ~ 2024.8.1	2023.5.26	0	0%	0	0%	0	0%	0	0%	Bachelor of Business Administration, Fu Jen Catholic University Director of Thai Kin Co., Ltd. and Chairman of Royal Finishing Co., Ltd.	Member of the Company's Audit Committee and Corporate Governance and Sustainable Development Committee	N/A	N/A	N/A	N/A

Note 1: Director at Globe Union Industrial (BVI) Corp., ShenZhen Globe Union Enterprise Co., Ltd., Globe Union Cayman Corp., Globe Union Germany GmbH & Co.KG, Globe Union Verwaltungs GmbH, Milim G&G Ceramics Co., Ltd., Globe Union (Bermuda) Ltd., Globe Union Group, Inc., Globe Union (Canada) Inc., Danze, Inc., Gerber Plumbing Fixtures LLC, GU Plumbing de Mexico, S.A. de C.V., Globe Union Ann Bo

Manufacturing Co., Ltd., He Shun Investment Co., Ltd., and CEO of Globe Union Industrial Corp.

Note 2: Independent director, convener of the Audit Committee, and Remuneration Committee member of O-Bank Co., Ltd., Member of the Corporate Governance and Nomination Committee, Member of the Sustainable Development Committee. Independent director, convener of the Audit Committee, and Remuneration Committee member of Johnson Health Tech. Co., Ltd. Supervisor of the Union Mechatronic Inc. Representative of Institutional Director of Panjit International Inc. Independent Director of Samson Holding Ltd.(0531.HK)

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, Corporate Governance and Sustainable Development Committee Independent Director, Audit Committee member, Remuneration Committee and Risk Management Committee member of Adimmune Corporation (ADIM). Institutional Director Representative of Ideal Bike Corporation.

Major shareholders of institutional shareholders:

April 1, 2024

Name of institutional shareholder	Major shareholders of institutional shareholders
Ming-Ling Co., Ltd.	Shane Ouyang, holding 77.02% of shares. Lei Ouyang, holding 22.91% 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	Mr. Shane Ouyang holds a master's degree in marketing at Northwestern University in USA. and is the founder and CEO of Venture- G Inc. Mr. Ouyang 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 ; operations of the Group and brandings strategy. The role of the Chairman of the Board of Directors is to create two-way communications with both the management team and managers, lead and make decisions. He also has leadership skills and the ability to manage all aspects of a business. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. The top ten shareholders of the Company, holding 30,393,496 shares, with a shareholding ratio of 7.42%. 2. An institutional shareholder (Chairman of Ming-Ling Co., Ltd.) who holds directly 5% or more of the Company's shares. 3. Concurrently a director or institutional director representative of the Company's affiliates (holding 100% shares) 4. The rest have been verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Hung-Kang Lin	Mr. Hung-Kang Lin is a Certified Public Accountant, and holds a Master's degree in business management at Brooklyn College. Mr. Lin served as head of Ernst & 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. Currently, Mr. Lin is the Chairman of Ernst & Young Cultural and Educational Foundation; independent director, convener of the Audit Committee, Remuneration Committee member, Corporate Governance and Nomination Committee, Sustainable Development Committee of O-Bank Co., Ltd. ; independent director, convener of the Audit Committee, and Remuneration Committee member of Johnson Health Tech. Co., Ltd.; supervisor of the Union Mechatronic Inc.; institutional director of Panjit International Inc and independent director of Samson Holding Ltd.(0531.HK) Mr. Hung-Kang Lin specializes in finance, accounting, law, operational management, and corporate governance and has extensive experience. He can propose relevant operational management and financial operation directions to the Company's board of directors and strengthen the supervision of the implementation of corporate governance regulations. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. Representative of institutional director assigned by Ming- Ling Co., Ltd. 2. Serve as the Member of the Corporate Governance and Sustainable Development Committee at Globe Union Industrial Corp. 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.	2

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Andrew Yates	Mr. Andrew Yates graduated from Tameside College in Manchester, UK. 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 responsible for the Group's global operations. Mr. Andrew Yates has more than 30 years of experience in operation and management and served in Globe Union for more than 10 years. He has management practice experiences and international perspectives and assists the Board of Directors in judging the decisions made and supervising the implementation of practical directions. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. Holds 450 thousands shares of Globe Union Industrial Corp., with a shareholding ratio of 0.11%. 2. The representative designated by Ming- Ling Co., Ltd. was elected as a director. 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.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Wen-Hsin Chen	Ms. Wen-Hsin Chen holds 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 Board relies on her experiences and visions in different industries to provide diversified business strategy suggestions to improve the operating performance. Does not meet any of the conditions stated in Article 30 of the Company Act.	1. The representative designated by Ming- Ling Co., Ltd. was elected as a director. 2. The rest are verified in accordance with the independence requirements set out in the "Regulations Governing Appointment of Independent Directors and Compliance Matters for Public Companies" promulgated by the Financial Supervisory Commission. It still meets the relevant independence requirements.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Chin-Shan Huang	Mr. Chin-Shan Huang holds a master's degree in management at Cambridge College Boston. He is currently the chairman and chief consultant of Three Win Management Consulting Corp. and served as the president at Thunder Tiger Co., Ltd.; consultant at Tai Cheng Consulting Co., Ltd; and vice president at Fu Ying Metal Co., Ltd. Mr. Chin-Shan Huang is experienced in 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.	1. Serve as the Globe Union Industrial Corp.'s independent director, convener of the Remuneration Committee, and member of the Audit Committee. 2. Holds 541 shares of Globe Union Industrial Corp., with a shareholding ratio of 0%. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	0

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Young-Sheng Hsu	Mr. Young-Sheng Hsu holds 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, member of the Remuneration Committee, and member of the Risk Management Committee of Adimmune Corporation; Institutional Director Representative of Ideal Bike Corporation. Mr. Young-Sheng Hsu specializes in corporate finance, accounting, and analysis, and has management expertise in corporate governance and law. With his expertise, he assists 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.	1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Remuneration Committee, convener of the Audit Committee, and member of the Corporate Governance and Sustainable Development Committee. 2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	1

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

Qualifications / Name	Professional Qualifications and Experiences	Independence	Number of other Taiwanese public companies concurrently served as an independent director
Ta-Chin Hsu	Mr. Ta-Chin Hsu holds a Bachelor of Business Administration, Fu Jen Catholic University, and is Director of Thai Kin Co., Ltd. and Chairman of Royal Finishing Co., Ltd. Mr. Ta-Chin Hsu possesses over 40 years of management experience, is proficient in the American and European sanitary ware industry, and has unique insights and strategies in international business and diversified business development. The Company will leverage Mr. Hsu's practical experience in industry, international markets, and corporate operational leadership decision-making to strengthen the Company's resilience and core competitiveness, thereby effectively enhancing our operational efficiency. Currently serving his first term as an independent director of the Company and does not violate any of the conditions stated in Article 30 of the Company Act.	1. Serve as the Globe Union Industrial Corp.'s independent director, member of the Audit Committee, and member of the Corporate Governance and Sustainable Development Committee. 2. A natural-person shareholder and shareholder's spouse do not hold any shares of the Globe Union Industrial Corp. 3. A natural-person shareholder, shareholder's spouse, or kinship within the second degree does not serve as directors, supervisors, or employees of Globe Union Industrial Corp., its affiliates, or companies that have a specific relationship with Globe Union Industrial Corp. 4. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	0

II. Board Diversity and Independence:

(I) Board Diversity:

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

In accordance with Chapter 3" Functions of the Board of Directors", and Article 20 of Section 1, "Expected Capabilities of the Board of Directors" of the Company's ""Corporate Governance Best Practice Principle" stipulates:

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, company structure, 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 8 directors (including 4 independent directors, accounted for 50%). 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. Currently, among the members of the Board of Directors: 1. Independent directors account for 50% of the seats, and none have served more than three terms; 2. To enhance operational efficiency, as of January 1, 2024, Mr. Shane Ouyang, the Chairman, also serves as the CEO. The number of directors concurrently holding management positions is 1 director, representing 12.5% of the total director seats, which does not exceed one-third of the director seats; 3. For information on the nationality and age of each director, please refer to the table below for the relevant implementation; 4. There is one female director, representing 12.5% of the board; in the future, we are targeted to have two seats of female directors.

Succession Planning for the Board of Directors:

The current members of the Board of Directors possess capabilities in operation, management, industry knowledge, leadership decision-making, crisis management, international market insight, finance, accounting, and legal expertise.

The nomination and selection of Board members follow a candidate nomination system, assessing each member's educational and professional background in compliance with the Company's " Director Election Rules " and the "Corporate Governance Best Practice Principles." This ensures diversity and incorporates independence as part of the overall consideration. The succession planning for the directors focuses on professional and multifaceted capabilities. It adheres to a policy of diversity in talent and plans related training courses for directors to respond to continuously updated regulations (such as corporate governance) and the rapidly changing competitive environment of international market management, ensuring that they possess contemporary management skills. Through operational reports conducted by the Company's management team, directors can not only continuously enhance their functional capabilities but also deepen their understanding of the Company’s operations; this helps maintain their core values, professional strengths and capabilities.

The progress is detailed in the table below: ✓denotes ability. ○ denotes some ability.

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	Male 41~50	Yes			✓	✓	✓	✓	○	○	✓
Hung-Kang Lin	Republic of China	Male 61~70	No			✓	✓	○	✓	✓	✓	✓
Andrew Yates	United Kingdom	Male 61~70	No			✓	✓	✓	✓	○	○	✓
Wen-Hsin Chen	Republic of China	Female 51~60	No			✓	✓	○	✓	○	○	✓
Chin-Shan Huang	Republic of China	Male 61~70	No		✓	✓	✓	✓	✓	○	○	✓
Young-Sheng Hsu	Republic of China	Male 51~60	No		✓	○	○	○	○	✓	✓	✓
Wen-Yi Fan	Republic of China	Male 51~60	No	✓		✓	✓	○	✓	○	○	✓
Ta-Chin Hsu	Republic of China	Male 71~80	No	✓		✓	✓	○	✓	○	○	✓

(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", "Director Election Rules", "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 4 independent directors (50%) and 4 non-independent directors (50%). There is one of the directors is employee/managerial personnel but 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 independence of Board of the Director.

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 Company's board shall emphasize on its independent operation and information transparency. Directors and independent directors are independent individuals and exercise their powers independently. The four independent directors also abide by the relevant laws and regulations, incorporated with the powers of the audit committee, in reviewing the management of the Company's existing or potential risks, supervise the effective implementation of the Company's internal control, the selection (dismissal) of CPAs and their independence, and the fair preparation of financial statements. In addition, the independent directors shall follow the Company's " Director Election Rules", regulating the cumulative voting system and candidate nomination system for the selection of directors and independent directors, and encourage shareholders 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 on the Board and Board members every year; the content of the performance self-assessment 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 shall be reported to the Board. The 2023 self- evaluation result on the Board, and individual Board members was reported to the Board for future improvement on March 11, 2024. After the relevant evaluation results are reported to the Board, the summary will be disclosed in the Company's annual report and the official website.

In addition, in order to have general public fully understand the operation of the board, below relevant information is 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:

April 1, 2024 (as of the date of suspension of transfer registration) Unit: Shares

Number of common outstanding shares: 409,463,962 shares.

Title	Nationality	Name	Gender	Date elected/ appointed	Shareholding: No. of shares	Shareholding: Shareholding ratio	Shares held by spouse and underage children: No. of shares	Shares held by spouse and underage children: Shareholding ratio	Shares held in the name of others: No. of shares	Shares held in the name of others: Shareholding ratio	Major education/work experience	Concurrent job position in other companies	Manager who is a spouse or a relative within second degree: Title	Manager who is a spouse or a relative within second degree: Name	Manager who is a spouse or a relative within second degree: Relationship	Notes
President	Republic of China	Shane Ouyang	Male	2024.01.01	30,393,496	7.42%	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	Note 1
Vice President	Republic of China	Chin-Nan Hung	Male	2023.06.01	0	0%	0	0%	0	0%	EMBA of National Taiwan University; Department of Chemical Engineering at National Tsing Hua University Danisco Nutrition & Biosciences Taiwan Limited - Nutrition and Biotechnology Division / Director of Global Operations and Supply Chain DuPont Taiwan - Nutrition and Biotechnology Division / Director of Global Operations and Supply Chain	N/A	N/A	N/A	N/A	N/A
Vice President	Republic of China	Tsung-Min Chen	Male	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 2	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	
Vice President	Republic of China	Lei-Hui Lee	Female	2020.8.6	69,000	0.02%	0	0%	0	0%	Master of International Business, University of Strathclyde Department of International Trade, Feng Chia University	Director of subsidiaries Globe Union (UK) Limited and Globe Union Business Consultancy (Shanghai) Company Limited.	N/A	N/A	N/A	N/A
Vice President	Republic of China	Zhen-Hui Jin	Male	2022.1.27	117,000	0.03%	4,718	0%	0	0%	Mining and Metallurgical Engineering Department of Provincial Taipei Institute of Technology 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	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	Ta-Ying Chang	Male	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. R&D manager of Globe Union Industrial Corp.	Director of Subsidiary, Globe Union Ann Bo Manufacturing Co., Ltd.	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Jun-Hong Li	Male	2019.10.25	55,000	0.01%	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

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	
Assistant Vice President	Republic of China	Ming-Feng Zhang	Male	2022.1.27	12,000	0%	4,141	0%	0	0%	Clerk at E. SUN Commercial Bank Auditor at Deloitte & Touche B.A. in Accounting, Tunghai University	N/A	N/A	N/A	N/A	N/A
Assistant Vice President	Republic of China	Jia-Yi Lin	Female	2023.07.01	0	0%	0	0%	0	0%	The Company's Assistant Vice President of Global Marketing Services, Manager of the Business Manager's Office, and Executive Secretary / International Trade Specialist. Monash University/ Department of International Trade	N/A	N/A	N/A	N/A	N/A

Note 1: Director at Globe Union Industrial (BVI) Corp., ShenZhen Globe Union Enterprise Co., Ltd., Globe Union Cayman Corp., Globe Union Germany GmbH & Co.KG, Globe Union Verwaltungs GmbH, Milim G&G Ceramics Co., Ltd., Globe Union (Bermuda) Ltd., Globe Union Group, Inc., Globe Union (Canada) Inc., Danze, Inc., Gerber Plumbing Fixtures LLC, GU Plumbing de Mexico, S.A. de C.V., Globe Union Ann Bo Manufacturing Co., Ltd., He Shun Investment Co., Ltd.

Reason, Rationality, and Necessity for the Chairman and CEO Being the Same Person: The Board of Directors has assessed the Company's business development and the specific characteristics of the industry, determining that it is reasonable and necessary for the Chairman to also serve as the CEO; Corporate Governance Measures in Response: More than half of the directors do not hold concurrent positions as employees or managers.

Note 2: Director of subsidiaries including 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; Supervisor of subsidiaries including ShenZhen Globe Union Enterprise Co., Ltd., Milim G&G Ceramics Co., Ltd, Globe Union Ann Bo Manufacturing Co., Ltd, He Shun Investment Co., Ltd

III. Remunerations of Director and Management Team:

(1) Remuneration for directors (including independent directors) December 31, 2023 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.:										
Director	Shane Ouyang	3,500	3,500	0	0	954	954	240	360	4,694 0.78%	4,814 0.80%
Director	Hung-Kang Lin	500	500	0	0	477	477	240	240	1,217 0.20%	1,217 0.20%
Director	Andrew Yates	500	500	0	0	477	477	150	150	1,127 0.19%	1,127 0.19%
Director	Wen-Hsin Chen	500	500	0	0	477	477	240	240	1,217 0.20%	1,217 0.20%
Independent Director	Chin-Shan Huang	800	800	0	0	477	477	210	210	1,487 0.25%	1,487 0.25%
Independent Director	Young-Sheng Hsu	800	800	0	0	477	477	270	270	1,547 0.26%	1,547 0.26%
Independent Director	Wen-Yi Fan	800	800	0	0	477	477	270	270	1,547 0.26%	1,547 0.26%
Independent Director	Ta-Chin Hsu	379	379	0	0	279	279	120	120	778 0.13%	778 0.13%

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 Amount	Shares Amount	Cash Amount	Shares Amount			
Director	Representative of Ming-Ling Co., Ltd.:											
	Shane Ouyang	0	0	0	0	0	0	0	0	4,694 0.78%	4,814 0.80%	0
	Hung-Kang Lin	0	0	0	0	0	0	0	0	1,217 0.20%	1,217 0.20%	0
	Andrew Yates	0	0	0	0	0	0	0	0	1,127 0.19%	1,127 0.19%	0
	Wen-Hsin Chen	0	0	0	0	0	0	0	0	1,217 0.20%	1,217 0.20%	0
Independent Director	Chin-Shan Huang	0	0	0	0	0	0	0	0	1,487 0.25%	1,487 0.25%	0
	Young-Sheng Hsu	0	0	0	0	0	0	0	0	1,547 0.26%	1,547 0.26%	0
	Wen-Yi Fan	0	0	0	0	0	0	0	0	1,547 0.26%	1,547 0.26%	0
	Ta-Chin Hsu	0	0	0	0	0	0	0	0	778 0.13%	778 0.13%	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 2024/3/11.

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 (Number of resolutions) approved by the Board of Directors on March 11, 2024. The Company has no director who is concurrently an employee in 2023.

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, 2023 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	Cash Amount	Shares Amount	Cash Amount	Shares Amount	The Company	All companies in the financial report	
President	Todd Alex Talbot	32,757	32,967	387	387	14,449	14,449	2,874	-	2,874	-	50,467 8.34%	50,677 8.37%	0
Vice President	Tsung-Min Chen													
Vice President	Chin-Nan Hung													
Vice President	Lei-Hui Lee													
Vice President	Zhen-Hui Jin													

Note: Refers to proposed distribution of employees' remuneration (proposed figure) approved by the Board of Directors on March 11, 2024. Todd Alex Talbot's term expired effective January 1, 2024. Chin-Nan Hung was newly appointed on June 1, 2023. Net profit after tax refers to the net profit after tax from the most recent standalone financial report.

Remuneration scale to the Company's President and Vice President

Remuneration scale to each of the Company's President and Vice President	Name of President and Vice President	
	The Company	Consolidated Statement of All Companies E
NT$1,000,000 (inclusive) to NT$2,000,000 (exclusive)	—	—
NT$2,000,000 (inclusive) to NT$3,500,000 (exclusive)	—	—
NT$3,500,000 (inclusive) to NT$5,000,000 (exclusive)	Chin-Nan Hung, Zhen-Hui Jin	Chin-Nan Hung, Zhen-Hui Jin
NT$5,000,000 (inclusive) to NT$10,000,000 (exclusive)	Tsung- Min Chen, Lei- Hui Lee	Tsung- Min Chen, Lei- Hui Lee

Remuneration scale to each of the Company's President and Vice President	Name of President and Vice President	
	The Company	Consolidated Statement of All Companies E
NT$10,000,000 (inclusive) to NT$15,000,000 (exclusive)	—	—
NT$15,000,000 (inclusive) to NT$30,000,000 (exclusive)	Todd Alex Talbot	Todd Alex Talbot
NT$30,000,000 (inclusive) to NT$50,000,000 (exclusive)	—	—
Total	5	5

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

Unit: Thousand NTD

Standalone	2023			2022		
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	13,614	605,101	2.25	9,290	(888,874)	(1.05%)
President and Vice Presidents	50,467		8.34	38,856		(4.37%)

Consolidated financial statements	2023			2022		
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	13,734	605,101	2.27	9,410	(888,874)	(1.06%)
President and Vice Presidents	50,677		8.37	39,042		(4.39%)

In 2023, director remuneration increased compared to 2022 due to the issuance of director remuneration based on the Company profitability in 2023. The remuneration for the President and Vice President also rose from 2022, primarily due to the hiring of a new Vice President in 2023, an increase in the overall annual performance bonuses compared to 2022, as there is no distribution of employee remuneration in 2022.

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 (salary) of directors: According to Article 23 of the Company's Articles of Association, directors can receive -35- 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 a 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%. According to Article 3 of the Regulations of Director Remuneration Payment stipulates that 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.Core value, 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 amounts for employee remuneration and director remuneration for 2023 were reviewed and approved by the Remuneration Committee on March 11, 2024, and were subsequently submitted to and approved by the Board of Directors.

●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 2023 internal self-evaluation of the board of directors, individual directors, and each

individual functional committee have all been exceeding expectations.

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. In consideration of 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, the comittees review the remuneration policy and consider the progress of achieving individual performance goals and their contribution to the company, to give reasonable remuneration.
   (b). When reviewing the relevant remuneration payment standards in the remuneration policy, the Company mainly considers its overall operating performance and 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, the industry standard in remuneration for reference to retain outstanding people with management talents. Managers' performance goals are measured by achievement in the targeted financial performance, and how well the risks is managed in his/her powers and responsibilities. The performance of each important decision is reflected in the Company's profitability, and the results of the actual performance evaluation are to be assessed according to the relevant remuneration policies. The Company also issues employee stock options to the executives at the management level of Parent and subsidiary Companies. The actual benefits of remuneration are related to the future stock price. These executives will share the overall future operational risks with the Company and actively create overall profits.

Manager's name and distribution of employee bonuses

December 31, 2023 Unit: Thousand NTD

	Title	Name	Shares Amount	Cash value (Note 2)	Total	Percentage of total bonuses to net profit after tax (%)
Managers	President	Todd Alex Talbot	0	3,958	3,958	0.65
	Vice President	Tsung-Min Chen				
	Vice President	Chin-Nan Hung				
	Vice President	Lei-Hui Lee				
	Vice President	Zhen-Hui Jin				
	Assistant Vice President	Ta-Ying Chang				
	Assistant Vice President	Jun-Hong Li				
	Assistant Vice President	Ming-Feng Zhang				
	Assistant Vice President	Jia-Yi Lin				
	Head of Accounting	Ying-Fan Chen				

Note 1: Board of Directors approved resolution to distribute employees' total remuneration on March 11, 2024.

Note 2: 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.

Note 3: Net profit after tax refers to the net profit after tax from the most recent standalone financial report.

Note 4: 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 2023) during 2023 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.)	10	0	100	
Director	Andrew Yates (Representative, Ming-Ling Co., Ltd.)	7	3	70	
Director	Wen-Hsin Chen (Representative, Ming-Ling Co., Ltd.)	10	0	100	
Independent Director	Chin-Shan Huang	8	2	80	
Independent Director	Young-Sheng Hsu	10	0	100	
Independent Director	Wen-Yi Fan	9	1	90	
Independent Director	Ta-Chin Hsu	6	0	100	Appointed on May 26, 2023, the required number of attendances is 6 times.

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 133 to 138).

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: Please refer to page 139.

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 effectiveness of Board.
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 election 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 corporate governance, 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	2023/1/1 ～12/31	Performance evaluation of the Board of Directors, individual board members, and functional committees	Self-evaluation of the board	• Level of participation in the Company's operations • Improvement of the quality of the Board of Directors' decision making • Board composition and structure • Election and continuing education of the directors

Evaluation cycle	Evaluation period	Evaluation scope	Evaluation method	Evaluation content
				• Internal control
			Self-evaluation of the board members	• Familiarity with the goals and missions of the Company • Understanding of director's responsibilities • Level of participation in the Company's operations • Internal relationship management and communication • Professionalism and continuing education of the directors • Internal control
			Self-evaluation of Functional Committee Members (Remuneration Committee, Audit Committee, Corporate Governance and Sustainable Development Committee)	• Level of participation in the Company's operations • Understanding of the roles and responsibilities of the functional committee • Improvement of the quality of the functional committee decisions • Composition of the functional committee and the selection of its members • Internal control

Self-evaluation options:

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

2023 Self-evaluation results

Performance evaluation of the Board	(Self) performance evaluation of member of board	Performance evaluation of Functional Committee
The average score for each aspect is between 4.50 and 4.67	The average score for each aspect is between 4.67 and 5	Remuneration Committee The average score for each aspect is between 4.65 and 4.96 Audit Committee The average score for each aspect is between 4.79 and 5 Corporate Governance and Sustainable Development Committee The average score for each aspect is between 4.75 and 5

Please refer to the Company's website https://tw.globeunion.com/investors/corporate-governance/ under "Board and Functional Committee 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 2023 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 2023. The attendance of the independent directors is as follows:

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate (%) (B/A)	Notes
Independent Director	Young-Sheng Hsu	10	0	100	Convener
Independent Director	Chin-Shan Huang	8	2	80	
Independent Director	Wen-Yi Fan	9	1	90	
Independent Director	Ta-Chin Hsu	6	0	100	Appointed on May 26, 2023, the required number of attendances is 6 times.

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: Please refer to page 139.

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 Internal Audit 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 12th meeting 2023.1.18	18th-term 13th meeting 2023.1.18	1. 2023 Employee Stock Options at Cash Capital Increase Policy. 2. 2023 Employee Stock Options at Cash Capital Increase subscription list. 3. The Company is engaged in derivative transaction for forward foreign exchange.	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	1. Approval of Business Report and Financial Statements of the Company for Year 2022. 2. To approve the result of Y2022 self-evaluation of internal control. 3. To ensure the independency of the auditor, and to comply the Audit Accountant rotation requirement, propose to change the auditors. 4. Conversion of common stock from Employee stock option plan. 5. Sale of Company's intangible assets. 6. The Company is engaged in derivative transaction for forward foreign exchange. 7. To propose the application of credit line with the Bank.	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 14th meeting 2023.4.13	18th-term 15th meeting 2023.4.13	1. Adoption of the Proposal for Y2022 Deficit Compensation. 2. Propose to form " Pre-Approval for CPA to provide non-auditing service policy". 3. To propose the application of credit line with the Bank.	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
2nd-term 15th meeting 2023.5.5	18th-term 16th meeting 2023.5.5	1. Consolidated Financial Statements of the Company for Q1 2023. 2. Issuance of Year 2023 Employee stock option plan. 3. Extension for Inter-company Loan to Subsidiary. 4. To propose the application of credit line with the Bank.	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 16th meeting 2023.5.26	18th-term 17th meeting 2023.5.26	1. The Company proposes to extend guarantee for Subsidiary. 2. To propose the application of credit line with the Bank.	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 17th meeting 2023.8.7	18th-term 18th meeting 2023.8.7	1. Consolidated Financial Statements of the Company for Q2 2023. 2. Year 2023 Evaluation on the independence and suitability of external audit Accountant. 3. Subsidiary Shenzhen Globe Union Enterprise Co., propose to dispose Dormitory Land Usage Right. 4. Propose the employee lists of whom will be granted of "The Employee Stock Option Plan 2023". 5. The Company proposes to extend guarantee for Subsidiary.	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 18th meeting 2023.11.6	18th-term 19th meeting 2023.11.6	1. Consolidated Financial Statements of the Company for Q3 2023. 2. The Company proposes to extend guarantee for Subsidiary. 3. The appointment of the new Internal audit manager. 4. To propose the application of credit line with the Bank.	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 19th meeting	18th-term 20th meeting	1. Submit Y2024 corporate budget and business strategy plan for approval.	Proposal approved as proposed by	Submitted to the Board of Directors for

Audit Committee	Board of directors	Details of the proposal and subsequent developments	Audit Committee Resolutions	The Company's response to Audit Committee opinions
2023.12.15	2023.12.15	2. Submit Y2024 audit plan for approval. 3. Conversion of common stock from Employee stock option plan. 4. The Company proposes to revise the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises". 5. Extension for Inter-company Loan to Subsidiary. 6. To propose the application of credit line with the Bank.	all members in attendance.	review and approved by the Board of Directors.
2nd-term 20th meeting 2024.1.26	18th-term 21th meeting 2024.1.26	1. The Company is engaged in derivative transaction for forward foreign exchange. 2. To propose the application of credit line with the Bank.	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 21th meeting 2024.3.11	18th-term 22nd meeting 2024.3.11	1. Approval of Business Report and Financial Statements of the Company for Year 2023. 2. To approve the result of Y2023 self-evaluation of internal control. 3. Conversion of common stock from Employee stock option plan. 4. The compensation for the service of External Auditor. 5. The Company is engaged in derivative transaction for forward foreign exchange. 6. To propose the application of credit line with the Bank.	Proposal approved as proposed by all members in attendance.	Submitted to the Board of Directors for review and approved by the Board of Directors.

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

Date	Meeting	Main points of communication	Recommendations and results
2023.3.7	Independent Directors Communication Meetings	Audit for the 2022 Consolidated Financial Report. 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) Chief internal auditor: Report on internal control -assessment report.	No objection No objection No objection No objection No objection No objection
2023.3.7	Audit Committee Board of Directors	Audit for the 2022 Consolidated financial statements 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 2022 II. Update of securities regulations III. Law updates	No objection No objection No objection No objection No objection No objection No objection No objection
2023.3.7	Audit Committee Board of directors	Internal Audit Report for Q1 2023: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2023.5.5	Audit Committee Board of directors	Internal Audit Report for Q2 2023: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2023.8.7	Independent directors Communication Meetings	1. Tracking on accounting and auditing issues 2. Review conclusion to be issued by the CPAs 3. Annual audit planning	No objection
2023.8.7	Audit Committee Board of directors	Audit items of the 2023 Q2 financial statements Explanation from the CPAs I. Matters of communication with the corporate governance department and	

Date	Meeting	Main points of communication	Recommendations and results
		management (I). CPA independence (II). Contents of the Customer Statement (III). Scope of group audit (IV). Post-audit consolidated financial position (V). Report of review conclusion to be issued by the CPAs (VI). Discussion on review issues II. Law updates	 No objection No objection No objection No objection No objection No objection No objection
2023.8.7	Audit Committee Board of directors	Third internal audit report of 2023: Audit plan achievement rate and deficiencies and abnormalities in audit items	No objection
2023.12.15	Audit Committee Board of Directors	Fourth internal audit report of 2023: Audit plan achievement rate and deficiencies and abnormalities in audit items 2024 Discussion and approval of the audit plan	No objection No objection
2024.3.11	Independent directors Communication Meetings	Audit of the 2023 financial statement: 1. Scope of group audit 2. Discussion on accounting and auditing issues 3. Review results from individual review teams Chief auditor: explanation of self-assessment report.	 No objection No objection No objection No objection
2024.3.11	Audit Committee Board of directors	Audit of the 2023 financial statements 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). Expected audit opinion to be issued by the CPAs in 2023 II. Update of securities regulations	 No objection No objection No objection No objection No objection No objection No objection
2024.3.11	Audit Committee Board of Directors	Internal audit report for the first quarter of 2024: 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 Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		The Company has formulated a Corporate Governance Code of Practice for promoting the operation of corporate governance. Disclosure is also carried out on the Market Observation Post System and the corporate website.	No significant difference.
II. Shareholding structure & shareholders' equity (I) Has the company defined internal operating procedures for dealing with shareholder proposals, doubts, disputes, and litigation as well as implemented those procedures?	✓		To protect the interest of shareholders, the Company has appointed a spokesperson and deputy spokesperson to handle shareholder proposals or disputes.	No significant difference.
(II) Does the company have a list of major shareholders that have actual control over the company and a list of ultimate owners of those major shareholders?	✓		The Company discloses the list of major shareholders and the list of ultimate owners of major shareholders in accordance with applicable regulations, and legitimately reports any changes in information.	No significant difference.

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(III) Has the company established and implemented risk management and firewall systems within its conglomerate structure?	✓		The Company has established and implemented the relevant controls in its internal control system.	No significant difference.
(IV) Does the company have internal regulations in place to prevent its internal staff from trading securities based on information yet to be public on the market?	✓		The Company has established the Insider Trading Prevention Rules prohibiting internal personnel and employees against using information not yet disclosed to the market for profit.	No significant difference.
III. Composition and responsibilities of the Board of Directors (I) Has the board of directors devised and implemented a plan for a more diverse composition of the board with concrete management goals?	✓		Corporate Governance Best Practice Principle 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. The nominations and selections of board members are governed by the Company's articles of incorporation, which mandate a candidate nomination system for directors. This system involves a careful evaluation of the qualifications of directors nominated by shareholders and complies with the "Director Election Rules" to ensure the diversity and independence of the board	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	
			members. For details on the diversity policy, specific management objectives, and the implementation thereof, please refer to the disclosure on board diversity and independence provided on pages 26 to 31.	
(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?	✓		The Company has established a Remuneration Committee and an Audit Committee in accordance with the law. On November 6, 2023, the Board of Directors resolved to establish a Committee on Corporate Governance and Sustainable Development.	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?	✓		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 2023 and the results were submitted to the board of directors on March 11, 2024. 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?	✓		The Company has a voluntary rotation mechanism in place for accountants. The Board of Directors approves changes of the CPA. Starting in 2015, the board of directors assesses the independence of the accountants every year in accordance with Article 29 of the Corporate Governance Best- Practice Principles for TWSE/TPEx Listed Companies. Assessment of CPA independence: The inspection was done through the share affairs unit of the Company and it was confirmed that the CPA did not hold any shares of the Company and did not hold any part-time position at the Company. In addition, declarations issued by the CPA were reviewed. It was determined that, except for costs associated with certification and related taxation, the CPA did not have any other financial interests or business interactions with the Company and both the CPA and members of the audit team were not holding the position of director, manager, or one of significant influence on the audit work, and they were not related biologically to staff handling the affairs mentioned above. The independence and competence of the Company's CPA was therefore confirmed, and was	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	
			approved by the Audit Committee and Board of Directors on August 7, 2023. During the discussions in both the Audit Committee and the Board of Directors, the assessment was based on Audit Quality Indicators (AQIs). This evaluation encompassed 5 major sessions and 13 specific indicators, including professionalism, independence, quality control, oversight, and innovation capacity. This comprehensive evaluation was used to deliberate and approve the independence and suitability of the CPAs. 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 CPAs starting in Q1 2023 in accordance with the self-rotation mechanism from the CPAs of Ernst & Young. On March 11, 2024, the Audit Committee and the Board of Directors discussed the matter of the CPA's public expense audit. During this discussion, Audit Quality Indicators (AQIs) were also considered. The assessment involved the previously mentioned 5 major dimensions and 13 indicators, leading to the deliberation and approval of the independence and suitability of the CPA.	

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
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)?	✓		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, the Board, and shareholders' meetings as required by law; and preparing and planning the ESG report. In 2023, the Board of Directors held 8 meetings, the Audit Committee held 8 meetings, and the Remuneration Committee held 5 meetings and Corporate governance and sustainability committee held 1 meeting. For detailed executions of the Company's businesses and duties in 2023, please visit the Company's website https://tw.globeunion.com/investors/corporate-governance/Operation and execution of the specific unit of corporate governance For continuing education of the corporate governance	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	
			officer, please see supplement 2 below.	
V. Does the company establish a communication channel and build a designated section on its website for stakeholders (including without limitation shareholders, employees, customers, suppliers, etc.), and properly respond to corporate social responsibility issues that stakeholders are concerned about?	✓		The Company has set up a dedicated stakeholder section, available at https://tw.globeunion.com/stakeholders/, with mailboxes of the spokesperson, deputy spokesperson and representatives on key CSR issues, in hopes of achieving effective and smooth communication and protecting the reasonable and legal rights of both parties.	No significant difference.
VI. Has the company designated a professional shareholder service agency to deal with matters of the shareholders' meeting?	✓		The Company has appointed the stock 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?	✓		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	✓		The Company appointed a spokesperson and deputy	No significant

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
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)?			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.	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 each month within the prescribed deadline?		✓	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 revenue of each month within the prescribed period.	No significant difference.
VIII. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, continuing education of directors and supervisors, the implementation of risk	✓		(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.	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	
management policies and risk evaluation standards, the implementation of customer relations policies, and purchasing liability insurance for directors and supervisors?)			(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. (III) The Company maintains a positive relationship with our suppliers. (IV) We respect the rights of stakeholders. Stakeholders can communicate and make suggestions to the Company in order to protect their legal rights. (V) For continuing education of the Company's directors and supervisors, please see Supplement 1 below.	

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status (Note 1)</th><th rowspan="2">Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>(VI) Implementation of risk management policies and risk assessment standards: Please refer to pages 203 to 209 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, 2023 to December 31, 2024. The insured amount (US$7.5 million), coverage, and premium rate were reported to the Board of Directors on March 11, 2024. Insurance coverage is disclosed on the Market Observation Post System in accordance with regulations.</td><td></td></tr>
<tr><td colspan="5">IX. Explain improvements made according to Corporate Governance Evaluation results released in the most recent year by the Corporate Governance Center of Taiwan Stock Exchange and provide priorities to be reinforced and measures among those pending improvement:
Results of the 9th Corporate Governance Evaluation were reported in the 18th meeting of the 18th Board of Directors on August 7, 2023.
Among the un-scored items in the 9th Corporate Governance Evaluation results:
Improved items: Upload the annual report 18 days prior to the Annual General Shareholders' Meeting. Establishment of a Committee on Corporate Governance and Sustainable Development. Development of a Human Rights Protection Policy and Specific Management Plans. Identification of stakeholders, key issues of concern, communication channels, and response mechanisms.</td></tr>
</table>

Evaluation item	Operating status (Note 1)			Deviations from Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
Not yet improved but prioritized items: Disclose information related to corporate governance, strategy, risk management, metrics, and targets concerning climate-related risks and opportunities, in accordance with the framework of the Task Force on Climate-related Financial Disclosures (TCFD). Report on the remuneration received by directors at the Annual General Shareholders' Meeting. Company internal auditors obtain certifications such as Certified Internal Auditor (CIA) and other relevant international credentials.				

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	2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3
		2023/11/14	Taiwan Corporate Governance Association	Corporate Governance and Compliance in Practice and Development	3
Hung-Kang Lin	Institutional Director Representative of the Directors	2023/5/3	Taiwan Corporate Governance Association	Corporate Governance Responses to Technological Trends and Cybersecurity Incidents	1
		2023/5/23	Taiwan Stock Exchange Corporation (TWSE); Over-the-Counter Securities Exchange	Seminar on Sustainable Development Action Plans for Listed Companies	3
		2023/7/15	Commerce Development Research Institute	Corporate Governance and Sustainable Business Management Workshop	3
		2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3
		2023/8/21	Taiwan Corporate Governance Association	Anti-Money Laundering and Corporate Risk Management	2
		2023/11/1	Taiwan Corporate Governance Association	Integrity in Management and Fair Treatment of Clients	2

Name	Title	Date	Organizer	Course Name	Training Hours
		2023/11/13	Taiwan Securities Association	Economic Trends Analysis and Developments in the Green Technology Industry	3
Wen-Hsin Chen	Institutional Director Representative of the Directors	2023/7/4	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathy Sustainable Finance and Climate Change Summit	6
		2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3
Chin-Shan Huang	Independent Director	2023/9/28	Accounting Research and Development Foundation	The Latest Developments in ‘’ESG Sustainability‘’ and ‘’Self-Compiled Financial Reporting‘’ Policies and Internal Control Management Practices	6
Young-Sheng Hsu	Independent Director	2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3
		2023/9/19	The Business Development Foundation of the Chinese Straits	Corporate Environmental Governance and Social Disclosure	3
		2023/9/19	The Business Development Foundation of the Chinese Straits	Corporate Sustainability: Practical Analysis of Asset Succession and Leadership Transition	3
Wen-Yi Fan	Independent Director	2023/7/4	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathy Sustainable Finance and Climate Change Summit	6
		2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3
Ta-Chin Hsu	Independent Director	2023/8/23	Taiwan Institute of Directors	Confronting AI and Sustainable Transformation: Key Success Factors for Family Business Succession Planning	3

Name	Title	Date	Organizer	Course Name	Training Hours
		2023/9/08	Taiwan Corporate Governance Association	Succession Planning Initiation: Employee Compensation Plans and Equity Succession	3

Supplement 2 For continuing education of the corporate governance officer:

Date of Training	Course Organizer	Course Name	Training Hours	The total number of annual training hours
2023/7/4	Taiwan Stock Exchange Corporation (TWSE)	2023 Cathy Sustainable Finance and Climate Change Summit	6	15
2023/7/18	Accounting Research and Development Foundation	2023 [Seminar on Transformational Finance and Sustainable Disclosure]	3	
2023/7/25	Taiwan Corporate Governance Association	From the Supply Chain Breakdown to Labor Rights in Enterprises	3	
2023/11/14	Taiwan Corporate Governance Association	Corporate Governance and Compliance in Practice and Development	3	

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

Members of the Remuneration Committee

April 1, 2024

Identity Type \ 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
Independent Director Convener	Chin-Shan Huang	Please refer to page 23 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 24 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 25 for relevant information on the Disclosure of Professional Qualifications of Directors and Supervisors and Independence of Independent Directors.		0

Identity Type	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	MA. in Accounting, National Chengchi University. Current positions: Independent Director, Convener of the Audit Committee, Convener of the Remuneration Committee of Feng Hsin Steel Co. Ltd. Previously: He was a senior consultant of Ernst & Young, adjunct professor of accounting and information technology at National Chung Cheng University, visiting professor of accounting department at National Chung Hsing University, visiting professor of accounting and information system at the Institute of Asia University. He 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),	1. A natural-person shareholder does not hold shares of Globe Union Industrial Corp., and the shareholder's spouse holds 495 thousands shares, with a shareholding ratio of 0.12%. 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.	1

Identity Type \ 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	supervisor of Depo Auto Parts Ind. Co., Ltd. At Taiwan Corporate Governance Association, he served as the Chairman of the Diwan & Company, the predecessor to the current Ernst&Young, in Taiwan. Mr. Chao-Tang Yue has more than 30 years of experience in accounting firms, and has professional knowledge of listed companies' operational management, corporate governance, and law. He utilizes his experience in various industries to supervise and review the company's remuneration policies, promote the effective use of resources and achieve corporate and shareholder goals.	3. Not a professional who provides commercial, legal, financial, accounting services to Globe Union Industrial Corp. or its affiliates in the last two years.	

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

Roles and Responsibilities of the Remuneration Committee

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

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

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

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

Operation of the Remuneration Committee

I. The current Remuneration Committee has 5 members.

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

The Remuneration Committee held 7 meetings (A) (5 times in 2023) in 2023 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 (B)	Attendance by proxy	Actual attendance rate(%) (B/A)	Notes
Convener	Chin-Shan Huang	7	0	100	Continued to serve on the 5th term committee (independent director)
Committee member	Chao-Tang Yue	6	1	85.71	Continued to serve on the 5th term committee
Committee member	Kuan-Chun Wang	6	1	85.71	Continued to serve on the 5th term committee
Committee member	Young-Sheng Hsu	7	0	100	Continued to serve on the 5th term committee (Independent Director)
Committee member	Wen-Yi Fan	6	1	85.71	Directors were reelected and assumed positions (independent director) on August 2, 2021

Title	Name	Actual attendance (B)	Attendance by proxy	Actual attendance rate(%) (B/A)	Notes
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 2023 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 6th meeting 2023.1.18	1. 2023 Employee Stock Options at Cash Capital Increase Policy. 2. 2023 Employee Stock Options at Cash Capital Increase subscription list.. 3. Reviewed the year-end and performance bonuses for managers in 2022.	Proposal approved as proposed by all members in attendance.	1.- 2. Submitted to and approved by the Board of Directors. 3. None.
5th-term 7th meeting 2023.3.7	1. The FY2022 Directors' and employees' profit-sharing. 2. Reviewed policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors. 3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers.	Proposal approved as proposed by all members in attendance.	1. Submitted to and approved by the Board of Directors. 2. - 3. 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 8th meeting 2023.5.5	Appointment and remuneration for the new appointed manager.	Proposal approved as proposed by all members in attendance.	Submitted to and approved by the Board of Directors.
5th-term 9th meeting 2023.7.25	1. Propose the employee lists of whom will be granted of “The Employee Stock Option Plan 2023”. 2. Review the Company’s managers’ remuneration adjustment and personnel promotion. 3. Reviewed the proposed salary raises for managers in 2023. 4. Discussed Remuneration Committee's work plan for 2024.	Proposal approved as proposed by all members in attendance.	1. Submitted to and approved by the Board of Directors. 2 - 4. None.
5th-term 10th meeting 2023.12.15	1. Amendment to “Policy for Remuneration to Director” 2. Reviewed the proposed salary raises for managers.	Proposal approved as proposed by all members in attendance.	Submitted to and approved by the Board of Directors.
5th-term 11th meeting 2024.1.26	1. Reviewed the year-end and performance bonuses for managers in 2023. 2. Review the Company’s managers’ remuneration adjustment. 3. Reviewed the disbursement of severance pay for Manager of the Company.	Proposal approved as proposed by all members in attendance.	1-2. None. 3. Submitted to and approved by the Board of Directors.
5th-term 12th meeting 2024.3.11	1. Submit FY2023 Directors' and employees' profit-sharing approval. 2. Reviewed policies, systems, standards, and structure for performance appraisal and remuneration of directors, and the regular assessment of remuneration to directors. 3. Reviewed the policies, systems, standards, and structure for performance appraisal and remuneration of managers, and the regular assessment of remuneration to managers. 4. Review the Company’s managers’ remuneration adjustment	Proposal approved as proposed by all members in attendance.	1. Submitted to and approved by the Board of Directors. 2 - 4. None.

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

Implementation items	Implementation			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?	✓		1. In November 2023, the Company established the Corporate Governance and Sustainable Development Committee ("the ESG Committee"), with the Chairman of the Board serving as the highest decision-maker of the Committee. The Committee meets regularly each year and reports to the Board of Directors at least once annually. During these meetings, the Chairman, who also serves as the President, leads the senior executives of the ESG Sustainability Initiative to report on the impact assessments of ESG and climate change on the Group's operations and the progress towards achieving sustainability goals. After the Committee's resolutions are passed, the Board of Directors is responsible for reviewing the annual results and guiding the sustainable development strategy. 2. The Company has set up an ESG Sustainability Initiative, led by the Chairman and President, who is the highest responsible person of the organization. This initiative leads senior management to identify sustainability issues of concern to the Company's operations and stakeholders, thereby formulating strategies and promoting sustainability-related tasks. The ESG Sustainability Initiative regularly convenes meetings to review the implementation of goals and the execution of results. It also consolidates the results of sustainable	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			projects and the progress of total greenhouse gas inventories, reporting quarterly to the Board of Directors. 3. The Board of Directors annually received reports from the Committee and the management team on the current year's execution of ESG, plans and goals for the subsequent year, and regularly reviews the progress of implementation. The Board also regularly reviews and supervises the progress of strategies and urges the management team to make 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?	✓		1. The Company regularly sends out surveys on major issues to stakeholders to understand the sustainability issues they prioritize. The identification of these major issues is conducted according to the reporting principles of the GRI (Global Reporting Initiative) standards. These issues are categorized into three main areas: environmental, social, and corporate governance. The boundary for risk assessment primarily encompasses the Company itself, the subsidiary Milim G&G Ceramics Co., Ltd. is also included in the category. 2. 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 effective	No significant difference.

<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>identification, measurement, monitoring and control, and take specific actions to reduce the impact of related risks.
3. Based on the risks after the assessment is made, formulate relevant management policies for major issues related to the environment, society and corporate governance as below:
<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Environmental</td><td>Energy Management</td><td>Continuously monitor energy usage, replace high-energy-consuming equipment, and transition towards low-carbon energy sources.</td></tr>
<tr><td>Chemical Management</td><td>In accordance with international regulations and customer demands, select environmentally low-impact chemicals to provide green products that are harmless to humans.</td></tr>
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<table>
<tr><th rowspan="2">Implementation items</th><th colspan="3">Implementation</th><th rowspan="2">Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td></td><td></td><td></td><td>

Major Issues	Risk Evaluation Item	Explanation
Environmental	Water Stewardship	Through routine management reduction, maximize the use of water resources and implement the recycling and reuse of water resources.
	Waste Management	Enhance the use of internal resources within the organization to reduce waste; procure recycled materials to increase in-house recycling of waste.
	Supply Chain Management	Refine the existing supplier management policy, select suppliers that meet regulatory requirements, and implement regular audits.

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<tr><td></td><td></td><td></td><td>
<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Environmental</td><td>Air Pollution Control Management</td><td>Comply with legal regulations, effectively monitor pollutants, regularly maintain dust collection equipment, and implement end-of-pipe controls.</td></tr>
<tr><td>Greenhouse Gas Emission Management</td><td>Actively monitor greenhouse gas emissions, gradually establish carbon reduction targets, and align with international net-zero trends.</td></tr>
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<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Social</td><td>Providing Reassuring/Comfortable Products and Services</td><td>Ensure customer quality requirements are fully met, guaranteeing that the design and material processes are under control. Ensure that the products and services produced comply with regulatory requirements, offering customers products that they can trust and feel comfortable using.</td></tr>
<tr><td>Customer Experience and Relationship</td><td>Improve customer product experience to exceed basic expectations; provide services that closely meet customer needs, maintain open communication channels, and establish a trustworthy and comfortable relationship with customers.</td></tr>
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<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Social</td><td>Innovation Management</td><td>Apply new technologies, streamline designs, optimize processes, reduce energy and carbon emissions to create added value for new products.</td></tr>
<tr><td>Talent Sustainability</td><td>Provide an encouraging environment for innovation, development, and inclusion, and construct a competitive talent management system to establish a solid foundation for the long-term success and sustainable development of the enterprise.</td></tr>
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<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td>Social</td><td>Creating a Fair/Transparent/Friendly Workplace</td><td>Establish a fair and safe work environment on the basis of mutual benefit between labor and management, enabling colleagues to work in a friendly workplace that respects them, promotes transparent communication, and prioritizes employee health.</td></tr>
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<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Operational Performance</td><td>Develop a sales strategy centered around "Driving growth with ceramics, creating value through leadership" to expand the market share of our own brands, GERBER/LENZ. Implement lean management in production and combine it with a stable market niche to achieve steady growth in revenue and profits.</td></tr>
<tr><td>Integrity Management</td><td>Adopt a management philosophy based on honesty, transparency, and responsibility. Establish the "Code of Conduct for Ethical Management," and "Operational Procedures and Guidelines for Ethical Behavior," serving as concrete behavioral standards for global employees in conducting business.</td></tr>
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<table>
<tr><th>Major Issues</th><th>Risk Evaluation Item</th><th>Explanation</th></tr>
<tr><td rowspan="2">Corporate Governance</td><td>Risk Management</td><td>Effectively identify, assess, monitor, and control various risks and opportunities through systematic and institutionalized management methods. Achieve a balance between risk and reward to maintain normal business operations.</td></tr>
<tr><td>Taxation</td><td>Implement tax governance policies to ensure compliance with relevant tax laws and regulations. Uphold transparency and a reasonable tax structure while conducting routine transactions.</td></tr>
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<tr><td>III. Environmental topics
(I). Has the company developed an appropriate environmental management</td><td>✓</td><td></td><td>Since 2023, the Company has been conducting greenhouse gas inventories from the Taiwan headquarters and the Milim G&G plant in accordance with the ISO 14064-1 standard. We expect to complete the</td><td>No significant difference.</td></tr>
</table>

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
system, given its distinctive characteristics?			inventory report by July 2024 and will continue to track and publicly disclose emission data in our sustainability report. The operational headquarters, serving only office functions, does not directly produce environmentally harmful factors. Therefore, we promote electricity and resource conservation through internal advocacy and recycling programs. Our manufacturing facility in China complies with local laws by identifying, following, and meeting environmental regulatory requirements, continuously implementing environmental protection and improvement plans. The subsidiary, Milim G&G Ceramics Co., Ltd., has established an environmental management system in accordance with ISO 14001 and continues to pass third-party verification.	
(II). Is the Company committed to achieving efficient use of resources, and using renewable materials that produce less impact on the environment?	✓		The Company actively promotes various energy reduction measures, selecting high-efficiency and energy-saving designed equipment to optimize energy use, reduce internal energy consumption, and continuously assess the use of renewable energy. In 2023, our subsidiary Milim increased its renewable energy generation by 15% annually. We will continue to expand our renewable energy generation facilities and improve the efficiency of renewable energy use each year. The subsidiary sources 100% of its raw materials locally and continues to integrate resources to achieve recycling and reuse, including recycling of process materials, reducing pollution during manufacturing, recovering waste heat, and reusing water, thereby minimizing environmental impact.	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			We are committed to ongoing development of green manufacturing practices, reducing unnecessary resource wastage, and increasing water recycling rates in processes. Through recycling process materials and seeking waste reduction, we are collectively striving to develop 100% recyclable product packaging across the supply chain. Additionally, in product design, we aim to use recyclable materials with a low environmental load and actively research and develop water-saving kitchen and bathroom products to maximize the benefits of a circular economy.	
(III). Does the company evaluate the potential risks and opportunities in climate change with regard to the present and future of its business, and take appropriate action to counter climate change issues?	✓		The Company has established the Corporate Governance and Sustainable Development Committee as the highest body for managing climate change, chaired by the Chairman of the Board. This committee annually reviews the identification of climate change risks and opportunity actions and oversees their implementation, reporting the status to the Board of Directors. In accordance with the framework recommended by the Financial Stability Board's Task Force on Climate-related Financial Disclosures (TCFD), the Company's ESG Sustainability Initiative undertakes to understand local trends and regulations, as well as disclosures related to domestic and international peers. This organization identifies potential climate-related risks and opportunities, assesses their impact and likelihood, and prioritizes them based on the significance of issues that concern stakeholders.	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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			Appropriate responses are then developed in line with the sustainability goals and business strategy set by the Board of Directors and are implemented as planned. The ESG Sustainability Initiative identifies key risks and discusses response strategies with various business units across the Company. These risk assessments are then submitted to the Sustainable Development Committee for oversight. The Chair of the Sustainable Development Committee reports regularly to the Board of Directors based on the outcomes of this risk management and assessment. To effectively reduce the impact of extreme climate change on the economy, society, and the environment, the Company has adopted the TCFD framework. Starting at our headquarters, we complete planned training for managers and key personnel, integrating climate change as a critical issue and key risk into our corporate sustainability strategy. We gradually implement risk management plans at operational locations, addressing major risks such as rising temperatures and total carbon emissions control, exploring opportunities and risks, and enhancing green operations, energy management, carbon disclosure, and the construction of sustainable operational capabilities. The Company focuses on green, low-carbon products and operations, continuously improving our climate change risk management and	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			integrating it with our overall enterprise risk management system through the PDCA operational model.	
(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 and carbon reduction, greenhouse gas reduction, water use reduction, or waste management?	✓		1. Since 2016, the Company has disclosed information on greenhouse gas emissions, water usage, and waste management in its Corporate Social Responsibility Report. Our subsidiary, Milim, has also completed third-party certification for ISO 50001 Energy Management. For detailed information on greenhouse gas emission management, please refer to our Sustainability Report. The Company continues to track emissions, adopting the product lifecycle concept to implement material design selection, local sourcing from suppliers, and the 4R waste strategy, as well as energy-efficient production processes to minimize emissions. The main emission reduction measures at our headquarters include conserving electricity internally, controlling air conditioning temperatures, and regularly maintaining and cleaning air conditioning systems to ensure optimal efficiency. The principal reduction measures at our subsidiary's manufacturing facilities include enhancing the efficiency of production equipment (such as furnaces), energy management, utilizing renewable energy, and optimizing process efficiency. In addition, in response to climate change and to promote sustainable corporate operations, our company will continue to evaluate renewable	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			energy sources and invest in energy-saving products, aiming to progressively achieve our long-term goals of net-zero carbon emissions and the use of renewable energy. 2. Since 2016, the Company has disclosed water usage in its Corporate Social Responsibility Report. As part of our water conservation plan, we start with implementing daily water-saving measures to maximize the efficiency of available water resources. Our subsidiary, Milim, has further established an internal wastewater treatment system to recycle water and achieve conservation. For detailed information on water resource management, please refer to our Sustainability Report. 3. Since 2016, the Company has disclosed waste volumes in its Corporate Social Responsibility Report. In 2023, our subsidiary Milim continued to be certified under the ISO 14001 Environmental Management System. To achieve sustainable resource reuse, our waste management principles prioritize in-house reuse to reduce the consumption of raw materials. This is followed by recycling, with incineration or landfill being the last resort. The Company actively implements waste management strategies. The headquarters promotes long-term internal advocacy and establishes sorting habits to continuously reduce the total amount of waste incinerated. The subsidiary continuously reduces the waste generated	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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			per unit of product through source reduction measures such as internal process material recovery and raw material reduction. By collaborating with qualified external recycling vendors, we achieve waste minimization in a circular manner. For detailed information on waste management, please refer to our Sustainability Report.	
IV. Social topics (I). Has the company developed its policies and procedures in accordance with laws and the International Bill of Human Rights?	✓		The Company supports and adheres to the fundamental principles of human rights as outlined in the Universal Declaration of Human Rights, the International Covenants on Human Rights, the United Nations Global Compact, and the International Labor Organization's Declaration on Fundamental Principles and Rights at Work, as well as the legal regulations of each location where we operate. In accordance with the United Nations Guiding Principles on Business and Human Rights, we have developed a human rights policy to fully demonstrate our responsibility to respect and protect human rights, which is published on our company website. Annually, the Company conducts reviews through focusing on significant social issues and surveys to examine our operations, value chain, and other related activities. We identify and assess potential human rights risks and the groups at risk within these activities. Based on these potential risks, we formulate a human rights issue control plan and	No significant difference.

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<tr><td></td><td></td><td></td><td>continue to monitor and improve our efforts.

A summary of our human rights management policy and specific initiatives is as follows:
<table>
<tr><th>Human Rights Management Policy</th><th>Specific Initiatives</th></tr>
<tr><td>Diversity, Inclusion, and Equal Employment Opportunity</td><td>Committed to fostering a workplace environment that is diverse, open, dignified, safe, equal, and free from discrimination and harassment. We ensure that no individual faces discrimination based on religion, gender, race, age, or any other characteristic.</td></tr>
<tr><td>Prohibition of Forced Labor and Child Labor</td><td>Implemented a vacation policy that includes automatic monthly reminders to encourage a balanced work-life for all employees. We respect the will of our employees and strictly prohibit forced labor and adhere to local legal standards for minimum employment age to prevent child labor and human trafficking. We are committed to upholding human rights and will not tolerate any violations thereof.</td></tr>
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Human Rights Management Policy	Specific Initiatives
Provision of Fair Compensation and Working Conditions	Adhered to legal standards to ensure fairness in employment, compensation, benefits, training, evaluations, and promotion opportunities. "Flexible Working Hours" allow employees to select their work shifts based on their personal circumstances.
Provision of a Safe, Hygienic, and Healthy Work Environment	Committed to constructing a safe and hygienic workplace, collectively reducing occupational health and safety risks, and regularly conducting worker safety training. We proactively care for the physical and mental health of our employees to enrich the concept of "work-life balance." Facilities include lactation rooms, regular health screenings for employees, and on-site services provided by doctors specializing in occupational health.

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<table>
<tr><th>Human Rights Management Policy</th><th>Specific Initiatives</th></tr>
<tr><td>Maintaining Positive Labor-Management Relations and Providing Diverse Communication Channels</td><td>Provided diverse and open communication channels and regularly convene labor-management meetings aimed at fostering harmony between employees and management, thereby creating positive labor relations and effectively mediating differences in opinions.</td></tr>
<tr><td>Implementation of Information Security and Protection of Personal Data</td><td>Implemented stringent security measures and strict controls for employees, clients, and suppliers/contractors to ensure the protection of the rights and interests of all personal data subjects.</td></tr>
</table>

Additionally, in the year 2023, we have implemented human rights protection training for our colleagues. Detailed training hours and outcomes can be found in the Sustainability Report. In the future, we will continue to focus on human rights protection issues and promote relevant educational training to enhance awareness of human rights protection and reduce the likelihood of related risks.</td><td></td></tr>
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Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
(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?	✓		Employee Remuneration The annual bonus system of the Company is contingent upon the profit status of the Company for that year. Distribution of bonuses also takes into account individual employee performance results, departmental effectiveness, and other company-mandated indicators. This performance-based bonus standard is designed to motivate all colleagues to work collectively towards the Company's objectives. Employee remuneration is calculated in accordance with the Company's bylaws, based on profits that are not less than two percent for the fiscal year. Employee Benefits Measures The Company has established an Employee Welfare Committee, which allocates 0.05% of Globe Union Industrial Corp.'s total monthly sales revenue for welfare funds. These funds are used to provide various benefits for colleagues, such as scholarships for employees and their children, travel subsidies, holiday bonuses for Dragon Boat Festival and Mid-Autumn Festival, birthday gifts, regular health checks, subsidies for childbirth and marriage or funeral expenses, installation of sports and fitness equipment, and annual fixed subsidies for employee-formed clubs and other benefits. Regarding the leave system, in addition to the standard two-day weekend, legally mandated special leave, and unpaid leave applications for employees with personal or family care needs are	No significant difference.

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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			considered, ensuring employees can balance work with personal and family responsibilities. Workplace Diversity and Equality We are committed to gender equality in compensation and equitable promotion opportunities, ensuring a friendly workplace where employees of all genders can feel secure in their roles. In the year 2023, women accounted for an average of 33.4% of our staff, with women in management positions comprising 28.6%. The Company also provides a conducive working environment to ensure comprehensive well-being for all employees, regardless of their background: (1) In accordance with the "Regulations on Occupational Health Protection," we employ qualified factory physicians/nurses who provide monthly on-site health management services to safeguard employee health. (2) Following the Labor Standards Act and the National Health Insurance Act, we handle all insurance matters, including providing group accident insurance for employees. (3) To create a friendly workplace that empowers women, we have established lactation rooms and are attentive to the needs of our female colleagues. Performance Reflected in Employee Remuneration • Article 25-1 of the Corporate Bylaws: Should the Company realize a profit in any fiscal year, a minimum of two	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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			percent of the profits must be allocated for employee remuneration, and up to two percent may be allocated for director remuneration; however, if the Company has accumulated losses, funds must be reserved to offset these losses first. Employee remuneration may be distributed in the form of stock or cash, and may include employees of certain subsidiary companies who meet specified criteria. • Overall Remuneration Policy: The Company believes that a robust remuneration and benefits system is crucial for creating employee satisfaction and is integral to the sustainable development of the business. Therefore, we are committed to developing a fair, transparent, competitive, and sustainable remuneration system that supports the growth of both our employees and the Company. Below is our remuneration policy: Annually, we consider the Company's operational performance, external market salary levels, and individual employee performance to conduct regular evaluations to ensure the fairness and competitiveness of our remuneration. The overall remuneration package includes fixed salary, performance bonuses, employee remuneration, and long-term incentives (such as employee stock ownership plans). The reward measures are designed to motivate employees to contribute to the long-term success of the Company. We strive to create a performance-driven, fair, and happy working	

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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			environment that provides employees with opportunities to excel. The Company values performance and rewards accordingly, integrating corporate development visions and strategic goals with an objective performance management system. Remuneration is based on individual performance outcomes. Additionally, the Company encourages the comprehensive development of our employees. Colleagues are encouraged to outline their own further education plans and work goals and to engage in discussions with their supervisors to jointly ensure the achievement of personal work targets and the development of professional competencies.	
(III). Does the company provide employees with a safe and healthy work environment? Are employees trained regularly on safety and health issues?	✓		Work Environment and Personal Safety Measures, for more information, please refer to the subsequent section <Explanation 1>. There were no fire incidents, nor were there any casualties or injuries reported in 2023. The employee disability injury frequency rate for 2023 was 0.14, with a total of 3 occupational injuries involving 3 individuals, which accounts for 0.15% of the total number of employees at the end of 2023. The number of participants and person-hours involved in public safety education training and awareness campaigns over the past two years is as follows:	No significant difference.

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<tr><td></td><td></td><td></td><td><table><tr><th>Occupational Safety Training</th><th>Total Training Hours (Hours):</th><th>Number of Trainees (Person-times):</th></tr><tr><td>2022</td><td>52,065</td><td>26,053</td></tr><tr><td>2023</td><td>57,675</td><td>28,008</td></tr></table></td><td></td></tr>
<tr><td>(IV). Has the company implemented an effective training program that helps employees develop skills over the course of their career?</td><td>✓</td><td></td><td>The Company designs complete competency training programs tailored to the levels and career tracks of managers and employees, integrating employee career development with corporate growth. This includes training for new hires, advanced professional training, and managerial training. By utilizing various learning methods and integrating training materials on the Company’s internal network, learning is made accessible without the constraints of time and space. This approach aims to increase overall participation and effectiveness, thereby enhancing the Company’s competitive edge.
During annual performance evaluations and assessments, supervisors and employees collaboratively discuss plans for personal capability development, which are reviewed regularly to facilitate optimal employee development.
For the total hours of various types of educational training conducted in 2023, please refer to the Sustainability Report.</td><td>No significant difference.</td></tr>
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Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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(V). Do the company's products and services comply with relevant laws and international standards in relation to customer health and safety, customer privacy, and marketing and labeling of products and services, and are relevant consumer protection or customer rights protection and grievance procedure policies implemented?	✓		The Company controls the value chain of our products, from raw materials and logistics to sales, establishing operational standards and management mechanisms. We continuously monitor product safety information and maintain a robust internal feedback system to ensure the commitment to product safety. We have established an information security policy to manage and protect customer privacy. Through internal and external cybersecurity oversight, disaster drills, social engineering prevention, and training programs, we enhance employee awareness and safeguard customer data. The Company strictly adheres to the local government regulations and international standards relevant to manufacturing and sales. We have developed basic quality management guidelines and created operational standards for our employees to follow. All sales contracts undergo an internal review before we initiate any sales activities. Product labeling is critical for protecting consumer rights and health. Our company maintains a laboratory and a product certification department to ensure that our products meet regulatory requirements concerning composition, manufacturing, and labeling. We also have established customer relationship management policies to address customer complaints promptly and uphold customer rights.	No significant difference.

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<tr><td>(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.</td><td>✓</td><td></td><td>The Company has established a "Supplier Evaluation Management Policy," which sets criteria for selecting suppliers based on delivery schedules, production capacity, and equipment. It also outlines our expectations and requirements regarding suppliers' integrity, health and safety, and environmental quality. We utilize supplier survey forms to gather information about new suppliers and conduct both regular and ad hoc evaluations to monitor and assess their performance. In 2023, our collaborating suppliers meet the following conditions:
<table>
<tr><td>Supplier Evaluation</td><td>All suppliers must pass our supplier evaluation and adhere to the Supplier Code of Conduct.</td></tr>
<tr><td>Supplier Assessment</td><td>The company conducts regular monthly assessments and tracks improvements on any deficiencies identified in suppliers. This process is aimed at enhancing quality and technology, as well as strengthening environmental, safety, and health performance.</td></tr>
</table></td><td>No significant difference.</td></tr>
<tr><td>V. Does the company prepare sustainability reports and other reports that disclose non-financial information by following international reporting standards or</td><td>✓</td><td></td><td>The Company compiles its sustainability reports in accordance with the disclosure frameworks outlined by the Global Reporting Initiative (GRI) Standards, issued by the Global Sustainability Standards Board in 2021, the Account Ability Principle Standard (AA1000), the Sustainability Accounting Standards Board (SASB), and the Task Force on Climate-related Financial Disclosures (TCFD). Furthermore, based on the</td><td>No significant difference.</td></tr>
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Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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guidelines? Does the company obtain third-party assurance or guarantees for the reports above?			Assurance Standard 3000 titled "Assurance Engagements Other than Audits or Reviews of Historical Financial Information," issued by the Accounting Research and Development Foundation of the Republic of China, the Company has engaged the independent third-party firm, Ernst & Young, to provide limited assurance on specific sustainability performance indicators of the 2022 sustainability report. For more detailed information, please refer to the Independent Assurance Report included in the appendix of the sustainability report.	
VI. Describe the deviations, if any, between actual practice and the sustainable development regulations, if the company has formulated such principles based on the Sustainable Development Best Practice Principles for TWSE/TPEx Listed Companies: The board of directors passed the "Corporate Responsibility Principles" in December, 2014 to strengthen the implementation of corporate social responsibility. In March 2022, the board of directors approved the amendments to the "Sustainable Development Regulations" for implementation, and reviewed the implementation and made improvements accordingly. There are no significant differences.				
VII. Other important information to facilitate a better understanding of the Company's implementation of sustainable development: Society is made up of people playing different roles. The Company aims to become the most trustworthy company in the world and 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 support and sponsor organizations in society, such as: Straits Economic & 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 Association of Taichung City Industrial Park, and cumulative donations have reached NT$161 thousands. The charitable foundation established by the Company's founder, the Hope Media Foundation, raised a total				

Implementation items	Implementation			Deviations from Sustainable Development Best-Practice Principles for TWSE/TPEx Listed Companies and reasons
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of NT$4,182 thousands in 2023. The funds were donated to various charitable organizations and initiatives including the Taoyuan City Down Syndrome Parents Association, the Private Guanyin Kindgarden in Taoyuan City, the Taoyuan City Let Love Live Association, the Private Renyou Sanatorium in Taoyuan City, the Center for Media and Social Impact project at National Central University, the Father Yves Moal Foundation in Hualien County, and sponsored the World Sign Language Day Art Inclusion Charity Concert and other charitable activities. 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.

Item No.	Target/Goal	Project	Current situation	Implementation
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 and the local firefighting agency is notified in advance. The fire prevention and maintenance unit services, maintains, and replaces damaged facilities on a regular basis. The Industrial Safety Group performs safety audits on a daily basis to	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
			make sure that the firefighting access, fire hydrants, and other safety equipment are normal.	
4	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.
5	After-hours security	Each day, the last employee to leave the site must set the security alarm to keep the Company safe. After working hours, staff may only access the site under special circumstances, and only after having explained their purpose to the security guard in order to ensure personnel	Staff to work overtime on holidays and on the weekends have to report to HR and make a staff list on the overtime for record. 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	If the alarm is triggered for an unknown reason, the security guard on site or the security company shall find the reason and report the incidence.

Item No.	Target/Goal	Project	Current situation	Implementation
		and property safety.	ensure effective management.	
6	Airconditioning maintenance management	The water cooled and water chillers unit, fans and cooling towers undergo planned maintenance.	The water cooled and water chillers unit 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.
7	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.
8	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.
9	Contractor safety and health	Contractors need to carefully read through the document before signing it and ask	Contractors shall abide by requirements for safety management and provide operators	The contractor may be ordered to stop work immediately in the event of a serious breach of safety and health

Item No.	Target/Goal	Project	Current situation	Implementation
	declaration	questions in advance if there is any area that is unclear to them. Reach an agreement regarding construction safety and health requirements, and confirm preconstruction protection and post-construction cleanup upon signing of a contract.	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.	regulations. Actions that may be taken for other nonconformities include mandated improvements by a given deadline and termination of contract.
10	Zero accident cutting machines	Purchase of new automatic band saw	Automatic starts and stops 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.
11	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	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,

Item No.	Target/Goal	Project	Current situation	Implementation
			professionals, establish employee health management classification, and prevent occupational accidents and occupational diseases.	which not only helps prevent occupational accidents and occupational diseases, but also improves employees' physical and mental health, and their working abilities.
12	Pollution control (water, air, noise)	Perform pollution control according to the requirements and standards of the environmental protection department. Invest in waste water treatment systems, applicable clean energy, equipment for desulfurization and dust removal for waste gas prior to emission, and soundproof equipment.	The Company is continuing to make improvements on water, air and noise pollution.	Emission indicators are monitored online and linked to the network of the environmental protection department. Environmental factors are inspected on a yearly basis to ensure constant improvements. Wastewater is recycled and reused.
13	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.
14	Energy conservation	To identify potential problems in energy use, we	A comprehensive management organization has been set up as part	Lighting, water, and electricity are being transformed. Kiln residual heat is

Item No.	Target/Goal	Project	Current situation	Implementation
		commissioned an external environmental technology company to audit our energy consumption. The Company also proposed and implemented clean production review.	of our energy management system. A series of energy-saving and waste reduction schemes have been implemented and assessed.	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.

Climate-Related Information for Listed Companies

1. Execution Status of Climate-Related Information

Item	Implementation
1. Description of the Board of Directors and Management's Oversight and Governance of Climate-Related Risks and Opportunities.	• To emphasize sustainable development and climate-related risk management, the Company established the Corporate Governance and Sustainable Development Committee in November 2023. The committee is chaired by the Chairman of the Board, who serves as the highest decision-maker of the committee. The committee and the Board of Directors convene regularly each year. In these meetings, the Chairman, who also serves as the President, who also leads the top executive of the Company's ESG initiative, reports to the committee on the impact assessments of climate change on group operations and the progress towards achieving sustainability goals. Upon the committee's resolution, the Board of Directors is responsible for reviewing annual results and guiding climate change strategies. • The ESG sustainability initiative is composed of senior executives within the Company and includes a dedicated sustainability management department. This department assists subsidiaries and various business units in identifying climate risks and assessing and responding to climate impacts within their respective scopes of responsibility. Since 2023, the Chairman, who also serves as the President, have convened regular internal sustainability development meetings, discussing major issues of concern to stakeholders with the various business units of the Company. The meetings focus on developing responses to climate risks and opportunities and establishing mitigation and adaptation measures. This enhances environmental management performance and risk control, with direct reports made to the Board of Directors.

Item	Implementation
2. How identified climate risks and opportunities impact business operations, strategy, and financials (short-term, medium-term, long-term)	• As of 2022, the Company began adhering to the disclosure framework of the Task Force on Climate-related Financial Disclosures (TCFD). We have enhanced the completeness and transparency of climate-related information in our sustainability reports. • In 2023, we identified 11 risks and 6 opportunities related to climate change. Based on the duration of impact and the magnitude of these effects, we have developed corresponding strategies and measures. The analysis of the impact of climate change risks and opportunities is as follows: (1) The 11 identified climate risks as listed below:

Period	Risk	Impact	Response Measures
Short - term	International carbon tariff mechanisms being established by various countries	The initiation of international carbon tariffs will likely increase operational costs, particularly affecting companies whose products are predominantly sold in Europe and America. The Group's products include ceramic kiln-fired items, which inherently involve substantial energy use and are challenging to adapt to zero emissions standards. Additionally, the requirement to attach carbon content data and conduct product carbon footprint audits will further elevate operational expenses.	Diligently monitoring international carbon-related regulations and will adjust our products accordingly, such as revising pricing structures. We are committed to enhancing and optimizing our manufacturing processes to reduce carbon emissions associated with our products. We continue to evaluate the trends in carbon trading markets and intend to incorporate the purchase of carbon credits into our strategy to achieve carbon neutrality goals.

Item	Implementation
	(see nested table below)

Period	Risk	Impact	Response Measures
Short - term	Greenhouse gas emission control	The government has initiated a carbon charge mechanism which, under a regime where carbon has a market price, could potentially lead to increased operational costs. Exceeding carbon emission allowances may increase operational expenses for the Company.	We have launched a Greenhouse Gas Inventory Project, which began in 2023 covering our headquarters in Taiwan and subsidiaries in China. The project will expand to encompass all group companies in 2024. We will continue to conduct carbon audits to identify carbon emission hot spots and plan corresponding optimization measures.
Short - term	In response to government and client demands for low-carbon solutions, there has been a shift in our product development focus.	Investing in low-carbon technology and transformative techniques may result in increased costs. The transition to low-carbon processes might face challenges due to immature technologies, leading to increased research and development expenses.	We regularly assess technological risks. We continue to monitor innovative technologies and solutions in the market, upgrading machinery and infrastructure, and investing in state-of-the-art technologies to enhance our competitive edge. Additionally, we are committed to developing internal talent, continuously learning the latest technologies and increasing their proficiency.

<table>
<tr><th>Item</th><th>Implementation</th></tr>
<tr><td></td><td>
<table>
<tr><th>Period</th><th>Risk</th><th>Impact</th><th>Response Measures</th></tr>
<tr><td>Short - term</td><td>Due to severe rainfall resulting in flooding, the factory operations were halted.</td><td>Possibility of the flooding damaged machinery and equipment at our operational sites, leading to increased operational costs. Additionally, heavy rainfall might impeded employee commutes, preventing staff from attending work, which caused factory shutdowns and resulted in delays in order fulfillment. This has led to contractual penalties, further elevating operational costs.</td><td>To address these issues, we are enhancing the resilience of our infrastructure, such as installing flood barriers. We are assessing flood risks in our manufacturing areas and developing and implementing risk mitigation measures. Prior to typhoon events, we initiate flood prevention actions including stacking sandbags, clearing drainage pipes, and elevating equipment within the facilities. Maintain internal emergency communication channels to ensure the safety of colleagues and provide timely assistance.</td></tr>
<tr><td>Medium - term</td><td>In response to stricter environmental regulations related to climate change mitigation, such as increased requirements for energy efficiency and renewable energy usage.</td><td>In compliance with these regulations has necessitated the replacement of outdated machinery with energy-efficient equipment and the installation of renewable energy systems, leading to increased operational costs.</td><td>We closely monitor environmental regulations at our operational sites to determine their applicability to the Company. If applicable, we initiate internal discussions to devise appropriate response strategies. We also check for government subsidies related to these regulations and, if available, apply for them to mitigate the impact on our operations. Beyond regulatory compliance, we stay attuned to international low-carbon trends and proactively plan actions to mitigate climate change.</td></tr>
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Item	Implementation
	(see nested table below)

Period	Risk	Impact	Response Measures
Medium - term	Customer preferences shift toward low-carbon, energy-efficient products	Due to increasing environmental awareness, customers are becoming more attentive to climate issues and prefer low-carbon or environmentally friendly products. If our products do not meet these consumer demands, they risk being phased out by the market, leading to a decline in revenue.	Actively collect customer feedback on product demands and incorporate these requirements into our product design considerations. Our products comply with EU directives for sanitary products, and in alignment with consumer preferences and market demands, we are committed to ongoing investment in the development of water-saving products. We are also focused on increasing the revenue share of our green products. We closely monitor market trends and are dedicated to reducing the carbon footprint of our products.
Medium - term	Disruptions in Supply Chain	Suppliers may experience operational halts or transport delays due to extreme weather conditions, leading to increased operational costs.	We are adjusting our supply chain strategy to focus more on local sourcing and to avoid over-reliance on a single supplier. This approach helps in maintaining risk diversification and enhancing the resilience of our supply chain.

Item	Implementation

Period	Risk	Impact	Response Measures
Medium - term	Heat-related injuries among employees	Due to rising temperatures, the likelihood of employees might suffer from heat-related illnesses increases, which may lead to higher insurance costs and, consequently, elevated operational expenses.	Install additional workplace cooling systems. Enhance flexibility in personnel deployment. Maintain internal emergency communication channels to ensure the safety of colleagues and provide timely assistance.
Long - term	Due to the impact of climate change, the pattern of rainfall has shifted, leading to increased frequency and duration of water shortages.	The scarcity of water for manufacturing processes might results in either compromised quality or elevated production costs.	Evaluate the risk of drought in manufacturing areas and develop and implement risk mitigation measures. Regularly maintain equipment to prevent leaks and avoid wasting water resources. Optimize manufacturing processes to use water more efficiently. Incorporate water-saving features into the criteria for purchasing new equipment. Increase the use of recycled water in facilities. Conduct regular on-site campaigns to promote water conservation and remind colleagues to value water resources.

Item	Implementation

Period	Risk	Impact	Response Measures
Long - term	Factories located in coastal areas may face inundation or chronic flooding.	Climate change, leading to rising sea levels, could submerge operational sites, causing disruptions in operations.	Regularly assess whether the factory's location is at risk of rising sea levels, closely monitor environmental changes in the area, including trends and forecasts of sea level rise. If risks are identified, proactive measures will be devised, including plans for factory relocation, to ensure continuous operations and mitigate potential impacts.
Long - term	Operating sites experiencing increased heat	The need for cooling machines and workplaces is growing, resulting in higher electricity costs.	Enhance ventilation and cooling systems at the workplace. When leasing or purchasing office premises, prioritize those that comply with green building standards.

(2) The 6 opportunities as shown below:

Period	Opportunities	Impact	Response Measures
Short - term	Customers have raised their standards for product quality and usage requirements, such as water-saving features.	In response to customer preferences and needs, we are developing relevant products that contribute to an increase in our revenue.	Proactively developing products that align with market trends and customer demands, such as high quality, durability, repair ability, low carbon emissions, and water efficiency. These efforts are aimed at enhancing our competitive advantage and securing more orders.

Item	Implementation
	<table><tr><th>Period</th><th>Opportunities</th><th>Impact</th><th>Response Measures</th></tr><tr><td>Medium - term</td><td>Utilizing low-carbon energy sources</td><td>Low-carbon energy technologies are becoming increasingly mature, and their costs are likely to decrease in the future. Utilizing renewable energy can also reduce carbon emissions during operations, aligning with the global trend towards low-carbon initiatives, increasing the likelihood of winning more orders, and enhancing operational revenue.</td><td>Expanding the installation of renewable energy equipment will increase the use of renewable energy sources. We will continue to evaluate the trends in carbon trading and the price movements of carbon credits, and incorporate the purchase of carbon credits into our strategy for carbon offsetting to achieve our carbon neutrality goals.</td></tr><tr><td>Medium - term</td><td>Increasing environmental demands for products</td><td>To capture future environmental trends, we are actively developing products that meet market demands, thereby enhancing our business revenue through environmental sustainability.</td><td>Simplifying the disassembly and recycling of products and components and reducing the amount of packaging materials used.</td></tr><tr><td>Medium - term</td><td>Improving the efficiency of energy resource use</td><td>By enhancing the efficiency of energy resource use, we aim to minimize waste and maximize benefits, thereby reducing operational costs.</td><td>We are continuously optimizing the ceramic firing process and increasing the utilization of residual heat from the process to reduce energy wastage and promoting actions to conserve energy resources.</td></tr></table>

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<tr><th>Item</th><th>Implementation</th></tr>
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<table>
<tr><th>Period</th><th>Opportunities</th><th>Impact</th><th>Response Measures</th></tr>
<tr><td>Medium - term</td><td>Adopting more efficient transportation methods</td><td>We are planning more efficient transportation models to reduce transportation costs.</td><td>Also, optimizing transportation routes and enhancing the utilization of containers.</td></tr>
<tr><td>Medium - term</td><td>Waste reuse and building a circular economy</td><td>We aim to reduce waste generation at the source or explore opportunities for secondary use to decrease the volume of waste requiring disposal and lower disposal costs. Assessing the potential for using recycled materials could enhance customer acceptance and increase business revenue.
We are also evaluating the feasibility of recycling and reusing industrial waste, and devising strategies for its commercial implementation.</td><td>Improving product yield is crucial to minimize the production of defective goods that would otherwise be scrapped. By optimizing manufacturing processes, we aim to reduce the ratio of waste generated. Continuous assessment of the use of recycled materials and increasing their usage rate is part of our strategy. We are exploring methods to transform production waste into secondary materials. We continue to evaluate the potential for recycling and reusing industrial waste, enhancing our commitment to sustainability.</td></tr>
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<tr><td>3. The impact of extreme climate events and transition actions on finance</td><td>Extreme climate events and transition actions do not have a direct impact on finances in the short term; however, it is essential to continue conducting regular assessments to mitigate the impact of climate risk factors on the Company. To properly manage the risks associated with extreme weather events and the transition to a low-carbon economy, we are gradually integrating the risks of climate change into our operational decision-making. Identifying and managing risks diligently, we strive to implement mitigation and adaptation measures.</td></tr>
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Item	Implementation
4. Describe how the process of identifying, assessing, and managing climate risks is integrated into the overall risk management system.	• The Company's ESG Sustainability Initiative undertakes to understand local trends and regulations, as well as disclosures related to domestic and international peers. This organization identifies potential climate-related risks and opportunities, assesses their impact and likelihood, and prioritizes them based on the significance of issues that concern stakeholders. Appropriate responses are then developed in line with the sustainability goals and business strategy set by the Board of Directors and are implemented as planned. • The ESG Sustainability Initiative identifies key risks and discusses response strategies with various business units across the Company. These risk assessments are then submitted to the Sustainable Development Committee for oversight. The Chair of the Sustainable Development Committee reports regularly to the Board of Directors based on the outcomes of this risk management and assessment. • Incorporate climate change into the critical agenda and key risk items of corporate sustainability development, and progressively implement risk management plans at operational sites. Develop response measures for operations, product development, and supply chain management. • Based on the PDCA operational model, continuously refine the integration of climate change risk management with the overall corporate risk management system.
5. When using scenario analysis to assess resilience to climate change risks, it is essential to detail the scenarios employed, parameters, assumptions, analytical factors, and main financial impacts.	In the future, the Company will analyze the impacts of climate change on transformation risks in operational aspects, referencing the international 2050 net-zero targets. Additionally, the Company will utilize the RCP scenarios published by the IPCC to assess the primary physical risks brought by climate change. Based on these analyses, response strategies will be formulated to guide adjustments in operational strategies.
6. If there is a transformation plan in place to manage climate-related risks, the content of this plan should be outlined, along with the	Following a greenhouse gas (GHG) inventory, the company plans to progressively set and implement reduction targets based on the scope of the inventory, integrating the indicators and targets for identifying and managing climate-related risks.

Item	Implementation
indicators and targets used to identify and manage physical and transitional risks.	
7. If internal carbon pricing is used as a planning tool, the basis for pricing determination should be explained.	Once the Group's carbon reduction targets are clearly defined, methods for internal carbon pricing will be established and implemented.
8. If climate-related targets are set, the plan should cover the activities involved, scopes of greenhouse gas emissions, planning periods, and annual progress towards these goals. If carbon offsets or Renewable Energy Certificates (RECs) are used to achieve these targets, the source and quantity of the carbon offset credits or the number of RECs should be detailed.	After conducting a greenhouse gas inventory, GHG tracking will be initiated, followed by the setting and implementation of reduction targets and related measures.
9. Greenhouse gas inventory and verification status, reduction goals,	(Additional information to be filled in sections 1-1 and 1-2)

Item	Implementation
strategies, and specific action plans	

1-1 Greenhouse Gas Inventory and Verification Status for the Last Two Fiscal Years

1-1-1 Greenhouse Gas Inventory Information

Statement of detailed account of greenhouse gas emissions over the last two fiscal years, including total emissions (metric tons of CO_2e), intensity (metric tons CO_2e/NT$ million), and the scope of data covered.
The Company, a publicly listed entity with a capitalization of less than NT$5 billion, adheres to the disclosure schedule set by the Financial Supervisory Commission. According to this schedule, the Company is required to complete a greenhouse gas inventory for the individual entity in 2026 and for subsidiaries included in the consolidated financial statements in 2027. The Company anticipates completing the greenhouse gas inventory for the Group in 2026.

1-1-2 Greenhouse gas verification information

Overview of the verification status of greenhouse gas emissions up to the date of publication of this annual report for the last two fiscal years, including the scope of verification, the verifying body, the verification standards applied, and the opinion.
The Company, a publicly listed entity with a capitalization of less than NT$5 billion, adheres to the disclosure schedule set by the Financial Supervisory Commission. According to this schedule, the Company is required to complete a greenhouse gas inventory for the individual entity in 2026 and for subsidiaries included in the consolidated financial statements in 2027. The Company anticipates completing the greenhouse gas verification process in 2026.

1-2 Greenhouse gas reduction targets, strategies, and specific action plans

Outlines the base year for greenhouse gas emissions, the corresponding data, the reduction targets, the strategies and specific action plans we have developed, and the progress towards achieving these reduction targets.
Scheduled the completion of the greenhouse gas verification process for 2026, which will be set as the base year for measuring the future emissions reductions, strategies, specific action plans etc.

(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			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
I. Establishment of ethical corporate management policy and approaches (I) Has the company implemented a board approved ethical corporate management policy and stated in its regulations and external correspondence the ethical corporate management policy and practices, as well as the active commitment of the board of directors and management towards enforcement of such policy?	✓		The Ethical Corporate Management Principles and Ethical Corporate Management Operating Procedures and Code of Conduct established by the Company are approved by the board. The Company has established work rules and conduct rules to ensure that all employees, the board of directors, and executives can practice proper ethics, eliminate corruption, and comply with government laws and regulations. This includes both internal management and external business activities.	No significant difference.
(II) Does the company have mechanisms in place to assess the risk of unethical conduct, and perform regular analysis and assessment of business activities with higher risk of unethical conduct within the scope of business? Does the company implement programs to prevent unethical conduct based	✓		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 receiving of illegal benefits, violation of business secrets, and more.	No significant difference.

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
on the above and ensure the programs cover at least the matters described in Paragraph 2, Article 7 of the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies?				
(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?	✓		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?	✓		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 avoid any transactions with persons so involved. When entering into contracts, the Company shall include	No significant difference.

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			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?	✓		The Finance Department of the Company is responsible for promoting corporate integrity in business operations. A report on the implementation of the "Corporate Integrity Management" is presented at least once a year at the Board of Directors' meeting. The Company has established and made available internal regulations, including the "Corporate Integrity Management Code," "Integrity Management Operational Procedures, and Conduct Guidelines." These documents are published on the Company's internal network for all employees, both existing and new, to access and understand at any time. Employees are required to read these regulations annually and record their compliance in the system, which facilitates tracking of individuals who have not yet completed the required training.	No significant difference.

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			The Company also conduct advocacy with the suppliers. The contracts with our suppliers explicitly include clauses related to integrity management, such as non-compete, prohibition of soliciting employees to leave their jobs, and strict prohibition of bribery. Suppliers are required to sign standardized contracts and comply with these regulations, achieving a 100% signing rate in 2023. The most recent report was presented on December 15, 2023, detailing the policies, internal and external implementation, and outcomes of the Company's integrity management initiatives during the year.	
(III) Has the company established policies to prevent conflicts of interests, implemented such policies, and provided adequate channels of communications?	✓		Any (potential) conflicts of interest should be explained to the direct supervisor and action taken as directed by the superior to avoid such conflicts; if the superior allows the same person to remain in charge then they should give the order in writing.	No significant difference.

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

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			enhance their awareness of legal compliance. The "Code of Conduct" is published on the Company's internal employee system, making it readily accessible for all employees to review the standards at any time. Additionally, relevant documents from regulatory authorities are periodically forwarded to directors and internal personnel to enhance their awareness and compliance with legal requirements. The Company organizes internal training on ethical corporate management every year. Directors are asked to adequately attend relevant external seminars and courses. In 2023, a total of 2,037 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 2023, there are 23 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	

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			hours) and the “Code of Conduct” and “Insider Trading” were included. Additionally, within the Company, an online course on the "Code of Conduct" has been completed by employees for a total of 118 person-times, with 59 hours of training conducted.	
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?	✓		The Company established a whistleblower channel (whistle@globeunion.com) for employees around the world. Employees may solve ethical dilemmas, seek advice, or report concerns to the department supervisor or local human resources unit or internal audit unit. Otherwise, employees may raise concerns or report violations of the code of conduct through the global employee whistleblower channel under their real name. The Group's Human Resources is responsible for the global employee whistleblower channel and cooperates with the audit unit or appoint relevant units to help with investigations based on the circumstances. The Company will issue reasonable bonuses according to the severity of	No significant difference.

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			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?	✓		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, whistleblower complaints involving general employees should be reported to the respective functional managers, while those involving directors or senior executives should be reported to the independent directors or the Audit Committee. If it is confirmed that the reported individual has violated relevant laws or the Company’s policies and regulations on integrity management, immediate action must be taken to stop the implicated activities, and appropriate	No significant difference.

Evaluation item	Operating status			Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons
	Yes	No	Summary	
			measures must be taken, including, if necessary, pursuing legal action for damages to protect the company's reputation and interests. Appropriate actions based on the findings of the fact-checking process must be taken. The responsible department must respond with the outcome of the handling within the prescribed number of days and conclude the case.	
(III) Has the company provided proper whistleblower protection?	✓		Managers and personnel involved in handling whistleblower complaints must maintain confidentiality regarding the whistleblower's identity and the details of the complaint. They must also commit to protecting whistleblowers from improper treatment as a result of their complaints. Strict confidentiality management is enforced regarding the reporter and the content of the report, thoroughly safeguarding the information of the reporter and stakeholders involved. It is forbidden for the whistleblower to lose identity or employment rights, or work under differentiated working conditions.	No significant difference.

<table>
<tr><th rowspan="2">Evaluation item</th><th colspan="3">Operating status</th><th rowspan="2">Departure from Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies and reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Summary</th></tr>
<tr><td>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?</td><td>✓</td><td></td><td>The Company has disclosed information related to ethical management on the company website and M.O.P.S.</td><td>No significant difference.</td></tr>
<tr><td colspan="5">V. Describe the deviations, if any, between actual practice and the ethical corporate management principles, if the company has formulated such principles based on the Ethical Corporate Management Best Practice Principles for TWSE/TPEx Listed Companies: The Company has formulated the Ethical Corporate Management Principles and its deviations in practice are described above.</td></tr>
<tr><td colspan="5">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 Ethical Corporate Management Principles were revised on November 8, 2019.</td></tr>
</table>

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

Market Observation Post System: http://mops.twse.com.tw/mops/web/t100sb04_1

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

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

Visit "Corporate Governance" under "Investor Relations"

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

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

(IX) Implementation of internal control system:

1. Statement on Internal Control: Please refer to pages 220 to 221.
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:

(Date of shareholders' meeting) May 26, 2023

Shareholders' Meeting Resolutions	Implementation
1. Approval of the recognition of FY 2022 Business Report and Financial Statement.	The resolution was approved as proposed.
2. Approval of the recognition of FY 2022 Deficit Compensation.	The resolution was approved as proposed.
3. Approval of the amendment to the Company's "Article of Incorporation"	The resolution was approved as proposed.
4. Approval of to conduct election of the Company's independent director.	The election results were announced on the day of the shareholders' meeting on the Market Observation Post System, and the Company registration changes were completed within the prescribed deadline.
5. Approval of the propose to release Noncompetition restriction for the Independent Director elected.	Significant announcements were made on the Market Observation Post System on the day of the shareholders' meeting.

Important board resolutions:

Important resolutions reached by the Board of Directors in 2023 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 13th meeting 2023.01.18	1. Approval of the 2023 Employee Stock Options at Cash Capital Increase Policy..	✓	N/A
	2. Approval of the 2023 Employee Stock Options at Cash Capital Increase subscription list.	✓	N/A
	3. Approval of the Company is engaged in derivative transaction for forward foreign exchange.		
	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 FY2022 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2022.		
	3. Approval of the result of Y2022 self-evaluation of internal control.	✓	N/A
	4. Approval of the independency of the auditor, and to comply the Audit Accountant rotation requirement, propose to change the auditors.	✓	N/A
	5. Approval of the Conversion of common stock from Employee stock option plan.	✓	N/A
	6. Approval of the conduct election of the Company's independent director.		
	7. Approval of the release Noncompetition restriction for the Independent Director elected.		
	8. Approval of the resolve convening 2023 Shareholder Regular Meeting.		
	9. Approval of the Greenhouse emission inventory and audit schedule for the Subsidiary Companies in accordance with the		

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)
	Corporate Sustainability roadmap for Public listed Companies issued by the FSC (Financial Supervisory Commission).		
	10. Approval of the sale of Company's intangible assets.	✓	N/A
	11. Approval of the Company is engaged in derivative transaction for forward foreign exchange.	✓	N/A
	12. Approval of the application of 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 15th meeting 2023.4.13	1. Approval of the Adoption of the Proposal for Y2022 Deficit Compensation.		
	2. Approval of the Nomination of the Company's independent director by shareholders holding 1 % or more.		
	3. Approval of the Propose to form "Pre-Approval for CPA to provide non-auditing service policy."	✓	N/A
	4. Approval of the application of 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 16th meeting 2023.5.5	1. Approval of the Consolidated Financial Statements of the Company for Q1 2023.		
	2. Approval of the issuance of Year 2023 Employee stock option plan.	✓	N/A
	3. Approval of the extension for Inter-company Loan to Subsidiary.	✓	N/A
	4. Approval of the application of credit line with the Bank.		
	Opinion(s) of the independent director(s): None.		

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)
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		
18th-term 17th meeting 2023.5.26	1. Approval of the appointment and remuneration for the new appointed manager.		
	2. Approval of the relieve of the current CEO and appointment of new CEO.		
	3. Approval of the company proposes to extend guarantee for Subsidiary.	✓	N/A
	4. Approval of to propose the application of 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 18th meeting 2023.8.7	1. Approval of the Consolidated Financial Statements of the Company for Q2 2023.		
	2. Approval of the Year 2023 Evaluation on the independence and suitability of external audit Accountant.	✓	N/A
	3. Approval of the subsidiary Shenzhen Globe Union Enterprise Co., propose to dispose Dormitory Land Usage Right.	✓	N/A
	4. Approval of the propose the employee lists of whom will be granted of “The Employee Stock Option Plan 2023.”	✓	N/A
	5. Approval of the company proposes to extend guarantee for Subsidiary.	✓	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 19th meeting 2023.11.6	1. Approval of the Consolidated Financial Statements of the Company for Q3 2023.		
	2. Approval of the Company proposes to extend guarantee for Subsidiary.	✓	N/A
	3. Approval of the Company proposes to set the” The article of organization for Corporate		

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)
	Governance and Sustainable Development Committee" and form the "Corporate Governance and Sustainable Development Committee".		
	4. Approval of the propose to engage Committee Members for the 1st session of Corporate Governance and Sustainable Development Committee.		
	5. Approval of the appointment of the new Internal audit manager.	✓	N/A
	6. Approval of to propose the application of 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 20th meeting 2023.12.15	1. Approval of the Y2024 corporate budget and business strategy plan.		
	2. Approval of the Y2024 audit plan.		
	3. Approval of the conversion of common stock from Employee stock option plan.	✓	N/A
	4. Approval of amendment to "Policy for Remuneration to Director".		
	5. Approval of the remuneration for manager.		
	6. Approval of the formulate the company's sustainable development vision and core strategy.		
	7. Approval of the Report on 2023 Corporate Governance and Sustainability Committee execution result.		
	8. Approval of the Company proposes to revise the Company's "Rules Governing Financial and Business Matters Between this Corporation and its Affiliated Enterprises".	✓	N/A
	9. Approval of the Extension for Inter-company Loan to Subsidiary.	✓	N/A
	10. Approval of to propose the application of		

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)
	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 21st meeting 2024.1.26	1. Approval of the Manager's separation payment as term expired.		
	2. Approval of the Company is engaged in derivative transaction for forward foreign exchange.	✓	N/A
	3. Approval of to propose the application of 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 22nd meeting 2024.3.11	1. Approval of the FY2023 Directors' and employees' profit-sharing.		
	2. Approval of the Business Report and Financial Statements of the Company for Year 2023.		
	3. Approval of the result of Y2023 self-evaluation of internal control.	✓	N/A
	4. Approval of the conduct election of the Company's 19th session of Board of Directors.		
	5. Approval of the release Noncompetition restriction for the 19th Session Directors elected.		
	6. Approval of the resolve convening 2024 Shareholder Regular Meeting.		
	7. Approval of the conversion of common stock from Employee stock option plan.	✓	N/A
	8. Approval of the compensation for the service of External Auditor.	✓	N/A
	9. Approval of the company is engaged in derivative transaction for forward foreign exchange.	✓	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)
	10. Approval of to propose the application of credit line with the Bank.		
	Opinion(s) of the independent director(s): None.		
	Response of the Company to the independent director opinion(s): None.		
	Resolutions: All directors attending the meeting approved.		

Attendance of Independent Directors at Board Meetings

Date / Name	2023							
	1/18	3/7	4/13	5/5	5/26	8/7	11/6	12/15
Chin-Shan Huang	◎	◎	△	◎	△	◎	◎	◎
Young-Sheng Hsu	◎	◎	◎	◎	◎	◎	◎	◎
Wen-Yi Fan	◎	◎	◎	◎	◎	◎	◎	◎
Ta-Chin Hsu	—	—	—	—	◎	◎	◎	◎

Date / Name	2024	
	1/26	3/11
Chin-Shan Huang	◎	◎
Young-Sheng Hsu	◎	◎
Wen-Yi Fan	△	◎
Ta-Chin Hsu	◎	◎

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

Implementation of Directors' Recusal for Conflict of Interest Matters:

Date of the Board of Directors Meeting	Name of Recused Director	Agenda Item	Reason for Conflict of Interest Recusal	Participation in Voting
2023.05.26	Shane Ouyang	Relieve of the current CEO and appointment of new CEO.	Shane Ouyang, the Chairman and President, who is also a stakeholder.	The Chairman Shane Ouyang, in compliance with legal requirements, abstained from participating in both the discussion and the voting process due to his conflict of interest. The Acting Chairman proceeded with the deliberations and, after consulting with the other attending directors who had no objections, the resolution was passed as proposed.
2023.11.06	Shane Ouyang, Hung-Kang Lin Young-Sheng Hsu Ta-Chin Hsu	Propose to engage Committee Members for the 1st session of Corporate Governance and Sustainable Development Committee.	The Chairman Shane Ouyang, 、Director Hung-Kang Lin、Independent Director Young-Sheng Hsu and Ta-Chin Hsu, who are also the stakeholders	2 directors, 2 independent directors, in compliance with legal requirements, abstained from participating in both the discussion and the voting process due to his conflict of interest. The Acting Chairman proceeded with the deliberations and, after consulting with the other attending directors who had no objections, the resolution was passed as proposed.
2023.12.15	Shane Ouyang	Amendment to "Policy for Remuneration to Director".	The Chairman Shane Ouyang is a compensation-related stakeholder.	The Chairman Shane Ouyang, in compliance with legal requirements, abstained from participating in both the discussion and the voting process due to his conflict of interest. The Acting Chairman proceeded with the deliberations and, after consulting with the other attending directors who had no objections, the
		Approval for remuneration for manager.	Shane Ouyang, the Chairman and President, who is also compensation-related stakeholder.	

Date of the Board of Directors Meeting	Name of Recused Director	Agenda Item	Reason for Conflict of Interest Recusal	Participation in Voting
				resolution was passed as proposed.

(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:

March 31, 2024

Title	Name	Appointment Date	Termination Date	Reason for Resignation or Termination
President	Todd Alex Talbot	2019.08.13	2024.01.01	End of term
Audit Supervisor	Kuo-Hsiang, Tsao	2014.08.08	2023.11.07	Retirement

V. Information Regarding the Compensation for the service of the external auditor:

Unit: Thousand NTD

Name of the accounting firm	Name of CPA	Accountant's duration of audit	Audit fee	Non-Audit fee	Total	Notes
Ernst & Young	Chin-Yuan Tu	2023.01.01 ~2023.12.31	6,230	1,285	7,515	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.
	Wen-Chen Lo					

(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 Regarding the Replacement 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. 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. Changes in Shareholding of directors, supervisors, managers and shareholders holding more than 10% equity in the past year and up to the date of report：

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

Unit: Shares

Title	Name	2023		2024 As of March 31	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Institutional director representative, principal	Ming-Ling Co., Ltd.	14,607,340 (Note 1)	9,346,000	–	–
Representative of institutional director	Shane Ouyang	8,208,000 (Note 2)	8,874,000	–	–
	Hung-Kang Lin	–	–	–	–
	Andrew Yates	–	–	–	–
	Wen-Hsin Chen	–	–	–	–

Title	Name	2023		2024 As of March 31	
		Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares	Increase (decrease) in the number of shares held	Increase (decrease) in pledged shares
Independent director, principal	Chin-Shan Huang	–	–	–	–
Independent director, principal	Young-Sheng Hsu	–	–	–	–
Independent director, principal	Wen-Yi Fan	–	–	–	–
Independent director, principal	Ta-Chin Hsu(Note 3)	–	–	–	–
President	Todd Alex Talbot (Note 4)	650,000 (Note 1)	–	–	–
Vice President	Tsung-Min Chen	177,320 (Note 1)	–	–	–
Vice President	Chin-Nan Hung(Note 5)	-	-	–	-
Vice President	Lei-Hui Lee	101,000 (Note 6)	–	(32,000) (Note 10)	–
Vice President	Zhen-Hui Jin	155,000 (Note 1)	–	(38,000) (Note 10)	–
Assistant Vice President	Jung-Chao Lin(Note 7)	–	–	–	–
Assistant Vice President	Ta-Ying Chang	100,000 (Note 1)	–	–	–
Assistant Vice President	Bhor-Chaou Chang(Note 8)	–	–	–	–
Assistant Vice President	Jun-Hong Li	75,000 (Note 6)	–	(20,000) (Note 10)	–
Assistant Vice President	Ming-Feng Zhang	12,000 (Note 6)	–	–	–
Assistant Vice President	Jia-Yi Lin (Note 9)	–	–	–	–
Head of Accounting	Ying-Fan Chen	60,000 (Note 1)	–	–	–

Note 1: Cash capital increase. Note 2: Purchased from the stock market, inheritance. Note 3: Appointed through election at the shareholders' meeting on May 26, 2023.
Note 4: Term expired on January 1, 2024. Note 5: Newly appointed on June 1, 2023. Note 6: Cash capital increase, stock market sold. Note 7: Retired on July 1, 2023. Note 8: Retired on January 1, 2024. Note 9: Newly appointed on July 1, 2023. Note 10: Stock market sold.

(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. Replationship among the top ten shareholders (related party, spouse, or kinship within the second degree):

April 1, 2024

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	9.27	0	0	0	0	Shane Ouyang	Representative of Institutional Director for Ming-Ling Co., Ltd.	N/A
Shane Ouyang	30,393,496	7.42	0	0	0	0	Su-Hsiang Ou Young Chang Lei Ouyang	Mother and son Brothers	N/A
Su-Hsiang Ou Young Chang	28,516,175	6.96	0	0	0	0	Shane Ouyang Lei Ouyang	Mother and son	N/A
Lei Ouyang	26,858,132	6.56	0	0	0	0	Su-Hsiang Ou Young Chang Shane Ouyang	Mother and son Brothers	N/A
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.39	0	0	0	0	N/A	N/A	N/A
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.02	0	0	0	0	Scott Ouyoung	Principal (deceased)	N/A
Chih-Yung Li	15,930,024	3.89	0	0	0	0	N/A	N/A	N/A
Chun-Yu Investment Co., Ltd. (Representative: Li-Chuan Chiu)	7,581,160	1.85	0	0	0	0	N/A	N/A	N/A

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	
J.P. Morgan Investment Account held in custody by J.P. Morgan Chase Taipei Branch	5,661,554	1.38	0	0	0	0	N/A	N/A	N/A
Hsing-Chung Hsu	4,385,046	1.07	0	0	0	0	N/A	N/A	N/A

X. Ownership of Shares in Affiliated Enterprises: 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 noncash assets	Other
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, 2019	10	600,000,000	6,000,000,000	356,212,962	3,562,129,620	Revoked restricted share awards 1,000,000 shares	N/A	Note 1
March, 2020	10	600,000,000	6,000,000,000	356,848,962	3,568,489,620	Conversion of employee warrants 636,000 shares	N/A	Note 2
November, 2020	10	600,000,000	6,000,000,000	358,163,962	3,581,639,620	Conversion of employee warrants 1,315,000 shares	N/A	Note 2

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 noncash assets	Other
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
December, 2023	10	600,000,000	6,000,000,000	408,728,962	4,087,289,620	Conversion of employee warrants 315,000 shares	N/A	Note 4
March, 2024	10	600,000,000	6,000,000,000	409,343,962	4,093,439,620	Conversion of employee warrants 615,000 shares	N/A	Note 4

Note1: July 20, 2016, Jin-Guan-Zheng-Fa-Zi No. 1050027765.

Note2: October 2, 2015, Jin-Guan-Zheng-Fa-Zi No. 1040039608.

Note3: December 14, 2018, Jin-Guan-Zheng-Fa-Jiao-Zi No. 1070346458.

Note4: April 7, 2020, Jin-Guan-Zheng-Fa-Zi No. 1090336257.

Note5: 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: As of the share transfer suspension date of 2024/4/1, the number of common outstanding shares: 409,463,962 shares.

Shares Type April 1, 2024 (as of the date of suspension of transfer registration) Unit: Shares

Shares Type	Authorized capital			Notes
	Shares issued and outstanding	Unissued shares	Total	
Ordinary shares	409,463,962	190,536,038	600,000,000	

Information about the comprehensive reporting system: None.

(II) Shareholder structure:

April 1, 2024 Unit: Shares

Shareholder structure / Quantity	Government agencies	Financial institutions	Other legal persons	Individuals	Foreign institutions and foreigners	Total
No. of People	0	9	50	12,989	137	13,185
No. of shares held	0	7,161,591	72,810,330	248,198,061	81,293,980	409,463,962
Shareholding ratio (%)	0	1.75	17.78	60.62	19.85	100.00

(III) Share distribution:

April 1, 2024 Unit: Shares; NT$10 per share

Shareholding range	Number of shareholders	No. of shares held	Shareholding ratio %
1 to 999	3,137	637,949	0.15
1,000 to 5,000	6,351	14,075,026	3.44
5,001 to 10,000	1,506	11,605,090	2.83
10,001 to 15,000	612	7,473,015	1.82
15,001 to 20,000	325	5,974,643	1.46
20,001 to 30,000	380	9,413,017	2.30
30,001 to 40,000	186	6,568,580	1.60
40,001 to 50,000	141	6,472,298	1.58
50,001 to 100,000	252	18,250,139	4.46
100,001 to 200,000	144	19,525,471	4.77
200,001 to 400,000	68	18,707,745	4.57
400,001 to 600,000	31	15,181,698	3.71
600,001 to 800,000	11	7,700,833	1.88
800,001 to 1,000,000	2	1,704,755	0.42
Over 1,000,001	39	266,173,703	65.01
Total	13,185	409,463,962	100.00

Describe the diffusion of ownership of preferred shares: None.

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

April 1, 2024 Unit: Shares

Shares / Name of major shareholder	No. of shares held	Shareholding ratio (%)
Ming-Ling Co., Ltd. (Representative: Shane Ouyang)	37,974,032	9.27
Shane Ouyang	30,393,496	7.42
Su-Hsiang Ou Young Chang	28,516,175	6.96
Lei Ouyang	26,858,132	6.56
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.39
Trust property account of Scott Ouyoung at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.02
Chih-Yung Li	15,930,024	3.89
Chun-Yu Investment Co., Ltd. (Representative: Li-Chuan Chiu)	7,581,160	1.85
J.P. Morgan Investment Account held in custody by J.P. Morgan Chase Taipei Branch	5,661,554	1.38
Hsing-Chung Hsu	4,385,046	1.07

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

Year / Item			2022	2023	Current year up to February 29, 2024
Market price per share	Highest		15.25	15.8	17.9
	Lowest		10.75	12.1	14.8
	Average		12.8	13.9	15.62
Net worth per share	Before distribution		13.04	14.42	–
	After distribution		13.04	13.22	–
Earnings per share	Weighted average shares		358,413,962	408,993,962	–
	Earnings per share	Pre-adjustment	(2.48)	1.52	–
		Post-adjustment	–	–	–
Dividends per share	Cash dividends		0	1.2	–
	Stock grants	Earnings	–	–	–
		Additional paid-in capital (APIC)	–	–	–
	Accumulated unpaid dividend		–	–	–
Return on investment Analysis	PE ratio (Note 1)		(5.16)	9.14	–
	Price-dividend ratio (Note 2)		0	11.58	–
	Cash dividend yield (Note 3)		0	0.09	–

Note1: Price-earnings (P/E) ratio = Average market price / Earnings per share.

Note2: Price-dividend (P/D) ratio = Average market price / Cash dividends per share.

Note3: Cash dividend yield rate = Cash dividend per share / Average market price.

(VI) Company dividend policy and implementation:

1. Dividend policy:

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

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

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

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

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

On April 12, 2024, the Board of Directors resolved that the distributable profit for 2023 amounted to NT$560,516,743. A dividend of NT$491,356,754 was allocated to shareholders, corresponding to a cash dividend of NT$1,200 per thousand shares.

(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 2023.

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:

   In accordance with the relevant provisions of the Company's Articles of Association, the Board of Directors resolved on March 11, 2024, to allocate NT$4,095 thousands for director remuneration and NT$21,905 thousands for employee remuneration, to be distributed in cash. This allocation matches the amounts estimated in the accounts.

   (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 7, 2023, which was reported to the shareholders' meeting on May 26, 2023, the Company would not appropriate remuneration to directors, and employee remunerations. There was no difference between these numbers and the total combined estimated amount.

(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 Employee share awards:

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

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

April 1, 2024

Tranche of ESOP	2020 First Employee Stock Option (ESOP) Issuance	2021 First Employee Stock Option (ESOP) Issuance	2023 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	June 20, 2023 3,000,000 shares
Date of issuance (processing)	August 10, 2020	February 14, 2022	August 9, 2023
Units issued	10,200,000 shares	2,100,000 shares	1,400,000 shares
Units available for issuance	0 shares (Note 2)	0 shares (Note 2)	1,600,000 shares
Ratio of units available for issue to total shares outstanding	2.86%	0.59%	0.34%
Subscription duration	3 years	3 years	3 years
Mode of implementation	Issuance of new shares	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)	1,300,000	0	N/A
Amount exercised (NT$)	16,015,000	0	N/A
Number of rights unexercised	5,100,000	1,600,000	1,400,000
Exercise price for unexercised units (NT$)	12.3	14.6	14.10
Ratio of unexercised rights To total shares outstanding (%)	1.25%	0.39%	0.34%
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.		

Note1: 2020/8/10, total outstanding shares: 356,848,962 shares
2022/2/14, total outstanding shares: 358,163,962 shares
2023/8/9, total outstanding shares: 408,413,962 shares

Note2: As the issuance period has been reached, the units available for issuance is therefore 0.
As of the share transfer suspension date of 2024/4/1, the number of common outstanding shares: 409,463,962 shares.

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

As of April 1, 2024

Unit: Shares: Thousand shares ; Amount: Thousand NTD

<table>
<tr><th rowspan="2">Date of issuance</th><th rowspan="2"></th><th rowspan="2">Title</th><th rowspan="2">Name</th><th rowspan="2">Number of rights vested</th><th rowspan="2">Vested rights as a percentage of total outstanding shares</th><th colspan="4">Exercised</th><th colspan="4">Unexercised</th></tr>
<tr><th>Number of rights</th><th>Subscription price</th><th>Value of rights</th><th>Ratio of rights to total outstanding shares</th><th>Number of rights</th><th>Subscription price</th><th>Value of rights</th><th>Ratio of rights to total outstanding shares</th></tr>
<tr><td rowspan="4">2020.08.10</td><td rowspan="4">Managers</td><td>Vice President</td><td>Tsung-Min Chen, Lei-Hui Lee, Zhen-Hui Jin</td><td>2,000</td><td>0.49%</td><td>0</td><td>0</td><td>0</td><td>0%</td><td>2,000</td><td>12.30</td><td>24,600</td><td>0.49%</td></tr>
<tr><td>President</td><td>Todd Alex Talbot (Note 1)</td><td rowspan="3">2,450</td><td rowspan="3">0.60%</td><td rowspan="3">350</td><td rowspan="3">12.3</td><td rowspan="3">4,305</td><td rowspan="3">0.09%</td><td rowspan="3">2,100</td><td rowspan="3">NA</td><td rowspan="3">NA</td><td rowspan="3">0.51%</td></tr>
<tr><td>Vice President</td><td>Michael David Bond (Note 2)</td></tr>
<tr><td>Assistant Vice President</td><td>Sheng-Shyong Hwang (Note 2), Jung-Chao Lin (Note 3)</td></tr>
</table>

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	Employee	Employee	Hong-Ting Wang, Chong Kheng Lim, Jason David Shaw, Keith Edward Yurko, Kyle W Selph, Nathalie Wilhelmina Vandecraen, Richard Ian George, Min-Feng Ku	4,050	0.99%	250 700	12.4 12.3	11,710	0.23%	3,100	12.30	38,130	0.76%

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
			Eric Wu (Note 2), Janet OH (Note 2), Raul Maldonado (Note 2), Ching-Hsiang Chang (Note 2)	1,700	0.42%	0	0	0	0%	1,700	NA	NA	0.42%
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 Fiordirosa、Chip Boyles、CHONG KHENG LIM	1,350	0.33%	0	0	0	0%	1,350	14.6	19,710	0.33%

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
			Jeff Kessler (Note 2)	500	0.12%	0	0	0	0%	500	NA	NA	0.12%
2023.08.09	Managers	Vice President	Chin-Nan Hung	1,000	0.24%	0	0	0	0%	1,000	14.1	14,100	0.24%
	Employee	Employee	Carmen Fiordirosa	400	0.10%	0	0	0	0%	400	14.1	5,640	0.10%

Notes1: Discharged from duties upon expiration of term on January 1, 2024.

Notes2: 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.

Notes3: Retired on July 1, 2023.

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

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

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

VII. Implementation of capital allocation plan:

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

(II) Implementation Status: An itemized analysis of the purposes of the aforementioned plans was conducted up to the quarter preceding the publication date of the annual report. The implementation status and its comparison to the originally anticipated benefits: N/A.

E. Operational Highlights

I. Business activities

(I) Business scope

Globe Union's main area of business is the manufacturing and distribution of faucets and 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 ceramics and faucets manufacruing companies in the bathroom and kitchen sanitary 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	2023	Notes
Faucets and showerheads	33%	
Vitreous China	43%	
Other	24%	Note 1
Total	100%	

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

New products under development:

The continuous improvement and optimization of toilet noise will be achieved through ongoing technical research and development. This development process will involve the use of numerical simulation software for pre-development simulation and prototyping testing. We expect to achieve patented Quiet Clean technology, which enables quiet flushing and high-efficiency water conservation.

New Vitreous China products: Expanding the ReadySet product line with the same design strategy and toilet installation patent technology. After the introduction of the convenient installation component for toilet bowls in the market, there has been a continued focus on the quick installation of water tanks, the convenient installation of closed pipe toilet bowls, and the quickinstallation of toilet seat covers. Simultaneously, efforts are being made to construct relevant patent layouts to enhance technological competitiveness.

New copperware:

1. In the showerheads category, the Company has developed a new type of multi-functional overhead spray and handheld shower head set, along with a new generation of coaxial temperature control valves that includes a water temperature setting function. Our goal is to enhance the consumer showering experience.
2. With the strategic goal of enhancing the consumer installation experience, we are currently developing the third generation of a faucet top-mounted module structure and an under-counter quick installation module. These modules can be applied to various faucet designs and countertop installation hole sizes, meeting the product demand characteristics of the OEM market.
3. We have strategically developed a high-flow third-function showerhead. This showerhead can be easily integrated into various kitchen faucet product lines and provides a range of benefits through modular platform applications.
4. The development team consistently monitors fashion trends and the product trends of major sanitary brands, with a specific focus on developing our brand's products. At the same time, we also utilize these trends to offer Original Design Manufacturer (ODM) customers design solutions that incorporate deep insights.

(II) Industry overview:

Globe Union product sales consist mainly of faucets and Vitreous China such as kitchen/bathroom faucets, hardware fittings, and 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.

Based on the robust economic growth in the United States, as well as in several emerging markets and developing economies, and the implementation of stimulus measures by China, the International Monetary Fund (IMF) predicts that Global growth will reach 3.1% in 2024, with a slight increase to 3.2% in 2025. Global inflation is projected to decrease to 5.8% in 2024 and decline to 4.4% in 2025.

IMF has stated that despite the geopolitical turmoil in the Middle East, which has caused a surge in commodity prices and supply chain risks, the risk of a global economic hard landing is beginning to decrease. In the second half of 2023, the global economy has demonstrated significant resilience, and this growth is anticipated to persist into 2024.

According to the IMF, China's stimulus measures and strong demand from the

United States are expected to drive economic growth. As a result, the IMF projects that China's economy will grow by 4.6% in 2024, while the United States is 2.1%. The euro area and Japan have a growth rate of 0.9%, whereas the United Kingdom has a growth rate of 0.6%.

Due to a monetary tightening, the delayed impact of fiscal policy, and a sluggish labor market, the growth rate in the United States is projected to decrease from 2.5% in 2023 to 2.1% in 2024 and 1.7% in 2025.

The Director of the IMF's Asia and Pacific Department emphasized the importance of ongoing monitoring of the housing market in China. If the Chinese government continues to restructure real estate developers with inadequate assets to cover their debts or injects more funds than anticipated to boost consumer confidence, the pace of China's economic recovery may exceed expectations.

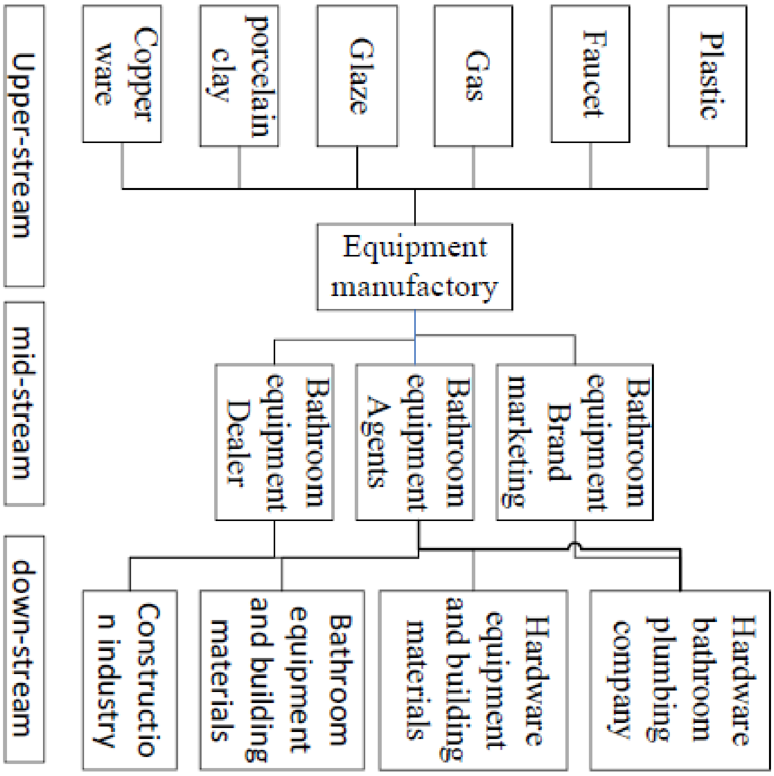
On January 30, Eurostat announced that the preliminary seasonally adjusted gross domestic product (GDP) for the fourth quarter of 2023 in the euro area remained unchanged (zero growth) compared to the previous quarter. Better than the third quarter and the market expectation of a 0.1% quarterly decline, narrowly avoiding a technical recession. With inflation in the euro area gradually cooling and the European Central Bank beginning to cut interest rates, there is an expectation in the market that the European economy will experience a gradual recovery this year.

The National Association of Realtors predicts, in its January 2024 report, that existing home sales will grow by 13% in 2024 and by 15.8% in 2025. New single home sales are expected to increase by 15.2% in 2024 and by 7.8% in 2025. The leading indicator of the housing starts for the property market is expected to reach 1.435 million homes in 2024 (an increase of 1.6% compared to 2023) and is predicted to reach 1.48 million homes by 2025.

In recent years, there has been a growing emphasis on technology and environmental awareness in the bathroom space, with a focus on creating emotions and atmosphere. Energy conservation and environmental protection are crucial aspects of the bathroom industry's development today. By incorporating precise temperature and flow regulators, such as low-flow technology faucets and showerheads, efficient bathroom equipment, and bathroom products made from recycled materials, we can effectively reduce energy and water consumption. This raises awareness among users about the importance of using natural resources responsibly. The integration of smart home technology is also a part of the innovation in bathroom design. By connecting smart devices and designing touch control devices, it is possible to remotely control water filling, adjust water temperature, change lighting, play music, and more. By combining green environmental protection and smart technology, our goal is to create a bathroom space that not only incorporates natural materials but also integrates emotions and exudes a strong sense of futurism.

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 October 31, 2022.

1. Bathroom Vitreous China products:
   Upstream raw materials include clay, feldspar, quartz, glaze, stain, mirabilite, fines, clay body, powder, and etc. 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 October 31, 2022).

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. (2023 Analysis of Pump, Compressor, and Valves Manufacturing Industry in Taiwan. Taiwan Industry Economics Services by Taiwan Institute of Economic Research, as of February 17, 2023).

Product development trends and competition:

In recent years, the kitchen and bathroom sanitaryware industry has been affected by various factors such as the US-China trade war, the pandemic, regionalization, raw material shortages, and the rapid development of AI. These factors have had a significant impact on product certification, structure, appearance, manufacturing, and even consumer behavior.

Product trends:

SMART Technology Integration:
Smart technologies are being increasingly integrated into kitchen and bathroom sanitaryware products, providing features such as touchless faucets, voice control, and smart home shower systems. These technologies have enhanced the convenience, efficiency, and customization of kitchen and bathroom spaces. In recent years, Globe Union has been consistently promoting the IR sensing technology that has been introduced in the European and North American markets to its OEM customers in North America, thereby enhancing user experience and product gross margin. It is anticipated that in 2025 and 2026, a new generation of IR induction faucet products will be introduced in the European and North American markets. These products will continue to prioritize enhancing energy efficiency and featuring a sleek design.

Luxury and Health Features:
In the wake of the pandemic, the consumer market has placed a growing emphasis on quality of life. By incorporating luxurious and health-conscious features into high-end kitchen and bathroom products, it is evident that the SPA style is becoming a prominent trend. The optimization of the shower experience and the design of the user experience have become the points of our development. For example, the design we are currently developing combines a top showerhead with a handheld shower, providing consumers with a shower experience that mimics the falling of raindrops and offers a powerful massage water pressure, ensuring a more comfortable shower experience.

Open Design:
The open-concept living space remains popular, leading to a demand for kitchen designs that seamlessly integrate with the living and dining areas. This trend highlights the importance of functionality, mobility, and social

interaction within the household. In response to this trend, products in open spaces like kitchen islands must not only serve as necessities but also have a higher level of display and functionality. Data shows that consumers are willing to spend more on kitchen products and are more open to new features in this application. Therefore, our development focus will be on enhancing the design of showerheads with improved flushing functionality and incorporating interior design trends into the appearance design.

Sustainability and environmentally-friendly designs:
The kitchen and bathroom sanitaryware industry is placing a growing emphasis on the sustainability and use of eco-friendly materials. Surface technology for waterless electroplating, low volatile organic compound surface treatment, recycled materials, and energy-saving products are used to minimize environmental impact. The requirements for low lead and non-metal toxicity in the United States and Europe have led to the acceptance of plastic runners that are independent of the main body's appearance. This has also expedited the design and development of zinc die-casting technology or plastic-related materials. Therefore, Globe Union has made increased efforts in designing the product structure module by actively adopting a two-piece zinc alloy structure with plastic internal runners. This product not only meets regulatory requirements but also achieves the target profit margin. In the specific design of the copper faucet, we have incorporated a nickel-free electroplating process to ensure that all water-passing parts are free from any residual electroplating solution from the surface treatment process, in full compliance with regulatory standards.

Competition:
Overall, in the kitchen and bathroom industry, brand owners, distributors, and manufacturers face a range of competitive pressures. They must strive to maintain a competitive advantage, meet market demands, and increase their market share through effective market positioning, brand building, technological innovation, supply chain management, quality improvement, and cost control. Therefore, Globe Union's brand strategy is centered around Gerber and Lenz's product blueprint planning, with a simultaneous emphasis on business strategy planning for retail channels. The primary objective is to enhance profitability by optimizing the arrangement of mid-priced products and maximizing the overall effectiveness of the Group strategies.
Strong brands and effective marketing strategies play a vital role in the competitive kitchen and bathroom industry. Every company must distinguish itself from its competitors through market positioning. This includes positioning in various price ranges, targeting different markets, and offering different product features to meet the needs of diverse consumer groups. Establishing a robust brand image and reputation can enhance product visibility and credibility, thereby attracting a larger consumer base to opt for our products.
One of the primary competitive factors among manufacturers is quality and performance. Customers and consumers will choose products that are reliable in terms of quality and performance. Therefore, it is essential to consistently assess the quality of our products and regularly introduce new products that

offer superior performance. In the global market environment, cost competition is of utmost importance, necessitating the need to control production costs to offer competitive prices.

A crucial strategy for brands and manufacturers to retain a competitive edge is to embrace technological innovation. Manufacturers must consistently invest in research and development to create new technologies, products, materials, and product functions that meet market demands and outpace competitors. Continuous product innovation is crucial for companies to maintain competitiveness in the kitchen and bathroom industry.

Consumers prioritize quality and reliability when selecting kitchen and bathroom products. Companies that offer high-quality products with exceptional performance and durability, as demonstrated by positive consumer reviews, will have a competitive edge in the market.

The kitchen and bathroom industry is characterized by the integration of innovation, design, and competition. This integration is driven by constantly changing consumer preferences, technological advancements, and sustainability considerations. Companies that can effectively navigate these trends and competitive dynamics will be able to succeed in the market. In addition to focusing on Gerber and Lenz product blueprint planning and research and development integration, Globe Union is also actively developing retail channel strategies, with a specific emphasis on effectively positioning mid-priced products to maximize profitability.

(III) Overview of technology and R&D:

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

Unit: Thousand NTD

Year / Item	2023	As of February 29, 2024 (Unaudited)
R&D expenses	178,143	25,044

2. Successfully developed technologies and products

Item	Project name	Status and impact of R&D results
1	Improving Toilet Runner Noise	After implementing noise measurement technology and relocating the factory, Quiet clean toilets have gained a significant advantage over their competitors in the industry. As a result, a three-year excellence plan has been devised with the aim of launching it by 2025. The objective is to attain industry-leading low noise level standards, which will serve as a unique selling point. To attain a prominent position in the industry for having the lowest noise level, we will consistently

Item	Project name	Status and impact of R&D results
		strive to make adjustments in the runner and enhance the spray hole to minimize noise.
2	Product Development of ReadySet Toilet Installation Product Line	Readyset™ toilet installation technology enhances the user experience by making installations more visually appealing and easier. It provides convenience to retail DIY consumers and applies to all product lines, including water tank installation, toilet seat installation, exposed pipe toilet installation, installation of large traditional toilets with large openings, and installation of fully enclosed toilets with small openings. By optimizing the installation process, it not only saves plumbers' time but also becomes a new selling point for retail consumers. It reduces the installation challenges for ordinary consumers and becomes a distinguishing feature of Gerber ceramic products, aligning with the brand's vision. The patent portfolio consists of a total of 6 patents.
3	Deep Cultivation of Shower Product Technology	Continuously improving the user experience, the design of the ADA shower slider brackets and standing bath faucets with adjustable shower seats effectively enhance consumer satisfaction. By incorporating intuitive cognitive design, it further strengthens the positioning of our own brand products. The balance valve type temperature control faucet enhances the structural mechanism of the red and blue gear blocks used for temperature adjustment. This improvement enables a wider range of temperature adjustments by simply adjusting the handle angle. With this improvement, users can easily and accurately set the desired shower water temperature.

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

A. Short-term business plans:

1. 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.

- ●Product Innovation: In accordance with our mission "We provide ease and peace of mind", we consistently enhance the overall user experience of our proprietary products. This encompasses quality control, packaging design, product aesthetics, user-friendly installation devices, water-saving efficiency, anti-pollution functionality, and the entire logistics delivery process. By ensuring stable high quality, optimized performance, and effortless installation, we elevate consumers' brand experience and bolster brand value.
- ●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 and online channel for Gerber to increase its product lineup, strengthen its product portfolio, and sales channels, as well as strengthen 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 implement an expansion strategy for LENZ's brand, increase the marketing plan for the LENZ Vitreous China bathroom products, and expand its sales channels.

2. New Perspectives in Business: Strengthening Manufacturing

   Business integration 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 focuses on production capacity control and enhancement of core production processes to strengthen manufacturing capabilities. In recent years, the Group has successfully implemented a balanced global investment layout and promoted a diversified parallel supply chain strategy. In 2019, a ceramic manufacturing plant was established in Mexico, resulting in improved yield and capacity. The Company is currently awaiting market demand recovery and actively exploring hardware industry production bases outside of China. To implement diversified production, 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.

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 rationalizing the basic operating structure of logistics, corporate culture reform, a human-centric philosophy has strengthened corporate culture, united the team, and continuously improved, which has greatly improved corporate value, service efficiency, and customer satisfaction. PJH also demonstrated extremely high response capabilities in dealing with 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 expand its distribution logistics equipment and infrastructure in line with the overall market strategy to support business development. 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

   The Company has introduced and self-developed assisting facilities that improve production efficiency and reduce labor intensity. In accordance with the concepts of environmental protection and energy conservation, the Company improved its production environment and yield and implemented lean production, sustainable development, and 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 brands Gerber and LENZ, the Company will strive to develop the brand 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. \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 and sales Overview:

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

1. Main markets

Unit: Thousand NTD

Year / Region	2023		2022	
	Amount	%	Amount	%
North America	10,296,474	56.22	11,596,413	57.38
United Kingdom	6,776,541	37.00	6,888,185	34.08
China	60,517	0.33	71,702	0.35
Other	1,180,397	6.45	1,654,711	8.19
Total	18,313,929	100.00	20,211,011	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 2023, the Company's revenue was $10.297 billion in North America and $6.777 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 Plumbing Fixtures Market Global Forecast 2023-2030 published by 360iResearch in January 2024, the scale of the global bathroom and kitchen products industry was US$109.4 billion in 2022 and US$113.6 billion in 2023. Its compound annual growth rate (CAGR) from 2023 to 2030 is expected to reach 4.88%. In addition, the market size is expected to reach US$160.2 billion in 2030. The demand for bathroom fixtures is directly influenced by the growth of housing and commercial construction. Additionally, the market has been propelled by the introduction of innovative water-saving and automated bathroom equipment. With the growing awareness of environmental protection, there is an expectation for the market to experience greater growth opportunities through the development of new, durable, and recyclable materials, as well as the emphasis on sensor-based and antibacterial bathroom equipment.

1) North America

According to Statista, there has been a significant increase in the demand for high-end bathroom fixtures in North America.

This can be attributed to the growing consumer preference for luxury and high-end products. The demand for bathroom fixtures in North America was expected to reach US$25.7 billion in 2024, and the compound annual growth rate of the North American market is expected to reach 2.8% from 2024 to 2028. In the United States, the estimated demand in 2024 is US$20.2 billion, with a projected compound annual growth rate of 2.8% from 2024 to 2028. In Canada, the estimated demand in 2024 is US$2.8 billion, with a projected compound annual growth rate of 3.4% from 2024 to 2028.

2) Europe

A report from Statista also shows that due to the emphasis on environmental awareness and increasing consumer demand for high-quality and eco-friendly materials, the demand for bathroom fixtures is estimated to reach US$15.4 billion in 2024, with an expected compound annual growth rate of 2.95% from 2024 to 2028. In Germany, the estimated demand in 2024 is US$3.08 billion, with a compound annual growth rate of 4.12% from 2024 to 2028. In France, the estimated demand in 2024 is US$1.64 billion, with a compound annual growth rate of 2.07% from 2024 to 2028. In the United Kingdom, the estimated demand in 2024 is US$980 million, with a compound annual growth rate of 0.25% from 2024 to 2028.

(2) Growth potential:

Report to the International DIY Association (EDRA/GHIN) in Europe, the global home fixture is expected to reach a production value of US$747.6 billion in 2022, reflecting a growth of 10.4% compared to 2021. The United States holds the largest share (accounting for approximately 48% of the global market), while the Asia-Pacific region has surpassed Europe for the first time and now ranks second (with a market share of around 26%). According to the ReportLinker report, the home renovation market in the United States has significant potential. It is projected to experience a compound annual growth rate of 6.4% from 2023 to 2027. This growth can be attributed to several key factors, such as increased consumer spending, aging housing, and a surge in home renovation and remodeling.

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. We are dedicated to providing services and products that instill comfort, trust in our quality, and peace of mind in our commitment. This dedication has garnered high praise from professional plumbers and wholesale channels, leading to the company achieving the third highest market share in bathroom ceramics sales in the United States, establishing a strong competitive advantage. 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. Gerber brand plans to further expand its retail channels, strengthen its brand, and expand into new target markets.

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

- Opearting 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 Global production strategy:
  The Company has implemented the deployment of global 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 2019. The Group is currently planning to implement the CHINA+1 strategy for the development of bathroom hardware products. The business team will plan the production capacity and a globally consistent manufacturing management system. 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 corporate governance 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 sustainable development 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.

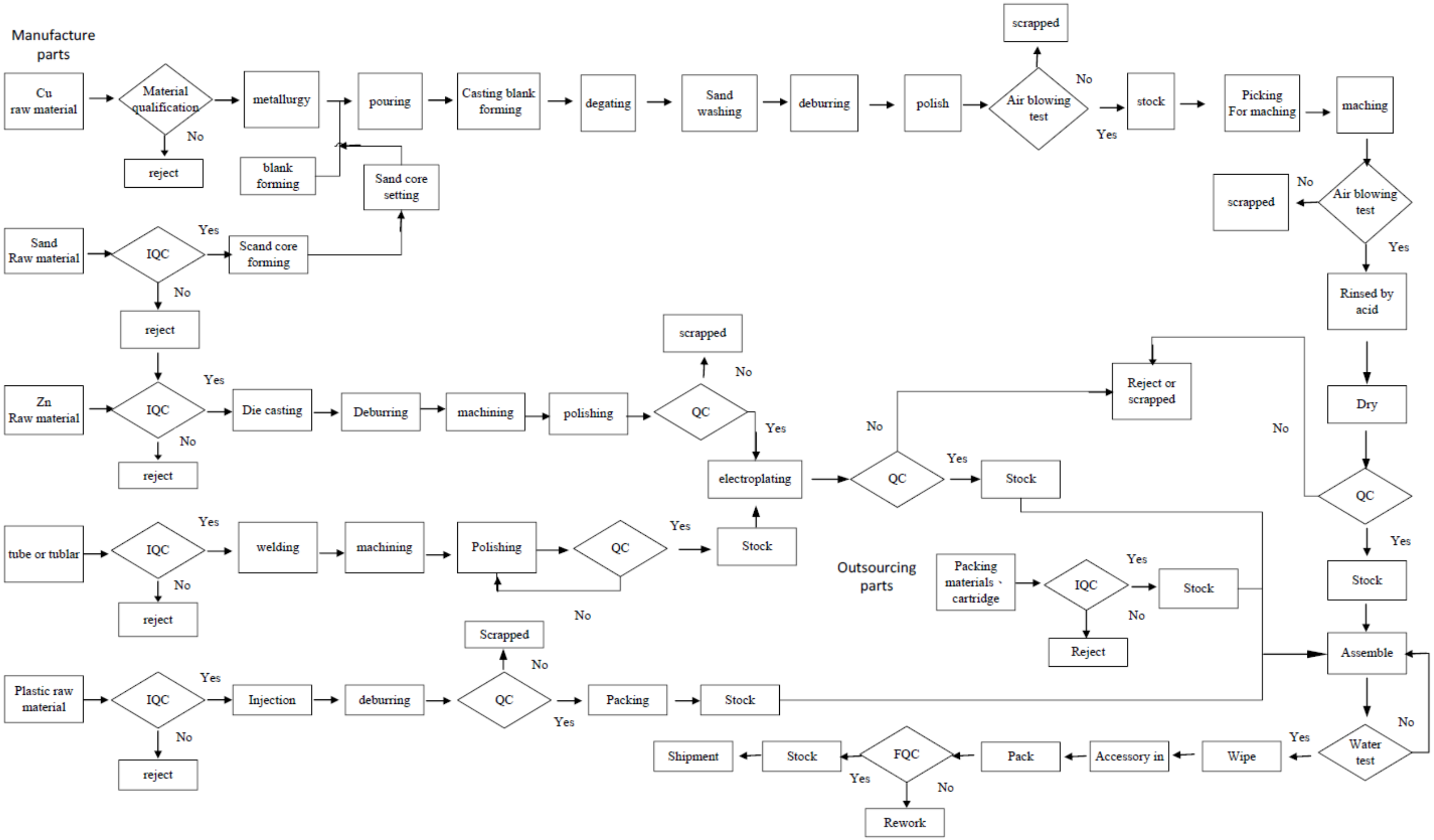
3. Market channel development: Most of the Group's customers are in Europe and the US. The growth of the online and physical channel market have been relatively slow.

   Response strategies: Positioned as a mid-to-high-end 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 increase 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.

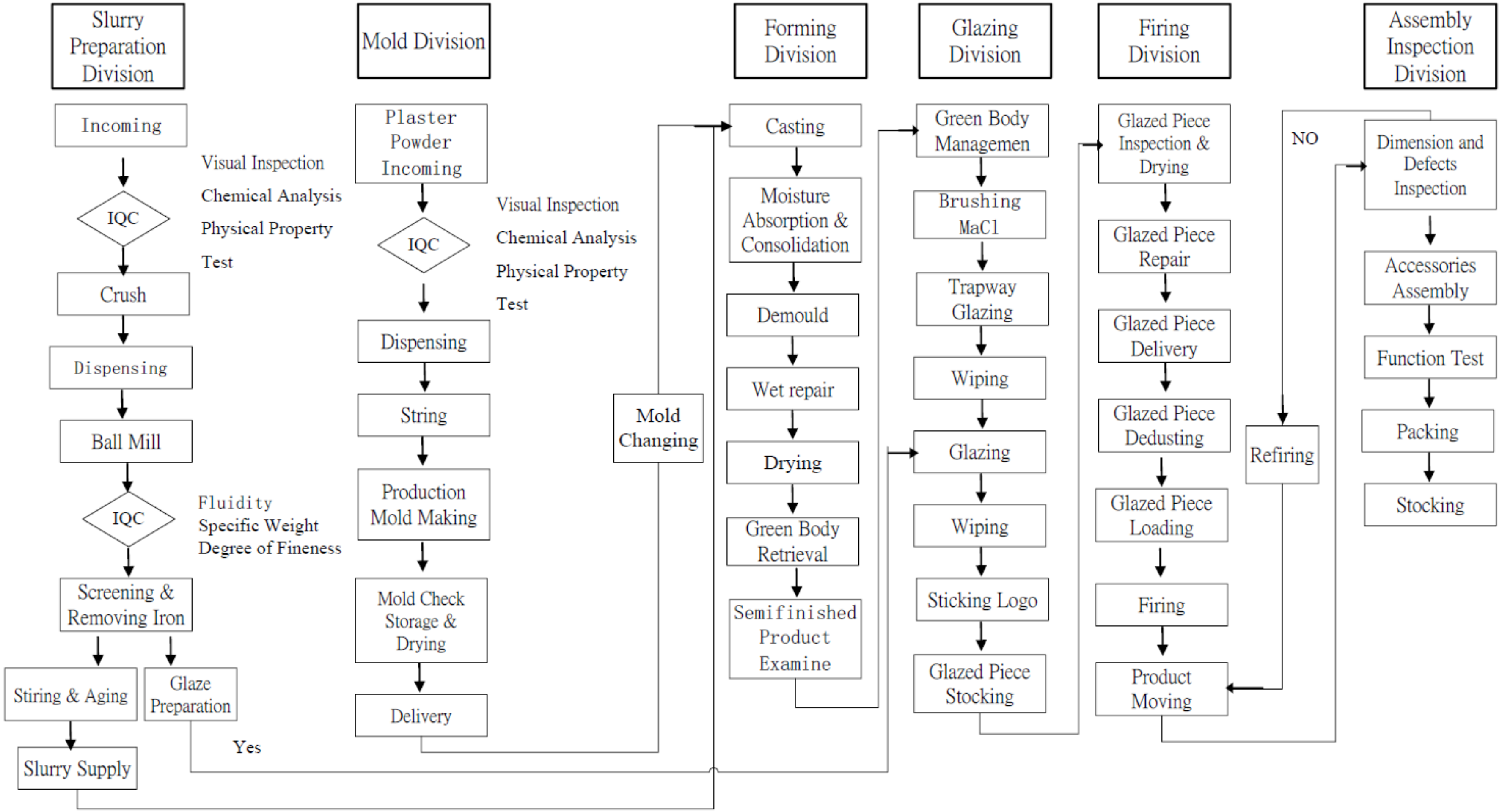
(II) Major applications and manufacturing processes of core products:

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	2023				2022			
	Name	Amount	Percentage of net sales %	Relationship with issuer	Name	Amount	Percentage of net sales %	Relationship with issuer
1.	Customer A	2,989,369	16.32	N/A	Customer A	3,108,822	15.38	N/A
	Other	15,324,560	83.68		Other	17,102,189	84.62	
	Net sales	18,313,929	100.00		Net sales	20,211,011	100.00	

Note: In 2023, the net sales amount of customer A increased by 0.94% compared with 2022, which was caused by the impact of market order demand.

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

Year / Core product	2023	2022	Notes
	Sales value	Sales value	
Faucets and showerheads	6,001,141	6,855,352	
Vitreous China	7,976,109	8,719,377	
Other	4,336,679	4,636,282	Note 1
Total	18,313,929	20,211,011	

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

III. Human Resources:

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: 2023/4/1

Year		2022	2023	As of the current year, February 29, 2024
Employee count	Direct employees	2,853	2,083	2,059
	Indirect employees	2,358	1,902	1,893
	Total	5,211	3,985	3,952
Average age		41.2	42.2	42.5
Average years of service		9.5	9.5	9.7
Academic qualification ratio (%)	Ph.D	0.00	0.00	0.00
	MA	1.82	2.63	2.68
	University/College	15.33	18.92	18.46
	High school	24.89	25.71	25.84
	Below high school	57.96	52.74	53.02

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: Milim was inspected by the Fangzi District Emergency Management Bureau in June 2023 and received an administrative warning. The warning was about few managerial responsibility was not fulfilled for operation procedures for R&D, environmental protection and quality assurance specified in "Safety Production Law", Warning and fine of RMB 48 thousands was given. Milim submitted a rectification report on July 1, 2023, and the correction report was reviewed and approved by the Fangzi District Emergency Management Bureau.

V. Labor 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, 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 benefit

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 Regulations of the Labor Health Protection 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 yoga club, board games club, yoga wheel club, basketball club, badminton club, and human engine 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 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 2023, a total of NT$10,123 thousands was spent on education and training, including 19,292 internal and external training sessions throughout the year that added up to 90,018 hours; a headcount of 60,838 people received the training. These primarily consisted of leadership and management, culture and values/code of conduct, labor safety training, internal audit, quality management, technology R&D, accounting management, information management, sales management, cybersecurity, intellectual property management, human rights education and training, new employee orientation, and etc.

Continuing education for managers of Globe Union:

Course Name	Organizer	Date	Course Hours	Name of Managers
How to Conduct Patent Infringement Determination and Design Around	The Intellectual Property Department of the Company	3/10	1	Jun-Hong Li
Information Security Education and Training in 2023	Information Security Department of the Company	4/1	2	Lei-Hui Lee, Ta-Yin Chang, and Ying-Fan Chen
The First Half of 2023 Fire Drill	General Affairs Sector of the Company	4/12	1	Tsung-Min Chen, Ta-Yin Chang, Ming-Feng Chang, Bhor-Chaou Chang, Jun-Hong Li, Jia-Yi Lin, Ying-Fan Chen
Gerber Vision Workshop	Product Innovation Center (PIC) of the Company	5/8	2	Jia-Yi Lin
New Employee Education and Training - Onboarding Guidance	Human Resources Department of the Company	6/1	7	Chin-Nan Hung
New Employee Education and Training - Overview of Cybersecurity	Human Resources Department of the Company	6/1	0.5	Chin-Nan Hung
New Employee Education and	Human Resources	6/1	0.5	Chin-Nan Hung

Course Name	Organizer	Date	Course Hours	Name of Managers
Training - Overview of Intellectual Property	Department of the Company			
Training for Self-Defense Firefighting Unit (Notification Team/Evacuation Guidance Team/Fire Extinguishing Team/First Aid Team)	General Affairs Sector of the Company	6/8	1	Ming-Feng Chang, Jun-Hong Li
2023 Cathy Sustainable Finance and Climate Change Summit	Taiwan Stock Exchange Corporation (TWSE)	7/4	6	Tsung-Min Chen
Employee Care - Transitioning from Self-Leadership Style to Cross-Generational Leadership	Talent Development Department of the Company	7/5	4	Ming-Feng Chang, Jia-Yi Lin
Education and Training for Corporate Sustainability Reporting	Legal Department of the Company	7/10	2	Tsung-Min Chen, Lei-Hui Lee, Chen-Hui Chin, Chin-Nan Hung, Ta-Yin Chang, Ming-Feng Chang, Bhor-Chaou Chang, Jun-Hong Li
2023 [Seminar on Transformational Finance and Sustainable Disclosure]	Accounting Research and Development Foundation	7/18	3	Tsung-Min Chen
From the Supply Chain Breakdown to Labor Rights in Enterprises	Taiwan Corporate Governance Association	7/25	3	Tsung-Min Chen, Lei-Hui Lee, Chen-Hui Chin, Chin-Nan Hung, Ming-Feng Chang, Jia-Yi Lin
Introduction to Determining Patent Infringement in European and American Design Patents	The Intellectual Property Department of the Company	8/4	1.5	Ta-Yin Chang, Jun-Hong Li
Initiation Meeting + Mission/Vision/Strategy/Talent Development, and Core Competency	Talent Development Department of the Company	8/9	3	Lei-Hui Lee, Chin-Nan Hung, Ta-Yin Chang, Jun-Hong Li
Professional Course for Principal Accounting Officers	Accounting Research and Development Foundation	10/16-10/17	12	Ying-Fan Chen

Course Name	Organizer	Date	Course Hours	Name of Managers
Unlawful Infringement - Workplace Violence and Prevention	Talent Development Department of the Company	October - December	1	Tsung-Min Chen, Lei-Hui Lee, Chin-Nan Hung, Ta-Yin Chang, Ming-Feng Chang
Integrity Management - Insider Trading	Talent Development Department of the Company	November - December	0.5	Tsung-Min Chen, Lei-Hui Lee, Chin-Nan Hung, Ta-Yin Chang, Ming-Feng Chang, Jun-Hong Li, Jia-Yi Lin
Course of TIPS System (Class A)	The Intellectual Property Department of the Company	11/2	1	Jun-Hong Li
Corporate Governance and Compliance in Practice and Development	Taiwan Corporate Governance Association	11/14	3	Tsung-Min Chen, Lei-Hui Lee, Chen-Hui Chin, Chin-Nan Hung, Ta-Yin Chang, Ming-Feng Chang, Bhor-Chaou Chang, Jun-Hong Li
Functional Courses - Professional Competency Inventory	Talent Development Department of the Company	11/15	3	Jun-Hong Li, Jia-Yi Lin, Ming-Feng Chang
Course of Competency - Position Inventory, Key Positions, and Key Talents	Talent Development Department of the Company	11/28	3	Jun-Hong Li, Jia-Yi Lin, Ming-Feng Chang
Things You Need to Know About Patent Applications	The Intellectual Property Department of the Company	12/8	1.25	Jun-Hong Li

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 2023, seven employees retired under the old pension scheme. The appropriate pension was paid by the Company in accordance with the pension rates set out under Article 55 of the Labor Standards Act.

The employee pension regulations is a defined benefits plan under the Labor Standards Act. The payment of employee pensions are based on a function of their years of service as well as their average monthly salary at time of retirement. For the first fifteen (including or less) years of service, two points are given for every year of service. For additional years of service, one point is given for each year. The maximum number of points is 45. The Company has been full coverage to the pension fund in the dedicated account with the Bank of Taiwan 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. Its responsibilities include planning, implementing, and promoting cybersecurity management, disseminating information about cybersecurity, and increasing overall employees' awareness of cybersecurity. The department consistently stays updated on relevant technologies and ensures the effectiveness of the cybersecurity management system.

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.

The Audit Department conducts regular annual audits of the internal control system's computerized information system processing cycle, examining the execution of cybersecurity operations to ensure the effectiveness of the company's information and cybersecurity management.

Cybersecurity Policies:

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.

The Company's reporting and handling of cybersecurity incidents are carried out in accordance with the Company’s regulations on cybersecurity reporting procedures.

Implementation status of information security in 2023:

- Enhancing awareness for information security: Employee Information security training and social engineering drills.
- Identifying information security risks: Vulnerabilities scanning, Active Directory (AD) domain security assessment, dedicated network security enhancement, and Globe Union domain security assessment.
- Enhancement of endpoint security risks.
- To ensure cybersecurity and data protection, it conducts annual disaster recovery drills.

Please refer to the Company's website for the full content mentioned above and cybersecurity implementation status:

https://tw.globeunion.com/sustainability/risk-management/information-security/

The resources invested continuously in the cybersecurity management:
The budget for the maintenance of information system software and hardware is approximately NT$11.2 million, and the budget for enhancing cybersecurity is approximately NT$3 million. Both budgets were successfully implemented in the current year.

(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. Material 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	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.

Nature of contract	Contracting parties	Commencement date/Expiration date	Content	Restrictive clauses
	Taiwan (the coordinating bank for the syndicated loan)			
Land Lease Contract	Taichung Export Processing Zone, Export Processing Zone Administration, MOEA	2023.10.01～2033.09.30	Land lease	May only be used for the specified business purpose

F. Financial Overview

I. Five-year Condensed profit and loss statements, comprehensive income statements, names of CPAs, and audit opinions

(I) Condensed profit and loss statements

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

Unit: Thousand NTD

Item \ Year		2019	2020	2021	2022	2023
Current assets		9,589,522	11,094,398	10,471,779	10,609,052	9,818,367
Property, plant and equipment		2,516,758	2,616,466	2,419,829	2,311,704	2,298,557
Right-of-use assets		2,056,539	1,956,842	2,117,441	2,328,096	2,146,445
Investment property		-	-	-	-	35,761
Intangible assets (including business reputation)		765,340	757,409	713,916	733,100	770,759
Other assets		921,685	405,628	451,855	619,873	415,304
Total assets		15,849,844	16,830,743	16,174,820	16,601,825	15,485,193
Current liabilities	Before distribution	5,311,557	6,599,833	6,887,044	6,621,594	6,371,268
	After distribution	5,461,434	6,709,789	6,887,044	6,621,594	Not distributed
Non-current liabilities		4,964,677	4,713,633	4,115,091	5,306,427	3,214,194
Total liabilities	Before distribution	10,276,234	11,313,466	11,002,135	11,928,021	9,585,462
	After distribution	10,426,111	11,423,422	11,002,135	11,928,021	Not distributed
Equity attributable to owners of parent		5,573,610	5,517,277	5,172,685	4,673,804	5,899,731
Share capital		3,565,977	3,581,640	3,581,640	3,584,740	4,090,549
Capital reserve		995,214	938,667	877,995	887,844	988,391
Retained earnings	Before distribution	1,740,633	1,849,910	1,794,862	879,991	1,470,520
	After distribution	1,590,756	1,739,954	1,794,862	879,991	Not distributed

Item \ Year		2019	2020	2021	2022	2023
Other equity		(728,214)	(852,940)	(1,081,812)	(678,771)	(649,729)
Treasury stock		-	-	-	-	-
Non-controlling interests		-	-	-	-	-
Total equity	Before distribution	5,573,610	5,517,277	5,172,685	4,673,804	5,899,731
	After distribution	5,423,733	5,407,321	5,172,685	4,673,804	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

Item \ Year		2019	2020	2021	2022	2023
Current assets		2,212,406	2,380,196	2,665,254	2,535,766	1,286,706
Property, plant and equipment		76,923	73,182	69,537	69,901	72,918
Right-of-use assets		3,123	2,849	2,588	1,232	7,092
Intangible assets		19,667	10,939	2,114	2,621	8,170
Other assets		9,483,508	9,740,593	9,700,555	8,720,315	9,134,046
Total assets		11,795,627	12,207,759	12,440,048	11,329,835	10,508,932
Current liabilities	Before distribution	3,760,317	4,404,587	5,530,868	3,824,674	3,486,351
	After distribution	3,910,194	4,514,543	5,530,868	3,824,674	Not distributed
Non-current liabilities		2,461,700	2,285,895	1,736,495	2,831,357	1,122,850
Total liabilities	Before distribution	6,222,017	6,690,482	7,267,363	6,656,031	4,609,201
	After distribution	6,371,894	6,800,438	7,267,363	6,656,031	Not distributed
Equity attributable to owners of parent		5,573,610	5,517,277	5,172,685	4,673,804	5,899,731
Share capital		3,565,977	3,581,640	3,581,640	3,584,740	4,090,549
Capital reserve		995,214	938,667	877,995	887,844	988,391
Retained earnings	Before distribution	1,740,633	1,849,910	1,794,862	879,991	1,470,520
	After distribution	1,590,756	1,739,954	1,794,862	879,991	Not distributed
Other equity		(728,214)	(852,940)	(1,081,812)	(678,771)	(649,729)
Treasury stock		-	-	-	-	-
Total equity	Before distribution	5,573,610	5,517,277	5,172,685	4,673,804	5,899,731
	After distribution	5,423,733	5,407,321	5,172,685	4,673,804	Not distributed

The above 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	2019	2020	2021	2022	2023
Operating income	17,023,426	16,775,209	19,491,355	20,211,011	18,313,929
Operating margin	4,797,880	4,616,751	4,799,037	4,963,192	5,619,846
Operating profit or loss	391,056	465,479	157,604	(696,879)	331,056
Non-operating income and expenses	92,475	(819)	18,800	(199,964)	480,894
Net income (loss) before tax	483,531	464,660	176,404	(896,843)	811,950
Net profit (loss) per share from continuing operations for this period	336,055	287,487	12,797	(888,874)	605,101
Losses from discontinued operations	-	-	-	-	-
Net income (loss) for this period	336,055	287,487	12,797	(888,874)	605,101
Other comprehensive income (OCI) for this period (Net income after tax)	(199,926)	(153,059)	(186,761)	377,044	14,470
Total comprehensive income for this period	136,129	134,428	(173,964)	(511,830)	619,571
Profit attributable to owners of parent	335,173	287,487	12,797	(888,874)	605,101
Profit attributable to non-controlling interests	882	-	-	-	-
Total comprehensive income attributable to owners of parent	135,247	134,428	(173,964)	(511,830)	619,571
Total comprehensive income attributable to non-controlling interests	882	-	-	-	-
Earnings per share (NTD)	0.94	0.81	0.04	(2.48)	1.52

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	2019	2020	2021	2022	2023
Operating income	8,045,768	8,481,882	10,128,556	10,006,765	6,910,540
Operating margin	943,142	799,610	351,372	753,954	702,795
Operating profit or loss	134,540	219,817	(116,735)	79,515	(126,364)
Non-operating income and expenses	251,211	105,010	178,064	(918,660)	717,110
Net income (loss) before tax	385,751	324,827	61,329	(839,145)	590,746
Net profit (loss) per share from continuing operations for this period	335,173	287,487	12,797	(888,874)	605,101
Losses from discontinued operations	-	-	-	-	-
Net income (loss) for this period	335,173	287,487	12,797	(888,874)	605,101
Other comprehensive income (OCI) for this period (Net income after tax)	(199,926)	(153,059)	(186,761)	377,044	14,470
Total comprehensive income for this period	135,247	134,428	(173,964)	(511,830)	619,571
Profit attributable to owners of parent	335,173	287,487	12,797	(888,874)	605,101
Profit attributable to non-controlling interests	-	-	-	-	-
Total comprehensive income attributable to owners of parent	135,247	134,428	(173,964)	(511,830)	619,571
Total comprehensive income attributable to non-controlling interests	-	-	-	-	-
Earnings per share (NTD)	0.94	0.81	0.04	(2.48)	1.52

The above 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
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
2023	Chin-Yuan Tu, Wen-Chen Lo	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. Five_year Financial analysis

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

Analysis item \ Year		Financial analysis for the past five years				
		2019	2020	2021	2022	2023
Financial structure (%)	Debt asset ratio	64.83	67.22	68.02	71.85	61.90
	Ratio of long-term capital to property, plant and equipment	418.72	391.02	383.82	431.73	396.51
Solvency %	Current ratio	180.54	168.10	152.05	160.22	154.10
	Quick ratio	120.48	113.04	87.22	85.12	92.39
	Interest coverage ratio	4.40	3.54	1.99	(3.24)	4.58
Operating ability	Receivables turnover (times)	6.94	6.34	6.63	7.42	7.80
	Average collection days	52.59	57.57	55.05	49.19	46.79
	Inventory turnover (times)	3.84	3.76	3.81	3.36	3.00
	Payables turnover (times)	5.77	5.02	5.88	7.27	7.09
	Average days of sales	95.05	97.07	95.80	108.63	121.66
	Turnover of property, plant and equipment (times)	8.39	6.54	7.74	8.54	7.94
	Total asset turnover (times)	1.19	1.03	1.18	1.23	1.14
Profitability	Return on assets (%)	3.14	2.66	0.94	(4.39)	4.90
	Return on equity (%)	5.82	5.18	0.24	(18.05)	11.45
	Net income before tax to paid-in capital ratio (%)	13.56	12.97	4.93	(25.02)	19.85
	Net profit margin (%)	1.97	1.71	0.07	(4.40)	3.30
	Earnings per share (NTD)	0.94	0.81	0.04	(2.48)	1.52
Cash flows	Cash flow ratio (%)	15.69	11.74	(12.38)	3.43	32.82
	Cash flow adequacy ratio (%)	87.62	95.92	39.98	31.84	59.98
	Cash reinvestment ratio (%)	3.68	5.92	(11.80)	2.41	24.21
Leverage	Operating leverage	2.55	2.37	5.64	(0.08)	3.48
	Financial leverage	1.57	1.58	(8.14)	0.77	3.17

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 2023 and 2022:

1. Increase in interest coverage ratio and net income before tax to paid-in

capital ratio: This is mainly due to last year's resulting recognition of the one-time Shenzhen Factory move. The net income before tax for this year increased to NT$1,708,793 thousands.

2. Increase in return on assets, return on equity, net profit margin, and earnings per share: This is mainly due to last year's resulting recognition of the one-time Shenzhen Factory move which caused the net loss after tax. The income after tax for this year increased to NT$1,493,975 thousands.
3. Increases in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: This is mainly due to the NT$1,863,489 thousands increase in net cash inflow from operating activities this year.
4. Increase in operating leverage and financial leverage: This is primarily due to a rise in operating income of NT$1,027,935 thousands.

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	2019	2020	2021	2022	2023
		Financial analysis for the past five years				
Financial structure (%)	Debt asset ratio	52.75	54.81	58.42	58.75	43.86
	Ratio of long-term capital to property, plant and equipment	10,445.91	10,662.69	9,935.98	10,736.84	9,630.79
Solvency %	Current ratio	58.84	54.04	48.19	66.30	36.91
	Quick ratio	50.61	45.94	37.63	57.95	28.30
	Interest coverage ratio	11.24	7.49	2.27	(12.02)	8.64
Operating ability	Receivables turnover (times)	6.94	6.95	6.78	6.28	6.07
	Average collection days	52.59	52.52	53.83	58.12	60.13
	Inventory turnover (times)	25.96	27.94	23.81	22.78	23.04
	Payables turnover (times)	3.21	3.63	3.90	4.31	5.45
	Average days of sales	14.06	13.06	15.33	16.02	15.84
	Turnover of property, plant and equipment (times)	99.74	113.01	141.94	143.53	96.77
	Total asset turnover (times)	0.69	0.71	0.82	0.84	0.63
Profitability	Return on assets (%)	3.13	2.73	0.41	(7.04)	6.10
	Return on equity (%)	5.84	5.18	0.24	(18.05)	11.45
	Net income before tax to paid-in capital ratio (%)	10.83	9.07	1.71	(23.41)	14.44
	Net profit margin (%)	4.17	3.39	0.13	(8.88)	8.76
	Earnings per share (NTD)	0.94	0.81	0.04	(2.48)	1.52
Cash flows	Cash flow ratio (%)	7.73	(5.92)	(3.23)	(18.32)	11.59
	Cash flow adequacy ratio (%)	144.85	104.17	56.88	(10.86)	(51.48)
	Cash reinvestment ratio (%)	(80.70)	30.14	13.62	85.22	(21.09)
Leverage	Operating leverage	1.34	0.82	1.19	2.54	0.21
	Financial leverage	1.39	1.30	0.71	5.75	0.62

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 2023 and 2022:

1. Decrease in debt asset ratio: This is primarily because the total liabilities decreased by NT$2,046,830 thousands for this year.
2. Decrease in current ratio and quick ratio: This is mainly due to a NT$1,249,060 thousands decrease in current assets for this year.
3. Increase in interest coverage ratio and net income before tax to paid-in capital ratio: This is mainly due to recognizing investment losses due to the one-time expense from the relocation of Shenzhen Factory last year. The net income before tax for this year increased to NT$1,429,891 thousands.
4. Increase in payable turnover: This is primarily attributed to a NT$2,013,007 thousands decrease in accounts payable at the beginning and end of the period, compared to the same period last year.
5. Decrease in turnover of property, plant and equipment and the total asset turnover: This is primarily due to a decrease in net sales of NT$3,096,225 thousands.
6. Increase in return on assets, return on equity, and net profit margin: This is mainly due to recognizing investment losses due to the one-time expense from the relocation of Shenzhen Factory last year. The income after tax for this year increased to NT$1,493,975 thousands.
7. Increases in cash flow ratio, cash flow adequacy ratio, and cash reinvestment ratio: This is mainly due to the NT$1,104,893 thousands increase in net cash flow from operating activities this year.
8. Decrease in operating leverage and financial leverage: This is primarily due to a decrease in operating income of NT$205,879 thousands.

III. Audit Committee's Report

Global Union Industrial Corp.

Audit Committee Audit Report

The Board of Directors has prepared and submitted the 2023 business report, financial statements. Ernst & Young audited the financial statements and submitted an audit report. The Audit Committee has reviewed the business report, financial statements 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.

Global Union Industrial Corp.

Convener of the Audit Committee: Young-Sheng Hsu

March 11, 2024

IV. Financial reports of the most recent year, Please refer to Pages 222 to 344.

V. The most recent CPA-certified individual financial reports, Please refer to Pages 345 to 464.

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

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

I. Financial position

Comparative analysis of financial position (consolidated financial statements) Unit: Thousand NTD

Item \ Year	2023	2022	Difference	
			Amount	%
Current assets	9,818,367	10,609,052	(790,685)	(7.45)
Property, plant and equipment	2,298,557	2,311,704	(13,147)	(0.57)
Right-of-use assets	2,146,445	2,328,096	(181,651)	(7.80)
Investment property	35,761	-	35,761	100.00
Intangible assets (including business reputation)	770,759	733,100	37,659	5.14
Other assets	415,304	619,873	(204,569)	(33.00)
Total assets	15,485,193	16,601,825	(1,116,632)	(6.73)
Current liabilities	6,371,268	6,621,594	(250,326)	(3.78)
Non-current liabilities	3,214,194	5,306,427	(2,092,233)	(39.43)
Total liabilities	9,585,462	11,928,021	(2,342,559)	(19.64)
Equity attributable to owners of parent	5,899,731	4,673,804	1,225,927	26.23
Share capital	4,090,549	3,584,740	505,809	14.11
Capital reserve	988,391	887,844	100,547	11.32
Retained earnings	1,470,520	879,991	590,529	67.11
Other equity	(649,729)	(678,771)	29,042	(4.28)
Treasury stock	-	-	-	-
Non-controlling interests	-	-	-	-
Total equity	5,899,731	4,673,804	1,225,927	26.23

1. Explanation for changes of over 20%:
   (1) Decrease in other assets over 2022: This is mostly due to a decrease of NT$164,416 thousands in prepaid equipment payments.
   (2) Decrease in non-current liabilities over 2022: This is mostly due to the NT$1,710,000 thousands decrease in long-term borrowings.
   (3) Increase in total equity and equity attributable to owners of parent over 2022: This increase can be attributed to a rise in paid-in capital of NT$505,809 thousands, an increase in capital reserve of NT$100,547 thousands, and a growth in retained earnings of NT$590,529 thousands.
   (4) Increase in retained earnings over 2022: This is primarily due to the net profit after tax of NT$605,101 thousands dollars for the period.
2. Impacts of changes in the financial standing over the past two years and countermeasures: This is mainly due to the recognition of the one-time Shenzhen Factory move in 2022, the retained earnings and equity total amount

are less, and this is a one-time impact. The Factory has successfully completed its relocation according to the planned schedule by the end of 2023.

II. Financial performance

Comparative analysis of financial performance (consolidated financial statements)

Unit: Thousand NTD

Item \ Year	2023	2022	Difference	
			Amount	%
Operating income	18,313,929	20,211,011	(1,897,082)	(9.39)
Operating margin	5,619,846	4,963,192	656,654	13.23
Operating profit or loss	331,056	(696,879)	1,027,935	147.51
Non-operating income and expenses	480,894	(199,964)	680,858	340.49
Net profit before tax	811,950	(896,843)	1,708,793	190.53
Net profit of continuing operations for this period	605,101	(888,874)	1,493,975	168.08
Losses from discontinued operations	-	-	-	-
Net income (loss) for this period	605,101	(888,874)	1,493,975	168.08
Other comprehensive income (OCI) for this period (Net income after tax)	14,470	377,044	(362,574)	(96.16)
Total comprehensive income for this period	619,571	(511,830)	1,131,401	221.05
Profit attributable to owners of parent	605,101	(888,874)	1,493,975	168.08
Profit attributable to non-controlling interests	-	-	-	-
Total comprehensive income Attributable to owners of parent	619,571	(511,830)	1,131,401	221.05
Total comprehensive income Attributable to non-controlling interests	-	-	-	-
Earnings per share (NTD)	1.52	(2.48)	4.00	161.29

1. Explanation for changes of over 20%:
   (1) Increase in operating profit and loss over 2022: This is mainly due to a NT$656,654 thousands increase in operating margin and a NT$371,281 thousands decrease in operating expenses.
   (2) Increase in non-operating income and expenses compared to 2022: The main reason for this is an increase in other income of NT$331,501 thousands and a decrease in other profits and losses of NT$364,898 thousands.
   (3) Increase 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 2022: This is mainly due to a NT$656,654 thousands increase in operating margin and a NT$371,281 thousands decrease in operating expenses.

(4) Decrease in other comprehensive income (net income after tax) for this period over 2022: This is mainly due to a NT$386,874 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations.

(5) Increase in comprehensive income for this period and total comprehensive income attributable to owners of the parent over 2022: This is mainly due to a NT$656,654 thousands increase in operating margin, a NT$371,281 thousands decrease in operating expenses, a NT$680,858 thousands increase in non-operating income and expenses, and a NT$386,874 thousands decrease in exchange differences arising from the translation of the financial statements of foreign operations.

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 33%, porcelain products 43%, other 24%.

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 fundraising activities	Effects of changes in exchange rates	Cash balance at end of the year
2,271,437	2,090,829	(183,067)	(1,161,529)	(53,578)	2,964,092

Annual cash flow analysis

1. Net cash inflow from operating activities was NT$2,090,829 thousands:
Mainly due to:
Main cash inflow subtotal of NT$3,518,424 thousands:
This is mostly due to the fact that pre-tax net profits this year were NT$811,950 thousands and income charges (credits) not affecting cash were NT$876,827 thousands. Accounts receivable decreased by NT$475,662 thousands, a decrease in inventory of NT$1,188,842 thousands, and a decrease in other non-current assets of NT$85,271 thousands.
Main cash outflow sub-total of NT$1,427,595 thousands:
This is mostly due to a NT$257,172 thousands decrease in accounts payable, a NT$484,763 thousands decrease in other accounts payable, a NT$153,463 thousands decrease in other non-current liabilities, NT$226,644 thousands interest payment, and payment of NT$160,617 thousands business income tax payment.

2. Net cash outflow for investment activities was NT$183,067 thousands:
Mainly due to: A cash outflow of NT$431,523 thousands for acquiring property, plant, and equipment, a cash inflow of NT$171,159 thousands from the disposal of property, plant,

and equipment, as well as the disposal of right-to-use assets. Furthermore, and a cash inflow of NT$68,041 thousands from the decrease in financial assets measured at amortized cost.

3. Net cash outflow for financing activities was NT$1,161,529 thousands: Mainly due to: Short-term borrowings increased by NT$2,968,000 thousands (Globe Union increased by NT$2,968,000 thousands), repayment of short-term borrowings amounted to NT$2,466,272 thousands (Globe Union repaid NT$2,252,290 thousands; PJH repaid NT$213,982 thousands), long-term borrowings (including those due within one year) increased by NT$500,000 thousand (Globe Union increased by NT$500,000 thousands), repayment of long-term borrowings (including those due within one year) amounted to NT$2,340,000 thousands (Globe Union repaid NT$2,340,000 thousands), lease liabilities decreased by NT$417,891 thousands, and a cash capital increase of NT$587,500 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
2,964,092	1,406,112	901,780	3,468,424	–	–

1. Change in cash flow analysis for the coming year:
   Operational improvements are expected to generate cash flow from operating activities in 2024; the main expenses will be mostly for capital expenditures such as replacement of production equipment, and dividend payments, 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 recent year: None.

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

The Company's investment policy (for investments accounted for under the equity method) is focused on long-term strategic objectives. Please refer to Pages 216 to 217 for investment gains or losses in the most recent year. The Company recognized an investment loss of NT$117,525 thousands for GU Plumbing de Mexico, S.A. de C.V. in 2023. The main reason for the loss was because of the lower utilization rate of production capacity due to lower market demand after the epidemic. The Company has already succeeded in improving the yield rate, and the Company will continue to optimize production management and focus on cost reduction in 2024. The Company recognized an investment loss of NT$57,887 thousands from Globe Union Ann Bo

Manufacturing Co., Ltd in 2023. This is mostly because said investment was in the initial stage of operation (in the transition stage of business transfer from ShenZhen Globe Union Enterprise Co., Ltd.). In the future, the Company will continue to carefully evaluate its investment plan based on the principle of long-term strategic investment.

VI. Risk analysis and evaluation:

(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 the 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	2023
Net interest income (expense) A	(180,809)
Operating income B	18,313,929
Operating profit C	331,056
A/B	(0.99%)
A/C	(54.62%)

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 2023 to decrease/increase by NT$3,594 thousands.

Future response measures: It is anticipated that the long-term risk of further appreciation in both the US dollar and the New Taiwan dollar will be minimal. 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	2023
Exchange gains and losses A	109,374
Operating income B	18,313,929
Operating profit C	331,056
A/B	0.60%
A/C	33.04%

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

	Equity increase (decrease)	Loss (profit)
2023	$-	$7,993

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

	Equity increase (decrease)	Loss (profit)
2023	$-	$13,968

If the value of NTD depreciates against the above currencies while all other variables remain unchanged, then the impact in 2023 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. The 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 reflect 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 including Procedure for the Acquisition and Disposal of Assets, Operating Procedures of Fund Lending, Endorsement Assurance Guidelines, and Operational Standards for Financial Transactions between Related Parties.

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 a prominent company in the ceramic and bathroom products industry. It operates its brands (Gerber and LENZ) in the United States and Europe, while also offering OEM and ODM services as well as design, manufacturing, sales, and operations.

The R&D direction is focused on four main areas, including "Flow Technology," "Assured Quality," "Efficiency Optimization," and "Convenient Installation." To enhance brand value and establish niches of OEM. 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".

The core technology focuses on meeting the user experience development requirements, which include considerations for raw material experience, manufacturing experience, installation experience, and usage experience. This will help expand the future recycling experience. We are dedicated to bringing high-quality and valuable products that are easy to operate to the consumers.

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. The main focus is on developing product functions that optimize the user experience.

The expected ongoing research in ceramic technology includes:

1. The main objective of the research is to combine the performance of QuietClean and EasyClean, which are two important aspects.
2. The optimization project for the installation patent technology of the Readyset ceramic toilet product is currently underway, with a total of five projects in progress.
3. The design of the faucet core product line is currently in progress, with a total of six projects underway.
4. The design process is being integrated with artificial intelligence (AI), utilizing AI software such as Midjourney, ChatGPT, and Photoshop AI. Additionally, we are constantly developing new software to further optimize the process.
5. In order to improve our product digital display service, we have upgraded our rendering software this fiscal year. It now includes a 360-degree rotation feature, allowing for a comprehensive product preview without any blind spots.
6. Main projects include enhancing testing capabilities in certification laboratories.

At the same time, we will continue to adhere to the TIPS intellectual property management system in our efforts to manage intellectual property and actively develop a portfolio of high-quality patents based on our core technologies and product blueprints. Through patent protection, we will protect, manage, and utilize our research and development of high-potential technologies, production, and innovation. In addition to implementing trade secret protection, we will continue to encourage the filing of technology patents, incentive patent proposals, and monitor industry and customer-related patent technologies to effectively apply patents and generate value.

The abovementioned projects require an R&D and patent budget of NT$92,000 thousands.

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

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

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

We did not face or discover any major cyber attacks or operations being affected by damaged systems from 2023 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.

The Company has established a comprehensive network and computer-related information security system, which is continuously reviewed and evaluated to ensure its adequacy and effectiveness in accordance with information security regulations and procedures. With the rapid advancement of technology and the constant emergence of new information security threats, To prevent and reduce network attacks, the Company has implemented various measures and continues to update them. For instance, we have strengthened our network firewall and network control to prevent the spread of computer viruses through VPN connections. Additionally, we have implemented endpoint antivirus measures tailored to different computer types. Our critical operating systems are equipped with Managed Detection and Response (MDR) to detect and handle malicious software. Furthermore, we encrypt our research and design data. We constantly improve our ability to detect phishing emails and identify malicious links or attachments. We also regularly conduct employee awareness tests, known as social engineering drills, and engage external experts to perform security inspections.

Although the Company is making efforts to enhance its cybersecurity measures, it acknowledges that it cannot completely eliminate the risks of malicious software and hacker attacks. Consequently, the Company will persist in updating its security protection plan and implementing it to address both internal and external environmental changes.

In the post-pandemic era, the kitchen and bathroom industry has seen the emergence of e-commerce, which has opened up opportunities for the growth of in-house brands. However, it also faces challenges due to the supply chain disruptions caused by trade tensions between the United States and China. Furthermore, the industry is undergoing innovation in research and development through the advancement of AI and smart manufacturing. The increasing acceptance of ESG principles will also have a profound impact on the industry.

Online Sales and E-commerce Platforms: Due to the advancement of internet technology, a growing number of consumers are choosing to shop online. This has created competitive pressure for traditional brick-and-mortar stores. The demand for consumers to preview product details online is rapidly increasing, necessitating an improvement in online marketing capabilities and the expansion of digital content services. Globe Union continuously optimizes the product digital scenario display service, offering a 360-degree rotation preview of products without any blind spots. The AI software Midjourney is utilized to provide realistic scenario images that resemble actual photography. Furthermore, VR product display systems are being studied to better align with e-commerce consumer behavior.

Energy-saving and water-saving technologies: Energy-saving and water-saving technologies have been advanced by the development of technology. The global emphasis on ESG, along with its standardization, is a significant trend for the kitchen and bathroom industry. In addition to consumers, the government is also becoming increasingly concerned about water and energy conservation issues. Therefore, it is necessary to continuously innovate and introduce more energy-efficient and environmentally friendly products to meet market demand. Therefore, Globe Union actively introduced a two-piece zinc alloy structure with a plastic internal runner structure and a cold start shaft in the faucet product. This design complies with the energy-saving trend and environmental regulations. The development of ceramic toilet products is focused on achieving a water consumption of 0.8 gpf, to apply this technology to the entire product line.

Supply Chain Risk: The kitchen and bathroom industry, which relies on the Chinese supply chain, is exposed to various supply chain risks. These risks include fluctuations in raw material prices, trade barriers between the United States and China, supplier issues, and transportation disruptions. These risks impact the stability of the company's operations.

Product counterfeiting and intellectual property risks: Technological advancements have also introduced risks, such as product counterfeiting and infringement of intellectual property rights. Globe Union continues to implement TIPS to enhance the protection of intellectual property rights. In terms of product development defense, Globe Union not only avoids infringing on competitors' patents but also successfully circumvents more than 4 competitors' patents through innovative patent avoidance designs. Additionally, Globe Union strategically manages its patent portfolio layout. Currently, Globe Union is actively pursuing patent applications in various countries and conducting investigations on more than 2 competitive products in the market, along with patent infringement analysis. Globe Union takes proactive measures to protect its rights and actively defends against competitors or counterfeit products to mitigate market competition pressure, thereby strengthening and safeguarding Globe Union's existing market share.

While technological advancements have brought numerous opportunities to kitchen and bathroom products, they have also introduced risks and challenges. In order to effectively respond to changes in competition and market demand, it is essential to closely monitor market changes and consistently innovate and improve products.

(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:

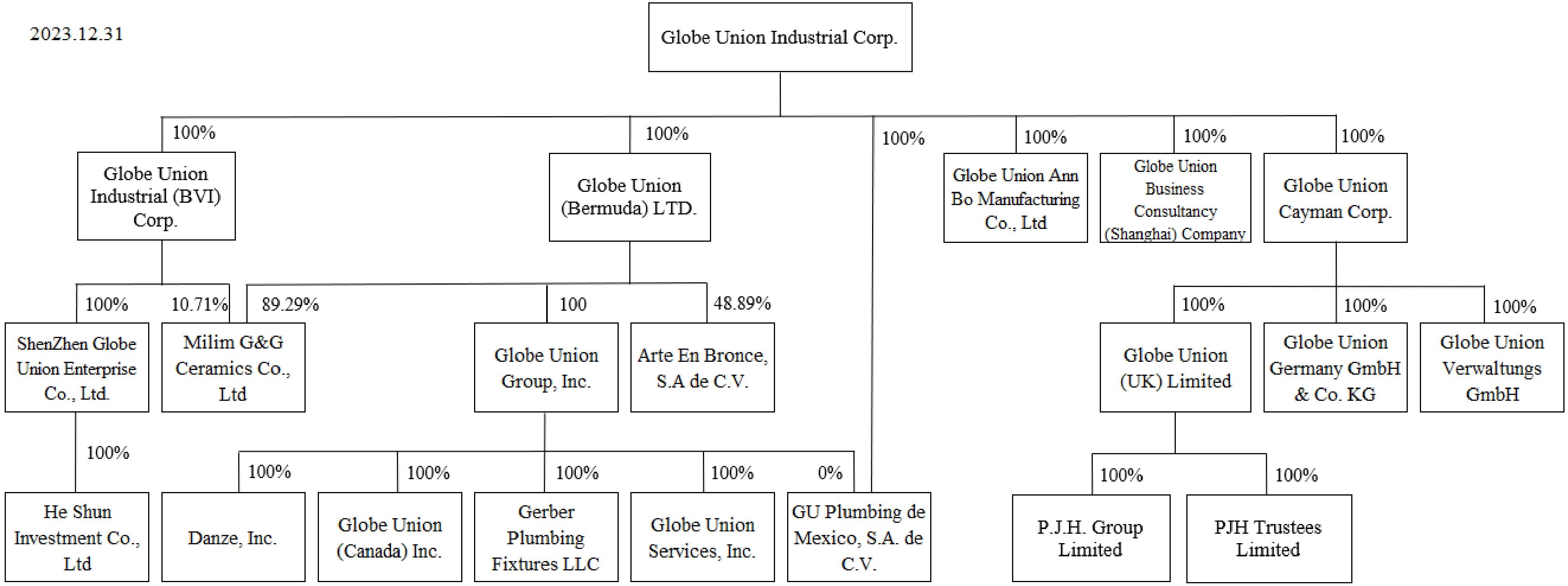
Involving the Company or the Company's directors, supervisors, president, de facto company representative, majority shareholders holding more than 10% of the Company's shares, or subsidiaries: N/A.

(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, 2023

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
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	2004.12.01	Dreherstr. 11, 59425 Unna, Germany	€ 5,743,075.94	Sale of faucets and related parts
Globe Union Verwaltungs 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 263,808,100	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$ 424,269,526	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	RMB 60,000,000	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	RMB 600,000	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, 2023 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 Tsun-Chu Chou, An-Hsi Lin Tsung-Min Chen (Representative of Globe Union Industrial (BVI) Corp.)	No issued shares	100.00
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	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	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 Tsung-Min Chen, Kuo-Hsiang Tsao, Chun-Hsien 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 Corp.)	93,449,027	100.00
Arte En Bronce, S.A de C.V.	Director	RODOLFO MIJARES GARZA SCOTT OUYOUNG MICHAEL ERIC WERNER GUILLERMINA MIJARES OVIEDO PEDRO MIJARES OVIEDO	4,400,000	48.89

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
		(Representative of Globe Union (Bermuda) LTD.)		
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 Mexico, S.A. de C.V.	Director	Shane Ouyang、Keith Edward Yurko、Todd Alex Talbot	424,269,526	100.00
Globe Union Ann Bo Manufacturing Co., Ltd	Director Supervisor	Shane Ouyang, Ta-Yin Chang, Wei- Ling Huang Tsung-Min Chen	No issued shares	100.00

Company name	Title	Name or representative	Shareholding	
			No. of shares	Shareholding ratio (%)
He Shun Investment Co., Ltd	Director Supervisor	Shane Ouyang Tsung-Min Chen	No issued shares	100.00

(VI) Operational overview of each affiliate

(Unit: Thousand NTD)

Company name	Capital	Total assets	Total liabilities	Net worth	Operating income	Operating profit (loss)	Profit or loss for the current period (after tax)	Earnings (loss) per share (NTD) (after tax)
Globe Union Industrial (BVI) Corp.	1,434,538	2,477,566	18,379	2,459,187	0	(218)	53,699	1.21
ShenZhen Globe Union Enterprise Co., Ltd.	1,647,011	2,465,302	190,591	2,274,711	1,510,644	(119,863)	32,347	NA(Note 1)
Globe Union Cayman Corp.	2,687,629	1,828,547	2,641	1,825,906	0	(282)	212,330	2.60
Globe Union Germany GmbH & Co.KG	195,322	436,335	128,895	307,440	694,090	26,695	28,703	NA(Note 1)
Globe Union Verwaltungs GmbH	59,688	4,953	0	4,953	0	(7)	35	0.02
Milim G&G Ceramics Co., Ltd	1,142,025	1,868,044	511,779	1,356,265	1,892,902	36,397	34,421	NA(Note 1)
Globe Union (Bermuda) LTD.	3,098,447	4,364,235	0	4,364,235	0	(2,265)	415,588	4.45
Globe Union Group, Inc.	1,957,298	2,513,200	0	2,513,200	0	0	0	0
Globe Union (Canada) Inc.	169,474	370,431	121,537	248,894	614,066	(18,080)	68,396	11.74
Danze, Inc.	1,014,521	327,170	17	327,153	0	0	0	0
Gerber Plumbing Fixtures LLC	1,297,079	4,461,458	2,143,348	2,318,110	8,737,006	385,972	310,613	33.27
Globe Union Services, Inc.	30,710	99,744	0	99,744	0	0	0	0
Globe Union (UK) Limited	1,548,779	3,178,086	0	3,178,086	0	0	0	0
P.J.H. Group Limited	293,850	2,600,093	1,732,964	867,129	6,912,996	278,419	189,054	25.21

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	2,249	4,558	302	4,256	9,476	346	316	0
GU Plumbing de Mexico, S.A. de C.V.	685,077	2,529,213	1,960,303	568,910	1,584,574	(219,830)	(115,982)	(0.27)
Globe Union Ann Bo Manufacturing Co., Ltd	259,740	1,104,464	933,059	171,405	1,250,896	(41,481)	(56,873)	NA(Note 1)
He Shun Investment Co., Ltd	2,597	2,265	0	2,265	0	(335)	(333)	NA(Note 1)

2023.12.31 exchange rate:

USD/NTD=1：30.71 、 CAD/NTD=1：23.22 、 HKD/NTD=1：3.934 、 CNY/NTD=1：4.329 、 GBP/NTD=1：39.18 、 EUR/NTD=1：34.01 、 MXN/NTD=1：1.817

Note1: 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 2023 (January 1, 2023 to December 31, 2023) 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 11, 2024

II. Private placement of securities in the most recent year up to the date of this Annual Report: None.

III. Holding or disposal of Company shares by subsidiaries in the most recent year and up to the date of this Annual Report: None.

IV. Other necessary 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 past year and up to the date of this Annual Report: None.

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 11, 2024

The Company hereby makes the following statement about its internal control system for the year 2023 based on the assessments it performed:

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

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

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

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

V. Based on the findings of the aforementioned examination, the Company believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2023 (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 8 Directors present at the meeting of the Board on March 11, 2024.

Globe Union Industrial Corp.

Chairman: Shane Ouyang

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

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

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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 2023 and 2022, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the consolidated financial statements, including the summary of material accounting policies (together "the consolidated financial statements").

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 as of 31 December 2023 and 2022, and their consolidated financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements of 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 2023 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 2023, the goodwill was carried at NT$713,874 thousand which accounted for 5% of the total consolidated 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 2023, the net inventories amounted to NT$3,665,912 thousand, which accounted for 24% 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 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.

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

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 2023 and 2022.

Tu, Ching Yuan

Lo, Wen Chen

Ernst & Young, Taiwan
11 March 2024

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 2023 and 31 December 2022
(Expressed in Thousands of New Taiwan Dollars)

Assets	Notes	As at 31 Dec 2023	As at 31 Dec 2022
Current assets			
Cash and cash equivalents	4, 6(1)	$2,964,092	$2,271,437
Financial assets at fair value through profit or loss, current	4, 6(2)	971	19,862
Financial assets measured at amortized cost, current	4, 6(3), 8	103,029	171,070
Accounts receivable, net	4, 5, 6(4), 8	2,131,271	2,565,843
Inventories, net	4, 5, 6(5), 8	3,665,912	4,788,457
Prepayment	6(6)	266,278	184,476
Other current assets		686,814	607,907
Total current assets		9,818,367	10,609,052
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(7)	32,760	27,960
Investments accounted for under the equity method	4, 6(8)	-	19,047
Property, plant and equipment	4, 6(9), 8	2,298,557	2,311,704
Right-of-use assets	4, 6(22)	2,146,445	2,328,096
Investment properties	4, 6(10)	35,761	-
Intangible assets	4, 6(11)	56,885	52,631
Goodwill	4, 5, 6(11)(12)	713,874	680,469
Deferred tax assets	4, 5, 6(26)	292,627	322,514
Deposits-out		32,277	27,282
Other non-current assets	6(13)	57,640	223,070
Total non-current assets		5,666,826	5,992,773
Total assets		$15,485,193	$16,601,825

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

(continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2023 and 31 December 2022
(Expressed in Thousands of New Taiwan Dollars)

Liabilities and Equity	Notes	As at 31 Dec 2023	As at 31 Dec 2022
Current liabilities			
Short-term loans	4, 6(14)	$2,293,648	$1,777,167
Financial liabilities at fair value through profit or loss, current	4	844	6,102
Contract liabilities, current	6(20)	77	665
Notes payable		71,789	69,539
Accounts payable		1,549,681	1,888,505
Other payables	6(15)	1,716,835	2,069,625
Current tax liabilities	4	80,475	74,413
Lease liabilities, current	4, 6(22)	386,173	354,880
Current portion of long-term loans	4, 6(16)	200,000	330,000
Other current liabilities		71,746	50,698
Total current liabilities		6,371,268	6,621,594
Non-current liabilities			
Long-term loans	4, 6(16)	1,100,000	2,810,000
Provision for decommissioning, restoration and rehabilitation costs	4	27,742	-
Deferred tax liabilities	4, 5, 6(26)	17,518	11,838
Lease liabilities, non-current	4, 6(22)	1,933,327	2,183,928
Other non-current liabilities		112,853	266,316
Net defined benefit obligation, non-current	4, 6(17)	22,754	34,345
Total non-current liabilities		3,214,194	5,306,427
Total liabilities		9,585,462	11,928,021
Equity attributable to the parent company	4, 6(18)		
Capital			
Common stock		4,087,290	3,581,640
Advance receipts for common stock		3,259	3,100
Total capital		4,090,549	3,584,740
Capital surplus		988,391	887,844
Retained earnings			
Legal reserve		201,221	892,412
Special reserve		678,770	902,450
Unappropriated earnings (accumulated deficits)		590,529	(914,871)
Total retained earnings		1,470,520	879,991
Other components of equity			
Exchange differences on translation of foreign operations		(651,289)	(675,531)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		1,560	(3,240)
Total other components of equity		(649,729)	(678,771)
Total equity		5,899,731	4,673,804
Total liabilities and equity		$15,485,193	$16,601,825

(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 2023 and 2022

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

	Notes	For the Years Ended 31 December 2023	2022
Net sales	6(20)	$18,313,929	$20,211,011
Cost of sales	6(5)(23)	(12,694,083)	(15,247,819)
Gross profit		5,619,846	4,963,192
Operating expenses	6(22)(23)		
Selling and marketing		(2,268,736)	(2,035,670)
General and administrative		(2,830,739)	(3,390,531)
Research and development		(178,143)	(221,388)
Expected credit losses	6(21)	(11,172)	(12,482)
Total operating expenses		(5,288,790)	(5,660,071)
Operating income (loss)		331,056	(696,879)
Non-operating income and expenses	6(24)		
Other revenue		481,658	150,157
Other gains and losses		228,846	(136,052)
Finance costs		(226,537)	(212,716)
Share of profit or loss of associates and joint ventures	4, 6(8)	(3,073)	(1,353)
Total non-operating income and expenses		480,894	(199,964)
Income (loss) before income tax		811,950	(896,843)
Income tax (expense) income	4, 5, 6(26)	(206,849)	7,969
Income (loss) from continuing operations, net of tax		605,101	(888,874)
Other comprehensive income (loss)	6(25)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(19,175)	(32,288)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		4,800	(8,520)
Income tax related to items that may not to be reclassified subsequently		4,603	6,291
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		24,377	411,251
Share of other comprehensive (loss) income of associates and joint ventures	6(8)	(135)	310
Total other comprehensive income, net of tax		14,470	377,044
Total comprehensive income (loss)		$619,571	$(511,830)
Net income (loss) attributable to:			
Stockholders of the parent		$605,101	$(888,874)
Non-controlling interests		-	-
		$605,101	$(888,874)
Comprehensive income (loss) attributable to:			
Stockholder of the parent		$619,571	$(511,830)
Non-controlling interests		-	-
		$619,571	$(511,830)
Earnings (losses) per share (NTD)	6(27)		
Earnings (losses) per share-basic		$1.52	$(2.48)
Earnings (losses) per share-diluted		$1.51	$(2.48)

(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 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

Item	Notes	Equity Attributable to the Parent Company								Total Equity
		Capital			Retained Earnings			Other Components of Equity		
		Common Stock	Advance Receipts for Common Stock	Additional Paid-in Capital	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 January 2022	6(18)	$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	6(18)(19)		3,100							3,100
Share-based payment transactions-Share-based payment expense	6(19)			9,849						9,849
Balance as at 31 December 2022	6(18)	$3,581,640	$3,100	$887,844	$892,412	$902,450	$(914,871)	$(675,531)	$(3,240)	$4,673,804
Balance as at 1 January 2023	6(18)	$3,581,640	$3,100	$887,844	$892,412	$902,450	$(914,871)	$(675,531)	$(3,240)	$4,673,804
Deficit compensation, 2022:										
Legal reserved used to cover deficits					(691,191)		691,191			-
Reversal of special reserve						(223,680)	223,680			-
Net income in 2023							605,101			605,101
Other comprehensive income (loss), net of tax in 2023							(14,572)	24,242	4,800	14,470
Total comprehensive income							590,529	24,242	4,800	619,571
Cash capital increase		500,000		87,500						587,500
Share-based payment transactions-Conversion of advance receipts for common stock	6(18)	5,650	(6,975)	1,325						-
Share-based payment transactions-Exercise of employee stock option	6(18)(19)		7,134							7,134
Share-based payment transactions-Share-based payment expense	6(19)			11,722						11,722
Balance as at 31 December 2023	6(18)	$4,087,290	$3,259	$988,391	$201,221	$678,770	$590,529	$(651,289)	$1,560	$5,899,731

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the year ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the year ended 31 December	
	Notes	2023	2022
Cash flows from operating activities:			
Net income (loss) before tax		$811,950	$(896,843)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation		799,269	738,028
Amortization		20,905	16,221
Expected credit losses		11,172	12,482
Net (gain) loss of financial assets/liabilities at fair value through profit or loss		(16,444)	77,640
Interest expense		226,537	212,716
Interest income		(45,728)	(58,608)
Dividend income		(1,362)	(1,920)
Share-based payment expense		11,722	9,849
Share of profit or loss of associates and joint ventures		3,073	1,353
(Gain) loss on disposal of property, plant and equipment		(98,564)	12,904
Gain on disposal of right-of-use assets		(50,404)	-
Loss (gain) on lease modification		846	(184)
Gain on disposal of investments accounted for under the equity method		(19,414)	-
Impairment loss on non-financial assets		35,219	139,296
Changes in operating assets and liabilities:			
Financial instrument at fair value through profit or loss, current		30,077	(83,927)
Accounts receivable		475,662	457,688
Inventories, net		1,188,842	(243,692)
Prepayments		(55,249)	13,734
Other current assets		(77,956)	121,154
Other non-current assets		85,271	(54,628)
Notes payable		2,250	10,751
Accounts payable		(257,172)	(326,425)
Other payables		(484,763)	470,663
Contract liabilities, current		(588)	(2,141)
Other current liabilities		1,817	3,431
Defined benefit obligation		(11,143)	(9,526)
Other non-current liabilities		(153,463)	(123,059)
Cash generated from operations		2,432,362	496,957
Interest received		45,728	58,608
Interest paid		(226,644)	(211,353)
Income tax paid		(160,617)	(116,872)
Net cash generated from operating activities		2,090,829	227,340

(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 year ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the year ended 31 December	
	Notes	2023	2022
(Continued)			
Cash flows from investing activities:			
Disposal of investments accounted for under the equity method		36,627	-
Acquisition of property, plant and equipment		(431,523)	(307,913)
Disposal of property, plant and equipment		117,532	24,662
Disposal of right-of-use assets		53,627	-
(Increase) decrease in deposits-out		(4,995)	6,855
Financial assets measured at amortized cost, current		68,041	(64,625)
Acquisition of intangible assets		(23,738)	(16,870)
Dividend received		1,362	1,920
Net cash used in investing activities		(183,067)	(355,971)
Cash flows from financing activities:			
Increase in short-term loans		2,968,000	4,571,996
Decrease in short-term loans		(2,466,272)	(4,953,950)
Increase in long-term loans		500,000	2,760,000
Decrease in long-term loans		(2,340,000)	(1,849,947)
Decrease in lease liabilities		(417,891)	(337,653)
Cash capital increase		587,500	-
Exercise of employee stock option		7,134	3,100
Net cash (used in) generated from financing activities		(1,161,529)	193,546
Effect of changes in exchange rate on cash and cash equivalents		(53,578)	(74,775)
Net increase (decrease) in cash and cash equivalents		692,655	(9,860)
Cash and cash equivalents at beginning of period		2,271,437	2,281,297
Cash and cash equivalents at end of period	6(1)	$2,964,092	$2,271,437

(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 2023 and 2022
(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 2023 and 2022 were authorized for issue by the Company's board of directors on 11 March 2024.

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 2023. The adoption of these new standards and amendments and interpretations of initial application has had no material impact on the Group.

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

Items	New, Revised or Amended Standards and Interpretations	Effective Date issued by IASB
a	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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

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 2024. The remaining standards and interpretations have no material impact on the Group.

(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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify how to assess whether a currency is exchangeable and how to determine a spot exchanges rate if it is not, and the additional disclosures when a currency lacks exchangeability. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

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. The remaining new or amended standards and interpretations have no material impact on the Group.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

(1) Statement of Compliance

The consolidated financial statements of the Group for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations") and International Financial Reporting Standards, International Accounting Standards, and Interpretations developed by the International Financial Reporting Interpretations Committee, which are endorsed and became effective by the FSC.

(2) Basis of Preparation

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

(3) Basis of consolidation

Preparation principle of consolidated financial statements

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

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

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

(a) the contractual arrangement with the other vote holders of the investee
(b) rights arising from other contractual arrangements
(c) the Group's voting rights and potential voting rights

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

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) reclassifies the parent's share of components previously recognized in other comprehensive income to profit or loss, or transfer directly to retained earnings if required by other IFRSs; and
(f) recognizes any resulting difference in profit or loss.

The consolidated entities are as follows:

			Percentage of ownership (%)		
Investor	Subsidiary	Main Business	31 December 2023	31 December 2022	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 faucets and related parts	100.00%	100.00%	

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

			Percentage of ownership (%)		
Investor	Subsidiary	Main Business	31 December 2023	31 December 2022	Note
Globe Union Industrial (B.V.I.) Corp. (G.U.I.(B.V.I.))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	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 related parts	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 company	100.00%	100.00%	
Globe Union (UK) Limited	PJH Group Limited	Selling kitchen and bathroom products	100.00%	100.00%	
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.	Overseas sales and maintenance center	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union (Canada) Inc.	Sales and marketing support services	100.00%	100.00%	
Globe Union Group, Inc.	Gerber Plumbing Fixtures, LLC	Assembling and selling bathroom products	100.00%	100.00%	
Globe Union Group, Inc.	Globe Union Services, Inc.	Marketing support services	100.00%	100.00%	
Globe Union (Bermuda) Ltd. (G.U.L.(Bermuda))	Milim G&G Ceramics Co., Ltd.	Manufacturing and selling porcelain bathroom fittings	89.29%	89.29%	
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Manufacturing and selling porcelain bathroom fittings	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%	100.00%	Note 1
Shenzhen Globe Union Enterprise Co., Ltd.	He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	100.00%	100.00%	Note 2

Note 1: The Company established a subsidiary, Globe Union Ann Bo Manufacturing Co., Ltd. in June 2022.
Note 2: The Company established a sub-subsidiary, He Shun Investment Co., Ltd., in September 2022.

(4) Foreign Currency Transactions

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

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

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

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

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

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

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

(5) Translation of financial statements in foreign currency

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

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

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

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

(6) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(7) Cash and cash equivalents

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

(8) Financial instruments

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

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

(a) Financial instruments: Recognition and Measurement

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

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

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

Financial assets measured at amortized cost

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

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

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

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

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

Financial asset measured at fair value through other comprehensive income

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

(b) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

B. At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Group measures the loss allowance at an amount equal to lifetime expected credit losses.

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

(c) Derecognition of financial assets

A financial asset is derecognized when:

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

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

(d) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(e) Offsetting of financial instruments

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

(9) Derivative instrument

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

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

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

(10) Fair value measurement

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

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

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

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

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

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

(11) Inventories

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

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

Raw materials – Purchase cost on a 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.

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:

(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.

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
Office 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 residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(14) Investment property

The Group's owned investment properties are measured initially at cost, including transaction costs. The carrying amount includes the cost of replacing part of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day servicing of an investment property. Subsequent to initial recognition, other than those that meet the criteria to be classified as held for sale (or are included in a disposal group that is classified as held for sale) in accordance with IFRS 5 Non-current Assets Held for Sale and Discontinued Operations, investment properties are measured using the cost model in accordance with the requirements of IAS 16 Property, plant and equipment for that model. If investment properties are held by a lessee as right-of-use assets and is not held for sale in accordance with IFRS 5, investment properties are measured in accordance with the requirements of IFRS 16

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

Items	Useful Lives
Buildings	9~20 years
Right-of-use assets	46 years

Investment properties are derecognized when either they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss in the period of derecognition.

The Group transfers properties to or from investment properties according to the actual use of the properties.

The Group transfers to or from investment properties when there is a change in use for these assets. Properties are transferred to or from investment properties when the properties meet, or cease to meet, the definition of investment property and there is evidence of the change in use.

(15) Leases

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

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

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

Group as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

(16) 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 recognized in profit or loss.

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

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

(17) Impairment of non-financial assets

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

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

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

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

(18) 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.

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted and disclosed for significant market fluctuations since that time and for significant curtailments, settlements, or other significant one-off events.

(19) 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.

Provision for decommissioning, restoration and rehabilitation costs

The provision for decommissioning, restoration and rehabilitation costs arose on construction of a property, plant and equipment. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognized as part of the cost of that particular asset. The cash flows are discounted at a current pre-tax rate that reflects the risks specific to the decommissioning liability. The unwinding of the discount is expensed as incurred and recognized as a finance cost. The estimated future costs of decommissioning are reviewed annually and adjusted as appropriate. Changes in the estimated future costs or in the discount rate applied are added to or deducted from the cost of the asset.

Provision for warranties

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(20) Revenue recognition

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

Sale of goods

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

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

The credit period of the Group's sale of goods is from 60 to 90 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 receivable. The Group usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

(21) 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.

(22) 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.

(23) Share-based payment transactions

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

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

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

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

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

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

(24) Income Tax

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

Current income tax

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

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

Deferred tax

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

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

(a) Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(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; at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and at the time of the transaction, does not give rise to equal taxable and deductible temporary differences.
(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.

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

(25) Business combinations and goodwill

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

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

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

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

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

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

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

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(1) Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Impairment of goodwill

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

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

(c) Pension benefits

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

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

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

(f) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

Deferred tax assets are recognized for all carryforward of unused tax losses and unused tax credits and deductible temporary differences to the extent that it is probable that taxable profit will be available or there are sufficient taxable temporary differences against which the unused tax losses, unused tax credits or deductible temporary differences can be utilized. The amount of deferred tax assets determined to be recognized is based upon the likely timing and the level of future taxable profits and taxable temporary differences together with future tax planning strategies. Please refer to Note 6 for more details on deferred tax assets that the Group have not recognized as at 31 December 2023.

(g) Accounts receivable – estimation of impairment loss

The Group 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.

(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.

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2023	2022
Cash on hand	$475	$639
Demand deposits	2,852,099	2,171,868
Time deposits	111,518	98,930
Total	$2,964,092	$2,271,437

Cash and cash equivalents were not pledged.

(2) Financial assets at fair value through profit or loss- current

	As at 31 December	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$971	$19,862

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	
	2023	2022
Bank deposits-time deposit-pledged	$62,188	$62,167
Bank deposits-reserve account	40,841	55,945
Bank deposits-time deposit (longer than three months)	-	52,958
Subtotal (total carrying amount)	103,029	171,070
Less: loss allowance	-	-
Total	$103,029	$171,070

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

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	
	2023	2022
Accounts receivable	$2,243,202	$2,692,426
Less: allowance for sales discounts	(109,151)	(125,289)
Less: loss allowance	(2,780)	(1,294)
Total	$2,131,271	$2,565,843

Accounts receivables are generally on 60-90 day terms. The total carrying amount as at 31 December 2023 and 2022 were $2,243,202 and $2,692,426, respectively. Please refer to Note 6(21) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022. 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	
	2023	2022
Raw materials	$224,497	$343,552
Supplies & parts	94,266	128,070
Work in progress	160,974	272,526
Finished goods	2,123,745	2,999,039
Merchandise	1,062,430	1,045,270
Total	$3,665,912	$4,788,457

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

(b) The cost of inventories recognized in cost of goods sold for the years ended 31 December 2023 and 2022 amounted to $12,694,083 and $15,247,819, respectively, including the expense amounted to $11,751 and $124,682 from reducing inventories to net realizable value.

Please refer to Note 8 for more details on inventories under pledge.

(6) Prepayments

	As at 31 December	
	2023	2022
Prepayment for purchases	$35,943	$39,937
Offset against VAT	28,241	30,038
Prepaid insurance	29,282	2,096
Other prepayments	172,812	112,405
Total	$266,278	$184,476

Prepayments were not pledged.

(7) Financial assets at fair value through other comprehensive income - non current

	As at 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income - non current:		
Listed company stocks	$32,760	$27,960

Financial assets at fair value through other comprehensive income were not pledged.

Please refer to Note 12 for more details on the credit risk of the equity instrument investments measured at fair value through other comprehensive income.

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

(8) Investments accounted for using the equity method

The following table lists the investments accounted for using the equity method of the Group:

	As at 31 December			
	2023		2022	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in associates:				
Arte En Bronce, S.A. DE C.V.	$-	48.89%	$-	48.89%
Chengxinzhao (Zhangzhou) Hardware Co., Ltd.	-	-%	19,047	49.00%
Total	$-		$19,047	

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.

Considering the adjustments to the Group's operational strategy, the Group sold its 49% interest in Chengxinzhao (Zhangzhou) Hardware Co., Ltd. in December 2023. From the settlement date, the Group no longer had any investment relationship or influence over Chengxinzhao (Zhangzhou) Hardware Co., Ltd..

The Group's investments in Chengxinzhao (Zhangzhou) Hardware Co., Ltd. and Arte En Bronce, S.A. DE C.V. are not individually material. The aggregate financial information based on Group's share of associates is as follows:

	For the years ended 31 December	
	2023	2022
Loss from continuing operations	$(3,073)	$(1,353)
Other comprehensive (loss) gain	(135)	310
Total comprehensive loss	$(3,208)	$(1,043)

The associates had no contingent liabilities or capital commitments as at 31 December 2023 and 2022, and did not provide any guarantee.

(9) Property, plant and equipment

	As at 31 December	
	2023	2022
Owner occupied property, plant and equipment	$2,298,557	$2,311,704

(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. 2023	$861,092	$3,158,630	$47,865	$330,049	$707,999	$105,894	$5,211,529
Additions	63,488	93,885	3,691	17,916	12,484	215,784	407,248
Disposals	(62,572)	(137,530)	(8,039)	(40,157)	(94,465)	-	(342,763)
Transfers	1,857	134,210	-	-	37,820	(286,524)	(112,637)
Exchange differences	(6,537)	(28,091)	1,299	2,098	(2,140)	247	(33,124)
As at 31 Dec. 2023	$857,328	$3,221,104	$44,816	$309,906	$661,698	$35,401	$5,130,253
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	$861,092	$3,158,630	$47,865	$330,049	$707,999	$105,894	$5,211,529
Depreciation and impairment:							
As at 1 Jan. 2023	$626,310	$1,415,426	$40,995	$276,240	$540,854	$-	$2,899,825
Depreciation	44,571	231,831	3,176	22,717	57,250	-	359,545
Impairment	-	35,219	-	-	-	-	35,219
Disposals	(56,034)	(131,195)	(8,040)	(37,611)	(90,915)	-	(323,795)
Transfers	(122,142)	2,145	(8)	(85)	(361)	-	(120,451)
Exchange differences	(2,862)	(15,614)	1,266	822	(2,259)	-	(18,647)
As at 31 Dec. 2023	$489,843	$1,537,812	$37,389	$262,083	$504,569	$-	$2,831,696
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	$626,310	$1,415,426	$40,995	$276,240	$540,854	$-	$2,899,825
Net carrying amount:							
31 Dec. 2023	$367,485	$1,683,292	$7,427	$47,823	$157,129	$35,401	$2,298,557
31 Dec. 2022	$234,782	$1,743,204	$6,870	$53,809	$167,145	$105,894	$2,311,704

(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 2023 and 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 $35,219 and $54,929, respectively, which has been included in other gains and losses in the statement of comprehensive income.

(c) Shenzhen Globe Union Enterprise Co. Ltd., a subsidiary of the Company, plans to clear out some property, plant and equipment as a result of factory relocation. For the six-month period ended 30 June 2022, the impairment loss in the amount of $66,590 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 2023.

(f) There is no occurrence of capitalization of interest due to purchasing property, plant and equipment for the years ended 31 December 2023 and 2022.

(10) Investment property

The Group’s investment properties include both owned investment properties and investment properties held by the Group as right-of-use assets. The investment properties held by the Group as right-of-use assets with non-cancellable period of 46 years.

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

	Buildings	Right-of-use assets	Total
Cost:			
As at 1 Jan. 2023	$-	$-	$-
Held as right-of-use assets	-	26,752	26,752
Transfer from owner-occupied property	133,808	-	133,808
Exchange differences	(2,129)	(425)	(2,554)
As at 31 Dec. 2023	$131,679	$26,327	$158,006
Depreciation and impairment:			
As at 1 Jan. 2023	$-	$-	$-
Depreciation	-	197	197
Held as right-of-use assets	-	3,707	3,707
Transfer	120,319	-	120,319
Exchange differences	(1,914)	(64)	(1,978)
As at 31 Dec. 2023	$118,405	$3,840	$122,245
Net carrying amount:			
31 Dec. 2023	$13,274	$22,487	$35,761
31 Dec. 2022	$-	$-	$-

No investment property was pledged.

Investment properties held by the Group are not measured at fair value but for which the fair value is disclosed. The fair value measurements of the investment properties are categorized with Level 3. The fair value of the investment properties held by the Group amounted to $215,045 as of December 31, 2023. The fair value has been determined based on valuations performed by the Group’s management referring to the price of real estate in the active neighborhood market.

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

(11) Intangible assets and goodwill

	Computer software	Trademarks	Goodwill	Total
Cost:				
As at 1 Jan. 2023	$255,156	$74,090	$1,285,199	$1,614,445
Addition-acquired separately	23,738	-	-	23,738
Exchange differences	3,947	3,272	67,309	74,528
As at 31 Dec. 2023	$282,841	$77,362	$1,352,508	$1,712,711
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	$255,156	$74,090	$1,285,199	$1,614,445
Amortization and impairment:				
As at 1 Jan. 2023	$202,525	$74,090	$604,730	$881,345
Amortization	20,905	-	-	20,905
Exchange differences	2,526	3,272	33,904	39,702
As at 31 Dec. 2023	$225,956	$77,362	$638,634	$941,952
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	$202,525	$74,090	$604,730	$881,345
Net carrying amount:				
31 Dec. 2023	$56,885	$-	$713,874	$770,759
31 Dec. 2022	$52,631	$-	$680,469	$733,100

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

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

	For the years ended 31 December	
	2023	2022
Operating costs	$514	$560
Operating expenses	$20,391	$15,661

(12) 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	
	2023	2022
Goodwill		
- Channel unit	$632,091	$598,535
- Manufacturing unit	81,783	81,934
Total	$713,874	$680,469

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 15.4% and 14.9% as at 31 December 2023 and 2022, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 2023 and 2022, that was the same as the long-term average growth rate for the channel unit's industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill of $632,091 and $598,535 as at 31 December 2023 and 2022 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 15.15% and 14.7% as at 31 December 2023 and 2022, and cash flows beyond the five-year period were extrapolated using both 0% growth rate as at 31 December 20283 and 2022, that was the same as the long-term average growth rate for the manufacturing unit's industry.

There have been no significant changes in the abovementioned discount rate projections made by the Company's management. As a result of this analysis, management did not identify any impairment for goodwill of $81,783 and $81,934 as at 31 December 2023 and 2022 which is allocated to this cash-generating unit.

Key assumptions used in value-in-use calculations

The calculation of value-in-use for both channel and manufacturing units are most sensitive to the following assumptions:

(a) Gross margin
(b) Discount rates; and
(c) Growth rate used to extrapolate cash flows beyond the budget period.

Gross margins – Gross margins are based on average values achieved in the one year preceding the start of the budget period. These exclude the possibility of margin increase over the budget period for anticipated efficiency improvements. The gross margins applied for the channel unit and the manufacturing unit remained the same.

Discount rates – Discount rates reflect the current market assessment of the risks specific to each cash generating unit (including the time value of money and the risks specific to the asset for which the future cash flow estimates have not been adjusted). The discount rate was estimated based on the weighted average cost of capital (WACC) for the Group, taking into account the particular situations of the Group and its operating segments. The WACC includes both the cost of liabilities and cost of equities. The cost of equities is derived from the expected returns of the Group's investors on capital, where the cost of liabilities is measured by the interest-bearing loans that the Group has obligation to settle. Specific risk relating to the operating segments is accounted for by considering the individual beta factor which is evaluated annually and based on publicly available market information.

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

Growth rate estimates – Rates are based on industry average growth rates or local industry research. For the reasons explained above, the long-term average growth rates used to extrapolate the budget for the channel unit and the manufacturing unit have been adjusted based on industry average growth rates.

Sensitivity to changes in assumptions

With regard to the assessment of value-in-use of the channel unit and the manufacturing unit, management believes that no reasonably possible change in any of the above key assumptions would cause the carrying value of the unit to materially exceed its recoverable amount.

The implications of the key assumptions for the recoverable amount are discussed below:

Raw materials price inflation – Management has considered the possibility of raw material price inflation. The Group used past actual raw material price movements as an indicator of future price movements. Management believes there is no raw materials price deviating from the budget for the years ended 31 December 2023 and 2022, 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 2023 and 2022, respectively. Management deemed these growth rates reasonable after considering the long-term growth rate and the economic environment for the years ended 31 December 2023 and 2022. Therefore, no further impairment may result.

(13) Other non-current assets

	As at 31 December	
	2023	2022
Prepayment for equipment	$55,430	$219,847
Others	2,210	3,223
Total	$57,640	$223,070

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

(14) Short-term loans

	As at 31 December	
	2023	2022
Unsecured bank loans	$2,158,000	$1,442,290
Secured bank loans	135,648	334,877
Total	$2,293,648	$1,777,167
Interest Rates (%)	1.75%-7.20%	1.47%-5.70%

The Group’s unused short-term lines of credits amounted to $2,563,182 and $2,687,113 as at 31 December 2023 and 2022, respectively.

Please refer to Note 8 for more details on secured loans.

(15) Other payables

	As at 31 December	
	2023	2022
Accrued payroll and bonus	$344,422	$792,824
Accrued sales discounts	311,699	336,298
Compensation payable	258,150	81,419
Accrued freight	108,873	257,211
Output tax	95,036	140,661
Accrued VAT payables	13,832	20,662
Others	584,823	440,550
Total	$1,716,835	$2,069,625

For the year ended 31 December 2022, 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 $730,484. As of 31 December 2023 and 2022, the unpaid amount totaled $35,549 and $496,722, respectively.

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

(16) Long-term loans

(a) As at 31 Dec. 2023

Lenders	Type	As at 31 Dec. 2023	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
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.	None
Cathay United Bank	Credit	200,000	2023/07-2025/06 Interest is paid monthly.	None
Subtotal		1,300,000		
Less: current portion		(200,000)		
Total		$1,100,000		
Interest rate		1.82%-2.16%		

(b) 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		3,140,000		
Less: current portion		(330,000)		
Total		$2,810,000		
Interest rate		1.57%-2.06%		

Please refer to Note 9(3) for further details on syndicated bank loans.

(17) 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 2023 and 2022 were $169,866 and $195,142, 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 assess the balance in the designated labor pension fund. If the amount is inadequate to pay pensions calculated for workers retiring in the same year, the Company will make up the difference in one appropriation before the end of March the following year.

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

The Ministry of Labor is in charge of establishing and implementing the fund utilization plan in accordance with the Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund. The pension fund is managed by the in-house managers or under discretionary accounts, based on a passive-aggressive investment strategy for long-term profitability. The Ministry of Labor establishes checks and risk management mechanism based on the assessment of risk factors including market risk, credit risk and liquidity risk, in order to maintain adequate manager flexibility to achieve targeted return without over-exposure of risk. With regard to utilization of the pension fund, the minimum earnings in the annual distributions on the final financial statement shall not be less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. Treasury Funds can be used to cover the deficits after the approval of the competent authority. As the Company does not participate in the operation and management of the pension fund, no disclosure on the fair value of the plan assets categorized in different classes could be made in accordance with paragraph 142 of IAS 19. The Group expects to contribute $20,457 to its defined benefit plan in the next year starting from 31 December 2023.

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022, were 14 years and 14 years.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
Current period service costs	$3,104	$4,056
Interest income or expense	11,559	7,706
Total	$14,663	$11,762

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

	As at		
	31 December 2023	31 December 2022	1 January 2022
Defined benefit obligation	$870,322	$804,873	$1,150,061
Plan assets at fair value	(827,111)	(769,302)	(1,137,252)
Defined benefit obligation	43,211	35,571	12,809
Other current liabilities - the Group expects to contribute in the coming year	(20,457)	(1,226)	(673)
Other non-current liabilities - defined benefit obligation	$22,754	$34,345	$12,136

(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 2022	$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
Current period service costs	3,104	-	3,104
Net interest expense (income)	37,586	(26,027)	11,559
Subtotal	845,563	(795,329)	50,234
Remeasurements of the net defined benefit liability (asset):			
Actuarial gains and losses arising from changes in demographic assumptions	(19,081)	-	(19,081)
Actuarial gains and losses arising from changes in financial assumptions	26,073	-	26,073
Experience adjustments	24,863	-	24,863
Remeasurements of the net defined benefit asset	-	(12,680)	(12,680)
Subtotal	31,855	(12,680)	19,175
Payments from the plan	(49,131)	47,599	(1,532)
Contributions by employer	-	(28,042)	(28,042)
Effect of changes in foreign exchange rates	42,036	(38,660)	3,376
As at 31 December 2023	$870,323	$(827,112)	$43,211

(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	
	2023	2022
Discount rate	1.24%-4.50%	1.39%-4.75%
Expected rate of salary increases	0.00%-3.00%	0.00%-3.00%

A sensitivity analysis for significant assumption as at 31 December 2023 and 2022 is, as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$3,817	$-	$4,857
Discount rate decrease by 0.5%	4,097	-	5,226	-
Future salary increase by 0.5%	4,004	-	5,115	-
Future salary decrease by 0.5%	-	3,772	-	4,807

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.

(18) Equities

(a) Common stock

The Company’s authorized capital was $6,000,000 as at 1 January 2022, 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 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 $3,584,140, 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. For the three-month period ended 31 March 2023, the aforementioned 250,000 employee stock options have completed the registration process and have been converted to common stock.

On 5 August 2022, the Company's board of directors resolved to issue 50,000,000 new shares of NT$10 each in cash and at a premium of NT$11.75 per share. In accordance with Article 267 of the Company Act, 10% of the total number of new shares issued, amounting to 5,000,000 shares, are reserved for subscription by the Company’s employees on a preferential basis. Due to market changes and fluctuations in stock prices, the actual price of the cash capital increase and the employee stock option price of NT$11.75 per share were measured based on the fair value of the stock options on the grant date, and $6,750 was recognized as the compensation cost. The above cash capital increase was approved by the Financial Supervisory Commission of the Republic of China on 9 November 2022, and the board of directors authorized the chairman to set 20 March 2023 as the capital increase base date. The capital increase has completed the registration of the change on 24 March 2023.

For the year ended 31 December 2023, the employees converted their options into 580,000 shares at NT$12.3 per share. Among the above shares, 315,000 shares have completed the registration process and another 265,000 shares have not completed the registration process and were recorded as capital collected in advance.

The Company’s authorized capital was $6,000,000 as at 31 December 2023, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $4,089,940 with 408,993,962 shares issued. Among the issued shares, 265,000 shares have not completed the registration process and were recorded as capital collected in advance in the amount of $3,259. Each share has one voting right and a right to receive dividends.

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

(b) Capital surplus

	As at 31 December	
	2023	2022
Additional paid-in capital	$913,255	$824,430
Share-based payment transactions	67,236	55,514
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
Total	$988,391	$887,844

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues.
B. Offset prior years' operation losses.
C. Set aside 10% of the remaining amount after deducting items A and B as legal reserve.
D. Set aside or reverse special reserve in accordance with law and regulations.
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to "other net deductions from shareholders" equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders' equity. For any subsequent reversal of other net deductions from shareholders' equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. 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.

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

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

Details of the 2022 deficit compensation and 2021 appropriation of earnings as resolved by the shareholders' meeting on 26 May 2023 and 27 May 2022, are as follows:

	Deficit compensation and appropriation of earnings	
	2022	2021
Legal reserve (used to cover deficits)	$(691,191)	$5,490
Special reserve (reversal)	(223,680)	49,510

Please refer to Note 6(23) for more details on employees' compensation and remuneration to directors.

(19) Share-based payment plans

(a) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China, 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 Group does not have a past practice of cash settlement for these employee share options.

As at 31 December 2023, 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	6,570	6,570	$12.30

(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 years ended 31 December 2023 and 2022:

	As at 31 December 2023		As at 31 December 2022	
	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	7,150	$12.40	8,250	$12.40
Additions	-	-	-	-
Converted	(580)	12.30	(250)	12.40
Forfeited	-	-	(850)	12.40
Outstanding at end of period	6,570	$12.30	7,150	$12.40
Weighted average fair value of share options (NT$)	$3.1		$3.1	

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
10 Aug. 2020 Share options plan - 10,200 units issued	$12.40	6,570	9 Aug. 2025	1.61	$12.30	6,570	$12.30

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 2023 and 2022 were $2,613 and $7,042, respectively. The following table lists the inputs to the model used for the plan:

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

For the 10,200 units first issued:

	Share-based payment plan
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, 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 2023, 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	1,600	-	$14.60

a. The following table contains further details on the aforementioned share-based payment plan for the year ended 31 December 2023 and 2022:

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

	As at 31 December 2023		As at 31 December 2022	
	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	2,100	$14.70	-	$-
Additions	-	-	2,100	14.70
Converted	-	-	-	-
Forfeited	(500)	14.70	-	-
Outstanding at end of period	1,600	$14.60	2,100	$14.70
Weighted average fair value of share options (NT$)	$3.5		$3.5	

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
14 Feb. 2022 Share options plan – 2,100 units issued	$14.70	1,600	13 Feb. 2027	3.08	$14.60	-	$14.60

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 2023 and 2022 were $1,665 and $2,807, respectively. The following table lists the inputs to the model used for the plan:

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

For the 2,100 units issued:

	Share-based payment plan
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 1,000 common shares 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 2023, the assumptions used are as follows:

	Stock appreciation right plan for employees
Share price of measurement date (NT$/unit)	$15.45
Dividend yield (%)	0%
Expected volatility (%)	18.35%
Risk-free interest rate (%)	1.08%
Expected option life (Years)	0.5 years

The Company recognized the compensation expense of $5,825 and $925 for the years ended 31 December 2023 and 2022, respectively. The liability of $6,750 and $925 under the stock appreciation right plan was recognized in accrued expenses as at 31 December 2023 and 2022, respectively. The intrinsic value for the liability of vested rights was $6,750.

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

(d) Stock appreciation right plan for employees

In July 2023, the Company implemented a compensation plan to grant 1,000 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 1,000 common shares of Globe Union Industrial Corp. The life of the plan is three and a half years. Upon maturity of one year 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 2023, the assumptions used are as follows:

	Stock appreciation right plan for employees
Share price of measurement date (NT$/unit)	$15.45
Dividend yield (%)	0%
Expected volatility (%)	18.44%
Risk-free interest rate (%)	1.12%
Expected option life (Years)	3 years

The Company recognized the compensation expense of $1,257 for the year ended 31 December 2023. The liability of $1,257 under the stock appreciation right plan was recognized in accrued expenses as at 31 December 2023. The intrinsic value for the liability of vested rights was $0.

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

(e) On 9 August 2023, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 1,400 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 2023, 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$)
9 Aug. 2023	1,400	1,400	-	$14.10

a. The following table contains further details on the aforementioned share-based payment plan for the year ended 31 December 2023:

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

	As at 31 December 2023	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	-	$-
Additions	1,400	14.10
Converted	-	-
Forfeited	-	-
Outstanding at end of period	1,400	$14.10
Weighted average fair value of share options (NT$)	$2.86	

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
9 Aug. 2023 Share options plan - 1,400 units issued	$14.10	1,400	8 Aug. 2028	4.58	$14.10	-	$14.10

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 year ended 31 December 2023 was $695. The following table lists the inputs to the model used for the plan:

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

For the 1,400 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	20.35%
Risk-free interest rate (%)	1.09%
Expected option life (Years)	5 years

(20) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$19,966,819	$21,920,075
Less : sales returns and allowance	(1,652,890)	(1,709,064)
Total	$18,313,929	$20,211,011

(a) Disaggregation of revenue

For the year ended 31 December 2023

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	$1,270,273	$60,532	$9,524,467	$7,458,657	$18,313,929

For the year ended 31 December 2022

	Taiwan Segment	China Segment	America Segment	Europe Segment	Total
Sale of goods	$2,056,185	$71,709	$10,450,500	$7,632,617	$20,211,011

The Group recognizes revenues when control of the products is transferred to the customers, therefore the performance obligation is satisfied at a point in time.

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

(b) Contract balances

Contract liabilities – current

	31 Dec. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	$77	$665	$2,806

There were no significant changes in the Group's balances of contract liabilities for the years ended 31 December 2023 and 2022.

(21) Expected credit losses

	For the years ended 31 December	
	2023	2022
Operating expenses – Expected credit losses		
Accounts receivable	$11,172	$12,482

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 2023 and 2022 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 2023

		Overdue				
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$1,905,048	$200,683	$23,459	$4,319	$542	$2,134,051
Loss ratio	-%	-%	-%	55.59%	69.93%	
Lifetime expected credit losses	-	-	-	(2,401)	(379)	(2,780)
Carrying amount	$1,905,048	$200,683	$23,459	$1,918	$163	$2,131,271

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

31 December 2022

		Overdue				
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	Total
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	$2,320,501	$203,531	$27,971	$8,715	$5,125	$2,565,843

(b) The movement in the provision for impairment of accounts receivable during the years ended 31 December 2023 and 2022 is as follows:

	Accounts receivable
Beginning balance at 1 Jan. 2023	$1,294
Addition for the current period	11,172
Write off	(10,033)
Exchange differences	347
Ending balance at 31 Dec. 2023	$2,780

	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	$1,294

(22) 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:

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

a. Amounts recognized in the balance sheet

(i) Right-of-use assets

The carrying amount of right-of-use assets

	As at 31 December	
	2023	2022
Land	$139,874	$58,178
Buildings	1,861,312	2,054,022
Machinery and equipment	16,430	31,981
Transportation equipment	109,924	177,402
Other equipment	18,905	6,513
Total	$2,146,445	$2,328,096

During the years ended 31 December 2023 and 2022, the Group’s additions to right-of-use assets amounted to $186,544 and $499,355, respectively.

(ii) Lease liabilities

	As at 31 December	
	2023	2022
Current	$386,173	$354,880
Non-current	1,933,327	2,183,928
Lease liabilities	$2,319,500	$2,538,808

Please refer to Note 6(24)(c) for the interest on lease liabilities recognized during the years ended 31 December 2023 and 2022, and refer to Note 12(5) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2023.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$4,847	$2,669
Buildings	316,907	304,714
Machinery and equipment	20,069	22,623
Transportation equipment	89,979	67,220
Other equipment	7,725	8,026
Total	$439,527	$405,252

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

c. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$80,469	$21,454
The expenses relating to leases of low-value assets (Not including the expenses relating to short-term leases of low-value assets)	7,545	6,533
The expenses relating to variable lease payments not included in the measurement of lease liabilities	447	7,305
Total	$88,461	$35,292

d. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Group's total cash outflows for leases were amounted to $646,132 and $509,579, 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.

(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.

(23) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

Function / Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$1,194,285	$1,830,979	$3,025,264	$1,442,111	$2,467,761	$3,909,872
Labor and health insurance	10,128	156,533	166,661	22,865	137,695	160,560
Pension	110,169	74,360	184,529	132,873	74,031	206,904
Other employee benefits expense	73,265	31,581	104,846	73,643	44,938	118,581
Depreciation	361,566	437,703	799,269	337,621	400,407	738,028
Amortization	514	20,391	20,905	560	15,661	16,221

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.

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

Based on profit of the year ended 31 December 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be 3.55 % and 0.66% of profit of the current year, respectively. The employees' compensation and remuneration to directors for the year ended 31 December 2023 amount to $21,905 and $4,095, respectively, recognized as salary expense.

A resolution was passed at a board meeting held on 11 March 2024 to distribute $21,905 and $4,095 in cash as 2023 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 2023.

The Company experienced a loss for the year ended 31 December 2022, hence no employees' compensation and remuneration to directors have been estimated.

(24) Non-operating income and expenses

(a) Other income

	For the years ended 31 December	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$45,728	$58,608
Dividend revenue	1,362	1,920
Others	434,568	89,629
Total	$481,658	$150,157

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

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$109,374	$109,901
Gains (losses) on disposal of property, plant and equipment	98,564	(12,904)
Gains on disposal of right-of-use assets	50,404	-
Gains on disposal of investments accounted for under the equity method	19,414	-
Impairment losses	(35,219)	(139,296)
Gains (losses) on financial assets and liabilities at fair value through profit or loss	16,444	(77,640)
(Losses) gains on change in leases	(846)	184
Others	(29,289)	(16,297)
Total	$228,846	$(136,052)

For the year ended 31 December 2022, Shenzhen Globe Union Enterprise Co. Ltd., a 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	
	2023	2022
Interest on loans from bank	$86,757	$76,082
Interest on lease liabilities	139,780	136,634
Total	$226,537	$212,716

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

(25) Components of other comprehensive income

For the year ended 31 December 2023:

	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	$(19,175)	$-	$(19,175)	$4,603	$(14,572)
Unrealized gains on financial assets at fair value through other comprehensive income	4,800	-	4,800	-	4,800
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	24,377	-	24,377	-	24,377
Share of other comprehensive loss of associates and joint ventures	(135)	-	(135)	-	(135)
Total of other comprehensive income	$9,867	$-	$9,867	$4,603	$14,470

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 on financial assets 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 on translation of foreign operations	411,251	-	411,251	-	411,251
Share of other comprehensive income of associates and joint ventures	310	-	310	-	310
Total of other comprehensive income	$370,753	$-	$370,753	$6,291	$377,044

(26) Income tax

The major components of income tax expense are as follows:

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

(a) Income tax expense recognized in profit or loss

	For the years ended 31 December	
	2023	2022
Current income tax expense:		
Current income tax charge	$247,231	$(121,694)
Adjustments in respect of current income tax of prior periods	-	(542)
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(39,997)	114,497
Tax expense recognized in the period for previously unrecognized temporary difference of prior period	(385)	(230)
Total income tax expense (income)	$206,849	$(7,969)

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

	For the years ended 31 December	
	2023	2022
Deferred tax income:		
Remeasurements of defined benefit plans	$4,603	$6,291
Income tax relating to components of other comprehensive income	$4,603	$6,291

(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	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$811,950	$(896,843)
Tax at the domestic rates applicable to profits in the country concerned	$201,222	$(211,511)
Tax effect of revenues exempt from taxation	(36,839)	(18,064)
Tax effect of deferred tax assets/liabilities	42,697	-
Tax effect of expenses not deductible for tax purposes	-	222,378
Tax effect of tax rate changed	154	-
Adjustments in respect of current income tax of prior periods	(385)	(772)
Total income tax (benefit) expenses recorded in profit or loss	$206,849	$(7,969)

(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 2023:

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	$114,453	$(46,990)	$-	$460	$67,923
Defined benefit Liability–Non-current	3,289	(3,721)	4,603	123	4,294
Unrealized intragroup profits and losses	91,272	21,987	-	-	113,259
Unrealized accrued expense	26,650	48,365	-	17	75,032
Allowance for sales discounts	17,384	(4,017)	-	-	13,367
Bad debt loss	7,890	780	-	(10)	8,660
Unrealized exchange gain or loss	6,381	(3,780)	-	-	2,601
Revaluations of financial assets and liabilities at fair value through profit or loss	(3,764)	3,764	-	-	-
Depreciation	(7,919)	(9,026)	-	(573)	(17,518)
Loss carryforward	55,040	(47,744)	-	195	7,491
Deferred tax expense/ (income)		$(40,382)	$4,603	$212	
Net deferred tax assets/ (liabilities)	$310,676				$275,109
Reflected in balance sheet as follows:					
Deferred tax assets	$322,514				$292,627
Deferred tax liabilities	$(11,838)				$(17,518)

(ii) 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)

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

(iii) Unrecognized deferred tax assets

As at 31 December 2023 and 2022, deferred tax assets that have not been recognized amount to $542,393 and $329,366, 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 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $2,777,562 and $2,334,673, respectively.

(e) <u>The unutilized accumulated losses for the Group were as follows:</u>

		Balance of unused investment tax credits as at		
Occurrence Year	Accumulated losses	31 December 2023	31 December 2022	Expiration Year
2019	$164,568	$164,568	$135,883	2029
2020	120,562	120,562	99,547	2030
2021	390,725	390,725	322,620	2031
2022	332,834	160,084	330,015	2032
2023	177,568	177,568	-	2033

(f) <u>The assessment of income tax returns</u>

As at 31 December 2023, 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 and 2021

As at 31 December 2023, all foreign subsidiaries governed by foreign tax authorities have filed income tax returns up to 2022.

(27) 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	
	2023	2022
(a) Basic earnings (losses) per share		
Profit (loss) attributable to ordinary equity holders of the Company	$605,101	$(888,874)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	397,964	358,166
Basic earnings (losses) per share (NT$)	$1.52	$(2.48)
(b) Diluted (losses) earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company	$605,101	$(888,874)
Profit (loss) attributable to ordinary equity holders of the Company after dilution	$605,101	$(888,874)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	397,964	358,166
Effect of dilution:		
Employee compensation－stock (in thousands)	1,418	Note
Employee stock options (in thousands)	1,176	Note
Weighted average number of ordinary shares outstanding after dilution (in thousands)	400,558	358,166
Diluted earnings (losses) per share (NT$)	$1.51	$(2.48)

(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.

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Group during the financial reporting period is as follows:

(a) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$162,301	$156,636
Post-employment benefits and termination benefits	26,825	36,381
Share-based payment	12,827	10,030
Total	$201,953	$203,047

8. ASSETS PLEDGED AS SECURITY

The following table lists assets of the Group pledged as security:

	Carrying amount as at 31 December		
Item	2023	2022	Secured liabilities
Financial assets measured at amortized cost, current	$103,029	$118,112	Secured for loans
Accounts receivable	736,212	858,772	Secured for loans
Inventory	1,213,453	1,193,909	Secured for other non-current liabilities and loans
Buildings	183,137	39,085	Secured for loans
Machinery and Equipment	904,345	1,065,574	Secured for other non-current liabilities
Transportation Equipment	2,146	598	Secured for loans
Office Equipment	26,401	25,746	Secured for other non-current liabilities and loans
Other Equipment	36,450	41,348	Secured for loans
Right-of-use assets - land	47,883	-	Secured for loans
Total	$3,253,056	$3,343,144	

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) On 1 October 2023, 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 2023 to 30 September 2033. 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.

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. The Company did not violate the above covenants for the year ended 31 December 2023.

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10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

Financial assets

	As at 31 December	
	2023	2022
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$971	$19,862
Financial assets measured at amortized cost (Note)	5,197,917	5,007,711
Financial assets at fair value through other comprehensive income	32,760	27,960

Financial liabilities

	As at 31 December	
	2023	2022
Financial liabilities at amortized cost:		
Short-term borrowings	$2,293,648	$1,777,167
Notes and accounts payable	1,621,470	1,958,044
Long-term loans (including current portion with maturity less than 1 year)	1,300,000	3,140,000
Other payables	1,716,835	2,069,625
Leases liabilities (including current portion with maturity less than 1 year)	2,319,500	2,538,808
Financial liabilities at fair value through profit or loss:		
Held for trading	844	6,102

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.

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.

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

The foreign currency sensitivity analysis of the possible change in foreign exchange rates on the Group's profit is performed on significant monetary items denominated in foreign currencies as at the end of the reporting period. The Group's foreign currency risk is mainly related to the volatility in the exchange rates for USD and CNY. The information of the sensitivity analyses as follows:

When NTD strengthens against USD by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	$-	$7,993
For the year ended 31 December 2022	$-	$6,945

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	$-	$13,968
For the year ended 31 December 2022	$-	$9,580

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 2023 and 2022 to decrease/increase by $3,594 and $4,917, respectively.

(c) Equity price risk

The fair value of the Group's listed equity securities is 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 $1,638 and $1,398 on the equity attributable to the Group for the years ended 31 December 2023 and 2022, 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 and insurance.

As at 31 December 2023 and 2022, accounts receivable from top ten customers represented 40.55% and 44.60% 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 2023 and 2022, the Group's accounts receivable overdue amounted to $229,003 and $246,636, respectively. As at 31 December 2023 and 2022, the expected credit loss was estimated at 1.21% and 0.52%, respectively, while the loss allowances were measured at $2,780 and $1,294, 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 Group's financial liabilities based on the contractual undiscounted payments and contractual maturity. The payment amount includes the contractual interest. The undiscounted payment relating to borrowings with variable interest rates is extrapolated based on the estimated interest rate yield curve as at the end of the reporting period.

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

Non-derivative financial liabilities

	Less than 1year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Short-term borrowings	$2,299,912	$-	$-	$-	$2,299,912
Notes and accounts payable	1,621,470	-	-	-	1,621,470
Long-term borrowings (including current portion with maturity less than 1 year)	224,938	729,515	403,601	-	1,358,054
Other payables	1,716,835	-	-	-	1,716,835
Leases liabilities	512,299	791,823	576,611	1,262,722	3,143,455
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	2,069,625	-	-	-	2,069,625
Leases liabilities	547,908	937,164	671,413	1,621,901	3,778,386

Derivative financial liabilities

	Less than 1year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Inflows	$57,787	$-	$-	$-	$57,787
Outflows	(58,631)	-	-	-	(58,631)
Net	$(844)	$-	$-	$-	$(844)
As at 31 December 2022					
Inflows	$196,018	$-	$-	$-	$196,018
Outflows	(202,120)	-	-	-	(202,120)
Net	$(6,102)	$-	$-	$-	$(6,102)

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

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

(6) Reconciliation of liabilities arising from financing activities

Reconciliation of liabilities for the year ended 31 December 2023:

	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 2023	$1,777,167	$3,140,000	$2,538,808	$7,455,975
Cash flows	501,728	(1,840,000)	(417,891)	(1,756,163)
Non-cash changes (Note)	-	-	166,976	166,976
Foreign exchange movement	14,753	-	31,607	46,360
As at 31 December 2023	$2,293,648	$1,300,000	$2,319,500	$5,913,148

Note: For the year ended 31 December 2023, the Group's lease liabilities increased by $179,902, while right-of-use assets and lease liabilities decreased by $13,772 and $12,926, respectively, due to lease termination.

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 changes (Note)	-	-	467,897	467,897
Foreign exchange movement	-	-	171,210	171,210
As at 31 December 2022	$1,777,167	$3,140,000	$2,538,808	$7,455,975

Note: For the year ended 31 December 2022, the Group's lease liabilities increased by $499,355, while right-of-use assets and lease liabilities decreased by $31,274 and $31,458, respectively, due to lease termination.

(7) Fair values of financial instruments

(a) The methods and assumptions applied in determining the fair value of financial instruments:

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The following methods and assumptions were used by the Group to measure or disclose the fair values of financial assets and financial liabilities:

a. The carrying amount of cash and cash equivalents, accounts receivable, accounts payable and other current liabilities approximate their fair value due to their short maturities.

b. For financial assets and liabilities traded in an active market with standard terms and conditions, their fair value is determined based on market quotation price (including listed equity securities, beneficiary certificates, bonds and futures etc.) at the reporting date.

c. Fair value of equity instruments without market quotations (including private placement of listed equity securities, unquoted public company and private company equity securities) are estimated using the market method valuation techniques based on parameters such as prices based on market transactions of equity instruments of identical or comparable entities and other relevant information (for example, inputs such as discount for lack of marketability, P/E ratio of similar entities and Price-Book ratio of similar entities).

d. Fair value of debt instruments without market quotations, bank loans and other non-current liabilities are determined based on the counterparty prices or valuation method. The valuation method uses DCF method as a basis, and the assumptions such as the interest rate and discount rate are primarily based on relevant information of similar instrument (such as yield curves published by the Taipei Exchange, average prices for Fixed Rate Commercial Paper published by Reuters and credit risk, etc.)

e. The fair value of derivatives which are not options and without market quotations, is determined based on the counterparty prices or discounted cash flow analysis using interest rate yield curve for the contract period. Fair value of option-based derivative financial instruments is obtained using on the counterparty prices or appropriate option pricing model (for example, Black-Scholes model) or other valuation method (for example, Monte Carlo Simulation).

(b) Fair value of financial instruments measured at amortized cost

The carrying amounts of the Group's financial assets and liabilities measured at amortized cost approximate their fair value.

(c) Fair value measurement hierarchy for financial instruments

Please refer to Note 12(9) for fair value measurement hierarchy for financial instruments of the Group.

(8) Derivative financial instruments

The Group's derivative financial instruments include forward currency contracts and embedded derivatives. The related information for derivative financial instruments not qualified for hedge accounting and not yet settled as at 31 December 2023 and 2022 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 2023		
Forward currency contract	Sell USD 5,000	January 2024
Forward currency contract	Sell GBP 1,496	From January 2024 to March 2024
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

The counterparties for the aforementioned derivatives transactions are well known local or overseas banks, as they have sound credit ratings, the credit risk is insignificant.

With regard to the forward foreign exchange contracts, as they have been entered into to hedge the foreign currency risk of net assets or net liabilities, and there will be corresponding cash inflow or outflows upon maturity and the Group has sufficient operating funds, the cash flow risk is insignificant.

(9) Fair value measurement hierarchy

(a) Fair value measurement hierarchy

All asset and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy, based on the lowest level input that is significant to the fair value measurement as a whole. Level 1, 2 and 3 inputs are described as follows:

Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities that the entity can access at the measurement date.
Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.
Level 3 – Unobservable inputs for the asset or liability.

For assets and liabilities that are recognized in the financial statements on a recurring basis, the Group determines whether transfers have occurred between Levels in the hierarchy by re-assessing categorization at the end of each reporting period.

(b) Fair value measurement hierarchy of the Group’s assets and liabilities

The Group does not have assets that are measured at fair value on a non-recurring basis. Fair value measurement hierarchy of the Group’s assets and liabilities measured at fair value on a recurring basis is as follows:

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

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$971	$-	$971
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	32,760	-	-	32,760
Financial liabilities:				
Financial liabilities at fair value through profit or loss				
Forward foreign exchange contracts	-	844	-	844

As at 31 December 2022

	Level 1	Level 2	Level 3	Total
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

(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 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

Valuation process used for fair value measurements categorized within Level 3 of the fair value hierarchy

The Group's Finance Department is responsible for validating the fair value measurements and ensuring that the results of the valuation are in line with market conditions, based on independent and reliable inputs which are consistent with other information, and represent exercisable prices. The Department analyses the movements in the values of assets and liabilities which are required to be re-measured or re-assessed as per the Group's accounting policies at each reporting date.

(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

As at 31 December 2023

	Level 1	Level 2	Level 3	Total
Financial assets not measured at fair value but for which the fair value is disclosed:				
Investment properties (Note 6(10))	$-	$-	$215,045	$215,045

As at 31 December 2022

None.

(10) Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

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

	As at 31 December 2023			As at 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
CNY	$518,514	4.329	$2,244,647	$443,165	4.409	$1,953,914
USD	44,244	30.71	1,358,733	45,420	30.70	1,394,394
GBP	20,334	39.18	796,686	24,337	37.10	902,903
EUR	7,548	34.01	256,707	6,190	32.74	202,661
CAD	9,355	23.22	217,224	6,628	22.68	150,323
Financial liabilities						
Monetary items:						
GBP	$24,219	39.18	$948,900	$24,507	37.10	$909,210
CNY	195,854	4.329	847,852	225,890	4.409	995,949
USD	18,217	30.71	559,444	22,798	30.70	699,899
EUR	1,670	34.01	56,797	1,369	32.74	44,821
CAD	2,210	23.22	51,316	3,791	22.68	85,980

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 for the years ended 31 December 2023 and 2022 were $109,374 and $109,901, respectively.

(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.

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

(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 2023

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	$736,212	$135,648

31 December 2022

Lenders	Amount assigned	Prepaid amount (Note)
HSBC UK BANK PLC	$858,772	$334,877

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 at 31 December 2023, the unpaid amount totaled $112,836 (USD 3,674 thousand), secured by equipment and inventory. Please refer to Note 8 for more details.

(14) 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 for the year ended 2022. Please refer to Note 12(15) to the Group's 2022 consolidated financial statements for more details on the related expense on the project.

(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 2023: 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 receivables	Yes	$444,017 (USD 13,700,000)	$420,727 (USD 13,700,000)	$229,250 (USD 7,465,000)	6.17% ~6.69%	1	$1,453,975	For business	$-	-	$-	$1,453,975 (Note 3)	$2,359,892 (Note 2)
1	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Other receivables	Yes	$745,430 (USD 23,000,000)	$706,330 (USD 23,000,000)	$607,757 (USD 19,790,196)	10.75%	2	$-	For operating	$-	-	$-	$927,244 (Note 5)	$1,390,866 (Note 4)
2	Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	Other receivables	Yes	$104,130 (EUR 3,000,000)	$- (EUR -)	$- (EUR -)	-%	2	$-	For operating	$-	-	$-	$307,441 (Note 7)	$307,441 (Note 6)
3	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Other receivables	Yes	$502,164 (RMB 116,000,000)	$502,164 (RMB 116,000,000)	$350,649 (RMB 81,000,000)	3.00%	2	$-	For operating	$-	-	$-	$909,751 (Note5)	$909,751 (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 2023, 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 2023.

Note 5: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2023.

Note 6: Total financing was limited to 100% of net equity of the lender as at 31 December 2023.

Note 7: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2023.

Note 8: Code 1 represents an intercompany transaction call for a business contact; code 2 represents short-term financing.

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

(b) Endorsement/Guarantee provided to others for the year ended 31 December 2023:

No. (Note1)	Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount For the year ended 31 Dec. 2023	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	$1,769,919 (Note 2)	$799,240	$706,330	$607,757	$-	11.97%	$2,949,866 (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 2023.

Note 3: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2023.

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 2023 (excluding subsidiaries, associates and joint venture):

Company Name	Securities Held	Relationship between Issuer and the Company (Note 1)	Account Stated	As at 31 December 2023			
				Number of shares	Book Value	Ratio%	Fair Value
Globe Union Industrial Corp.	Stocks Thai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	$32,760	1.68%	$32,760

Note 1: If the securities issuer is not related to the company, no information is required to be provided.

(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 2023: 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 2023: 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 2023: 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 2023:

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	$1,249,736	9.85%	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	$(197,635)	(12.19%)	-
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	1,876,649	14.78%	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	(119,128)	(7.35%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	Purchase	1,465,054	11.54%	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	(14,530)	(0.90%)	-

(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.	Globe Union Ann Bo Manufacturing Co. Ltd.	Subsidiary	Purchase	$1,168,561	9.21%	120 days after EOAP and 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	$(277,235)	(17.10%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	(5,343,732)	(29.18%)	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	367,802	17.26%	-
Globe Union Industrial Corp.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	(293,975)	(1.61%)	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	15,979	0.75%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,249,736)	(6.82%)	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	197,635	9.27%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,876,649)	(10.25%)	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	119,128	5.59%	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,465,054)	(8.00%)	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	14,530	0.68%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,168,561)	(6.38%)	120 days after EOAP and 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	277,235	13.01%	-

(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)	
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	$5,343,732	42.10%	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	$(367,802)	(22.68%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	293,975	2.32%	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	(15,979)	(0.99%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	(159,709)	(0.87%)	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	-	-%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	159,709	1.26%	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	-	-%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	Associate	Sales	(129,257)	(0.71%)	120 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	251	0.01%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	129,257	1.02%	120 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	(251)	(0.02%)	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	(101,771)	(0.56%)	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	35,672	1.67%	-

(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 Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	$101,771	0.80%	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	$(35,672)	(2.20%)	-

(h) Receivables from related parties with amounts exceeding the lower of NT$100 million or 20 percent of capital stock as at 31 December 2023:

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	$367,802	6.30 times	$-	-	$367,802	$-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	$231,407	-	$-	-	$-	$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$197,635 RMB 46,088,163	1.64 times	$-	-	$138,482 RMB 31,989,456	$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	$277,235 RMB 64,065,263	8.29 times	$-	-	$130,824 RMB 30,220,287	$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$119,128 RMB 27,518,549	13.37 times	$-	-	$119,128 RMB 27,518,549	$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	Associate	$350,649 RMB 81,000,000	-	$-	-	$-	$-
Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Associate	$612,267 USD 19,937,070	-	$-	-	$-	$-

(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 5,000 thousand	2024/01	$971
PJH Group LTD	Forward currency contract	Sell	GBP 1,496 thousand	2024/01-2024/03	(844)
				Total	$127

(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	$1,249,736	Note 4 (1)	6.82%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(197,635)	Note 4 (3)	(1.28%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,876,649	Note 4 (1)	10.25%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(119,128)	Note 4 (3)	(0.77%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,465,054	Note 4 (1)	8.00%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	1	Purchases	1,168,561	Note 4 (1)	6.38%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	1	Accounts payable	(277,235)	Note 4 (3)	(1.79%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	231,407	Note 4 (4)	1.49%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(5,343,732)	Note 4 (2)	(29.18%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	367,802	Note 4 (3)	2.38%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(293,975)	Note 4 (2)	(1.61%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(1,249,736) RMB (282,715,037)	Note 4 (2)	(6.82%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	197,635 RMB 46,088,163	Note 4 (3)	1.28%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(159,709) RMB (36,111,120)	Note 4 (2)	(0.87%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Sales	(129,257) RMB (29,225,865)	Note 4 (2)	(0.71%)

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)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Other receivables	$350,649 RMB 81,000,000	Note 4 (5)	2.26%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	2	Sales	(1,168,561) RMB (265,402,306)	Note 4 (2)	(6.38%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	277,235 RMB 64,065,263	Note 4 (3)	1.79%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Germany GmbH & Co. KG	3	Sales	(101,771) RMB (23,011,036)	Note 4 (2)	(0.56%)
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Purchases	129,257 RMB 29,225,865	Note 4 (1)	0.71%
2	Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Other payables	(350,649) RMB (81,000,000)	Note 4 (5)	(2.26%)
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	5,343,732 USD 171,883,321	Note 4 (1)	29.18%
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(367,802) USD (11,976,636)	Note 4 (3)	(2.38%)
3	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	612,267 USD 19,937,070	Note 4 (6)	3.95%
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,876,649) RMB (424,608,181)	Note 4 (2)	(10.25%)

(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)
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	$119,128 RMB 27,518,549	Note 4 (3)	0.77%
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,465,054) USD (47,344,359)	Note 4 (2)	(8.00%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Other payables	(231,407) USD (7,535,222)	Note4 (4)	(1.49%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Other payables	(612,267) USD (19,937,070)	Note4 (6)	(3.95%)
6	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	293,975 CAD 12,825,002	Note 4 (1)	1.61%
7	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	159,709 EUR 4,859,927	Note 4 (1)	0.87%
7	Globe Union Germany GmbH & Co. KG	Globe Union Ann Bo Manufacturing Co. Ltd.	3	Purchases	101,771 EUR 2,965,309	Note 4 (1)	0.56%

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.

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

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can't be compared with other goods purchased from the third parities.

(2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.

(3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.

(4) Financing, ratio 6.17%~6.69%.

(5) Financing, ratio 3%.

(6) Financing, ratio 10.75%.

(2) Information on investees:

(a) Names, locations, main businesses and products, original investment amount, investment as at 31 December 2023, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2023 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2023	31 December 2022	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%	$2,448,484	$53,699	$52,580	Note

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

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2023	31 December 2022	Number of shares	Percentage of ownership (%)	Book value			
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%	$3,995,216	$415,588	$343,106	Note
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor ,P.O. Box 2804, GerogeTown, Grand Cayman, Cayman Islands	Holding company	$2,590,324	$2,590,324	81,555,901	100%	$1,834,564	$212,330	$212,330	
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 procelain bathroom fittings	$683,055	$1,097,365	424,269,526	100%	$568,910	$(117,525)	$(117,525)	

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

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

(3) Information on investments in Mainland China

(a) Information on investments in Mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp., Globe Union (Bermuda) Ltd. and Shenzhen Globe Union Enterprise Co., Ltd. as at 31 December 2023:

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 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2023	Accumulated Inward Remittance of Earnings as at 31 December 2023
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	$1,647,011 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	$-	$-	$-	$-	$34,470	100%	$34,470 (Note 1)	$2,274,379	$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling procelain bathroom fittings	$1,142,025 (RMB 263,808,100)	Investment in Mainland China companies through a company invested and established in a third region	$515,444 (USD 16,784,252)	$-	$-	$515,444 (USD 16,784,252)	$33,924	100%	$33,924 (Note 1)	$1,438,047	$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	$2,249 (RMB 519,514)	Directly invested Mainland China company	$3,245 (RMB 749,658)	$-	$-	$3,245 (RMB 749,658)	$323	100%	$323 (Note 1)	$4,257	$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Manufacturing and selling bathroom products	$259,740 (RMB 60,000,000)	Directly invested Mainland China company	$225,108 (RMB 52,000,000)	$34,632 (RMB 8,000,000)	$-	$259,740 (RMB 60,000,000)	$(57,887)	100%	$(57,887) (Note 1)	$171,405	$-
He Shun Investment Co., Ltd.	Investment, developing and manufacturing hardware products	$2,597 (RMB 600,000)	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	$-	$-	$-	$-	$(340)	100% (Note 5)	$(340) (Note 1)	$2,265	$-

Accumulated Investment in Mainland China as at 31 December 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$778,429 (USD 16,784,252 and RMB 60,749,658)	$639,569 (USD 12,305,503,GBP 49,191 and RMB 60,000,000)	Not applicable (Note 2)

(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 2023 was USD16,784,252 and RMB 60,749,658. 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 45,845,636; 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 and RMB 500,000 in August 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 2023

Shares / Name	Shareholding	Shareholding ratio
Ming-Ling Co., Ltd.	37,974,032	9.28%
Hsien Ouyang	30,393,496	7.43%
Su-Hsiang Ouyang Chang	28,516,175	6.97%
Lei Ouyang	26,858,132	6.56%
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.39%
Trust property account of Scott Ouyang at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.02%

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

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.

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 2023

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	$18,121,956	$191,973	$-	$18,313,929
Inter-segment	5,642,767	6,169,546	(11,812,313)	-
Total revenue	$23,764,723	$6,361,519	$(11,812,313)	$18,313,929
Interest expenses	$152,700	$136,883	$(63,046)	$226,537
Depreciation and amortization	$392,733	$427,441	$-	$820,174
Investment profits (loss)	$628,115	$(109,768)	$(521,420)	$(3,073)
Segment profits (loss)	$1,377,954	$(37,489)	$(528,515)	$811,950

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

(b) For the year ended 31 December 2022

	Segment A	Segment B	Adjustment and elimination	Total
Revenue				
External customer	$19,888,218	$322,793	$-	$20,211,011
Inter-segment	8,103,871	7,389,166	(15,493,037)	-
Total revenue	$27,992,089	$7,711,959	$(15,493,037)	$20,211,011
Interest expenses	$149,651	$98,956	$(35,891)	$212,716
Depreciation and amortization	$353,839	$400,410	$-	$754,249
Investment profits (loss)	$(457,649)	$(386,470)	$842,766	$(1,353)
Segment profits (loss)	$(637,993)	$(434,607)	$175,757	$(896,843)

(1) Information on assets and liabilities of the reportable segment:

(a) Segment assets

	Segment A	Segment B	Adjustment and elimination	Total
31 Dec. 2023	$19,155,462	$8,174,436	$(11,844,705)	$15,485,193
31 Dec. 2022	$21,006,041	$8,837,579	$(13,241,795)	$16,601,825

(b) Segment liabilities

	Segment A	Segment B	Adjustment and elimination	Total
31 Dec. 2023	$8,267,940	$3,614,412	$(2,296,890)	$9,585,462
31 Dec. 2022	$11,905,667	$3,470,080	$(3,447,726)	$11,928,021

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

(a) Revenue from external customers

	For the years ended 31 December	
	2023	2022
United States	$9,287,511	$10,366,524
Britain	6,776,541	6,888,185
Canada	1008,963	1,229,889
Mainland China	60,517	71,702
Other countries	1,180,397	1,654,711
Total	$18,313,929	$20,211,011

The revenue information above is based on the location of the customer.

(b) Non-current assets

	As at 31 December	
	2023	2022
Mexico	$1,758,563	$1,892,045
Mainland China	1,356,844	1,328,419
Britain	1,232,439	1,338,791
United States	856,023	978,854
Taiwan	91,063	19,559
Germany	22,982	33,169
Canada	23,525	32,415
Total	$5,341,439	$5,623,252

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.

(2) Information about major customers

The customer to that the Company's sales exceeded 10% of its net consolidated sales in 2023 and 2022 is as follows:

	2023		2022	
Client name	Sales amount	%	Sales amount	%
Customer A	$2,989,369	16.32	$3,108,822	15.38

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY FINANCIAL STATEMENTS
WITH REPORT OF INDEPENDENT ACCOUNTANTS

FOR THE YEARS ENDED
31 DECEMBER 2023 AND 2022

Notice to readers:

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

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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 2023 and 2022, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2023 and 2022, and notes to the parent company only financial statements, including the summary of material accounting policies (together "the parent company only financial statements")

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 of 31 December 2023 and 2022, and its parent company only financial performance and cash flows for the years ended 31 December 2023 and 2022, 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 Financial Statements Audit and Attestation Engagements of 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 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 2023 the parent company only financial statements. These matters were addressed in the context of our audit of the parent company only financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Impairment evaluation accounted for under equity method (Goodwill impairment test by subsidiary)

The long-term equity investment of Globe Union Industrial Corp. amounted to NT$ 9,022,836 thousand, accounting for 86% 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 $3,665,912 thousand, accounting for 24% 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 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.

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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 2023 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.

Tu, Ching Yuan
Lo, Wen Chen

Ernst & Young, Taiwan
11 March 2024

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 2023 and 31 December 2022
(Expressed in Thousands of New Taiwan Dollars)

		As at	
Assets	Notes	31 Dec 2023	31 Dec 2022
Current assets			
Cash and cash equivalents	4, 6(1)	$127,836	$195,936
Financial assets at fair value through profit or loss, current	4, 6(2)	971	19,594
Accounts receivable, net	4, 5, 6(3)	218,992	297,844
Accounts receivable, net- related parties	4, 6(3), 7	383,781	1,376,890
Other receivables	7	242,771	316,030
Inventories, net	4, 5, 6(4)	253,217	285,725
Prepayment		46,850	33,471
Other current assets		12,288	10,276
Total current assets		1,286,706	2,535,766
Non-current assets			
Financial assets at fair value through other comprehensive income, non-current	4, 6(5)	32,760	27,960
Investments accounted for under the equity method	4, 6(6)	9,022,836	8,654,909
Property, plant and equipment	4, 6(7)	72,918	69,901
Right-of-use assets	4, 6(16)	7,092	1,232
Intangible assets	4	8,170	2,621
Deferred tax assets	4, 6(20)	75,567	33,928
Other non-current assets		2,883	3,518
Total non-current assets		9,222,226	8,794,069
Total assets		$10,508,932	$11,329,835

(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 2023 and 31 December 2022
(Expressed in Thousands of New Taiwan Dollars)

		As at	
Liabilities and Equity	Notes	31 Dec 2023	31 Dec 2022
Current liabilities			
Short-term loans	4, 6(8)	$2,158,000	$1,442,290
Financial liabilities at fair value through profit or loss, current	4	-	774
Contract liabilities, current	4, 6(14)	-	269
Accounts payable		34,398	47,561
Accounts payable- related parties	7	608,528	1,589,452
Other payables	7	10,020	145,281
Accrued expenses	6(9), 7	417,637	190,858
Current tax liabilities	4, 6(20)	51,058	72,439
Lease liabilities, current	4, 6(16)	958	887
Current portion of long-term loans	4, 6(10)	200,000	330,000
Other current liabilities		5,752	4,863
Total current liabilities		3,486,351	3,824,674
Non-current liabilities			
Long-term loans	4, 6(10)	1,100,000	2,810,000
Deferred tax liabilities	4, 6(20)	9,153	13,126
Lease liabilities, non-current	4, 6(16)	6,134	322
Net defined benefit obligation, non-current	4, 6(11)	7,563	7,909
Total non-current liabilities		1,122,850	2,831,357
Total liabilities		4,609,201	6,656,031
Equity attributable to the parent company	4, 6(12)		
Capital			
Common stock		4,087,290	3,581,640
Advance receipts for common stock		3,259	3,100
Total capital		4,090,549	3,584,740
Capital surplus		988,391	887,844
Retained earnings			
Legal reserve		201,221	892,412
Special reserve		678,770	902,450
Unappropriated earnings (accumulated deficits)		590,529	(914,871)
Total retained earnings		1,470,520	879,991
Other components of equity			
Exchange differences on translation of foreign operations		(651,289)	(675,531)
Unrealized gains or losses on financial assets at fair value through other comprehensive income		1,560	(3,240)
Total other components of equity		(649,729)	(678,771)
Total equity		5,899,731	4,673,804
Total liabilities and equity		$10,508,932	$11,329,835

(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 2023 and 2022
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

		For the Years Ended 31 December	
	Notes	2023	2022
Net sales	4, 6(14), 7	$6,910,540	$10,006,765
Cost of sales	6(4), 7	(6,207,745)	(9,252,811)
Gross profit		702,795	753,954
Unrealized intercompany profit		(450,691)	(365,272)
Realized intercompany profit		365,272	256,437
Gross profit-net		617,376	645,119
Operating expenses	6(17), 7		
Selling and marketing		(399,544)	(235,409)
General and administrative		(282,970)	(268,570)
Research and development		(61,226)	(61,625)
Total operating expenses		(743,740)	(565,604)
Operating (loss) income		(126,364)	79,515
Non-operating income and expenses	6(18)		
Other revenue		203,960	14,719
Other gains and losses		71,403	(23,564)
Finance costs		(76,599)	(65,697)
Share of profit or loss of subsidiaries, associates and joint ventures	4, 6(7)	518,346	(844,118)
Total non-operating income and expenses		717,110	(918,660)
Income (loss) from continuing operations before income tax		590,746	(839,145)
Income tax income (expense)	6(20)	14,355	(49,729)
Income (loss) from continuing operations, net of tax		605,101	(888,874)
Other comprehensive income (loss)	6(6)(11)(19)		
Items that may not be reclassified subsequently to profit or loss			
Remeasurements of defined benefit plans		(2,934)	6,854
Unrealized gains or losses on financial assets at fair value through other comprehensive income		4,800	(8,520)
Share of other comprehensive loss of subsidiaries-remeasurements of defined benefit plans		(12,225)	(31,480)
Income tax related to items that may not to be reclassified subsequently		587	(1,371)
Items that may be reclassified subsequently to profit or loss			
Exchange differences on translation of foreign operations		24,242	411,561
Total other comprehensive income, net of tax		14,470	377,044
Total comprehensive income (loss)		$619,571	$(511,830)
Earnings (losses) per share (NTD)	6(21)		
Earnings (losses) per share-basic		$1.52	$(2.48)
Earnings (losses) per share-diluted		$1.51	$(2.48)

(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 2023 and 2022
(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 January 2022	6(12)	$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	6(12)(13)		3,100							3,100
Share-based payment transactions-Share-based payment expense	6(13)			9,849						9,849
Balance as at 31 December 2022	6(12)	$3,581,640	$3,100	$887,844	$892,412	$902,450	($914,871)	$(675,531)	$(3,240)	$4,673,804
Balance as at 1 January 2023	6(12)	$3,581,640	$3,100	$887,844	$892,412	$902,450	$(914,871)	$(675,531)	$(3,240)	$4,673,804
Deficit compensation, 2022:										
Legal reserved used to cover deficits					(691,191)		691,191			-
Reversal of special reserve						(223,680)	223,680			-
Net income in 2023							605,101			605,101
Other comprehensive income (loss), net of tax in 2023							(14,572)	24,242	4,800	14,470
Total comprehensive income							590,529	24,242	4,800	619,571
Cash capital increase		500,000		87,500						587,500
Share-based payment transactions-Conversion of advance receipts for common stock	6(12)	5,650	(6,975)	1,325						-
Share-based payment transactions-Exercise of employee stock option	6(12)(13)		7,134							7,134
Share-based payment transactions-Share-based payment expense	6(13)			11,722						11,722
Balance as at 31 December 2023	6(12)	$4,087,290	$3,259	$988,391	$201,221	$678,770	$590,529	$(651,289)	$1,560	$5,899,731

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

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

	Notes	For the Years Ended 31 December 2023	2022
Cash flows from operating activities:			
Net income (loss) before tax		$590,746	$(839,145)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation		13,465	12,656
Amortization		1,212	1,107
Net (gain) loss of financial assets/liabilities at fair value through profit or loss		(11,878)	79,097
Interest expense		76,599	65,697
Interest income		(25,427)	(5,251)
Dividends income		(1,362)	(1,920)
Share-based payment expense		8,970	4,147
Share of profit or loss of subsidiaries, associates and joint ventures		(518,346)	844,118
Gain on disposal of property, plant and equipment		-	(343)
Unrealized intercompany profit		450,691	365,272
Realized intercompany profit		(365,272)	(256,437)
Changes in operating assets and liabilities:			
Financial instrument at fair value through profit or loss, current		29,727	(89,513)
Accounts receivable		1,071,961	(161,245)
Other receivables		73,259	156,017
Inventories, net		32,508	241,017
Prepayments		(13,379)	24,035
Other current assets		(2,012)	352
Other non-current assets		1,162	(2,090)
Accounts payable		(994,087)	(1,018,920)
Other payables		(135,261)	41,598
Accrued expenses		227,445	(72,743)
Contract liabilities, current		(269)	(2,528)
Other current liabilities		889	(602)
Defined benefit obligation		(3,280)	252
Other non-current liabilities		-	(128)
Cash generated from (used in) operations		508,061	(615,500)
Interest received		25,427	5,251
Interest paid		(77,265)	(64,334)
Income tax paid		(52,051)	(26,138)
Net cash generated from (used in) operating activities		404,172	(700,721)

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

(Continued)

GLOBE UNION INDUSTRIAL CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS

For the Years Ended 31 December 2023 and 2022

(Expressed in Thousands of New Taiwan Dollars)

		For the Years Ended 31 December	
	Notes	2023	2022
(Continued)			
Cash flows from investing activities:			
Acquisition of property, plant and equipment		(15,448)	(10,710)
Disposal of property, plant and equipment		-	343
Acquisition of intangible assets		(6,761)	(1,614)
Acquisition of investments accounted for under the equity method		(35,312)	(231,026)
Increase in deposits-out		(527)	(13)
Dividends received		116,443	640,672
Net cash generated from investing activities		58,395	397,652
Cash flows from financing activities:			
Increase in short-term loans		2,968,000	4,457,471
Decrease in short-term loans		(2,252,290)	(4,953,950)
Increase in long-term loans		500,000	2,760,000
Decrease in long-term loans		(2,340,000)	(1,840,000)
Decrease in lease liabilities		(1,011)	(2,309)
Cash capital increase		587,500	-
Exercise of employee stock option		7,134	3,100
Net cash (used in) generated from financing activities		(530,667)	424,312
Net (decrease) increase in cash and cash equivalents		(68,100)	121,243
Cash and cash equivalents at beginning of period		195,936	74,693
Cash and cash equivalents at end of period	6(1)	$127,836	$195,936

(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 2023 and 2022
(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 2023 and 2022 were authorized for issue by the Company's board of directors on 11 March 2024.

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 2023. The adoption of these new standards and amendments and interpretations of initial application has had no material impact on the Company.

(2) Standards or interpretations issued, revised or amended, by International Accounting Standards Board ("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	Classification of Liabilities as Current or Non-current – Amendments to IAS 1	1 January 2024
b	Lease Liability in a Sale and Leaseback – Amendments to IFRS 16	1 January 2024
c	Non-current Liabilities with Covenants – Amendments to IAS 1	1 January 2024
d	Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7	1 January 2024

(a) 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.

(b) 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.

(c) 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.

(d) Supplier Finance Arrangements – Amendments to IAS 7 and IFRS 7

The amendments introduced additional information of supplier finance arrangements and added disclosure requirements for such arrangements.

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

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 January 1, 2024. The remaining standards and interpretations have no material impact on the Company.

(3) Standards or interpretations issued, revised, or amended, by IASB which are not endorsed by FSC, and not yet adopted by the Company As of 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	Lack of Exchangeability – Amendments to IAS 21	1 January 2025

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

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

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

(b) IFRS 17 “Insurance Contracts”

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

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

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

(c) Lack of Exchangeability – Amendments to IAS 21

These amendments specify how to assess whether a currency is exchangeable and how to determine a spot exchanges rate if it is not, and the additional disclosures when a currency lacks exchangeability. The amendments apply to annual reporting periods beginning on or after 1 January 2025.

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. The remaining new or amended standards and interpretations have no material impact on the Company.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES INFORMATION

(1) Statement of Compliance

The parent company only financial statements of the Company for the years ended 31 December 2023 and 2022 have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers ("the Regulations").

(2) Basis of Preparation

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

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

(3) Foreign Currency Transactions

The parent company only financial statements of the Company are presented in NT$, which is also the Company's functional currency.

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

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

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

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

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

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

(4) Translation of financial statements in foreign currency

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

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

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

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

(5) Current and non-current distinction

An asset is classified as current when:

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

All other assets are classified as non-current.

A liability is classified as current when:

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

All other liabilities are classified as non-current.

(6) Cash and cash equivalents

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

(7) Financial instruments

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

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

(a) Financial instruments: Recognition and Measurement

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

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

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

<u>Financial assets measured at amortized cost</u>

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.

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.

<u>Financial asset measured at fair value through other comprehensive income</u>

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

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

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

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

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

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

Financial assets at fair value through profit or loss

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

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

(b) Impairment of financial assets

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

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

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

The loss allowance is measured as follows:

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

B. At an amount equal to the lifetime expected credit losses: The credit risk on a financial asset has increased significantly since initial recognition or financial asset that is purchased or originated credit-impaired financial asset.
C. For accounts receivable or contract assets arising from transactions within the scope of IFRS 15, the Company measures the loss allowance at an amount equal to lifetime expected credit losses.

At each reporting date, the Company needs to assess whether the credit risk on a financial asset has increased significantly since initial recognition by comparing the risk of a default occurring at the reporting date and the risk of default occurring at initial recognition. Please refer to Note 12 for 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 Company has transferred the asset and substantially all the risks and rewards of the asset have been transferred.
C. The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

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

(d) Financial liabilities and equity

Classification between liabilities or equity

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

Equity instruments

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

Financial liabilities

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

Financial liabilities at fair value through profit or loss

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

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

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

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

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

Financial liabilities at amortized cost

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

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

Derecognition of financial liabilities

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

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

(e) Offsetting of financial instruments

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

(8) Derivative instrument

The Company uses derivative instruments to hedge its foreign currency risks. 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 either profit or loss or equity according to types of hedges used.

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

(9) Fair value measurement

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

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

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

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

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

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

(10) Inventories

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

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

Merchandise – Purchase cost on weighted average method.

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

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

(11) Investments accounted for under the equity method

The Company prepared parent company only financial statements in accordance with Article 21 of the Regulations, which provided that the profit or loss and other comprehensive income for the period presented in the parent company only financial statements shall be the same as the profit or loss and other comprehensive income attributable to stockholders of the parent presented in the consolidated financial statements for the period, and the total equity presented in the parent company only financial statements shall be the same as the equity attributable to the parent company presented in the consolidated financial statements. Therefore, the Company accounted for its investments in subsidiaries using equity method and, accordingly, made necessary adjustments.

The adjustments took into consideration how the subsidiaries should be accounted for in accordance with IFRS 10 and the different extent to each reporting entity IFRS applies. The adjustments are made by debiting or crediting “Investments accounted for under the equity method”, “share of profit or loss of associates and joint ventures accounted for under equity method”, and “share of other comprehensive income of associates and joint ventures accounted for using the equity method”.

The Company’s investment in its associate is accounted for using the equity method other than those that meet the criteria to be classified as held for sale. An associate is an entity over which the Company has significant influence.

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

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

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

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

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

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

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

Upon loss of significant influence over the associate, the Company measures and recognizes any retaining investment at its fair value. Any difference between the carrying amount of the associate upon loss of significant influence and the fair value of the retaining investment and proceeds from disposal is recognized in profit or loss.

(12) Property, plant and equipment

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

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

(13) Leases

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

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

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

Company as a lessee

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

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

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

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

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

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

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

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

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

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

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

Group as a lessor

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

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

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

(14) Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. 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 recognized in profit or loss.

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

	Trademarks	Computer software
Useful lives	10 years	3～10 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 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 Company estimates the asset's or cash-generating unit's recoverable amount. A previously recognized impairment loss is reversed only if there has been an increase in the estimated service potential of an asset which in turn increases the recoverable amount. However, the reversal is limited so that the carrying amount of the asset does not exceed its recoverable amount, nor exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognized for the asset in prior years.

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

(16) Post-employment benefits

All regular employees of the Company is entitled to a pension plan that is managed by an independently administered pension fund committee. Fund assets are deposited under the committee's name in the specific bank account and hence, not associated with the Company. Therefore fund assets are not included in the parent company only financial statements of the Company.

For the defined contribution plan, the Company will make a monthly contribution of no less than 6% of the monthly wages of the employees subject to the plan. The Company recognizes expenses for the defined contribution plan in the period in which the contribution becomes due.

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

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

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

(17) Provisions

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

Provisions for Warranty

A provision is recognized for expected warranty claims on products sold, based on past experience, management's judgement and other known factors.

(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 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 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. The warranty is accounted in accordance with IAS 37.

The credit period of the Company's sale of goods is from 45 to 90 days. For most of the contracts, when the Company transfers the goods to customers and has a right to an amount of consideration that is unconditional, these contracts are recognized as accounts receivable. The Company usually collects the payments shortly after transfer of goods to customers; therefore, there is no significant financing component to the contract.

Some rendering of services contracts of the Company, part of the consideration was received from customers upon signing the contract, and the Company has the obligation to provide the services subsequently; accordingly, these amounts are recognized as contract liabilities.

The period between the transfers of contract liabilities to revenue is usually within one year, thus, no significant financing component arises.

(19) Borrowing cost

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

(20) Share-based payment transactions

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

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

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

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

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

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

(21) Income Tax

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

Current income tax

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

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

Deferred tax

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

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

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

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

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

According to the temporary exception in the International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12), information about deferred tax assets and liabilities related to Pillar Two income tax will neither be recognized nor be disclosed.

5. SIGNIFICANT ACCOUNTING ESTIMATES AND ASSUMPTIONS

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

(1)Estimates and assumptions

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

(a) Fair value of financial instruments

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

(b) Pension benefits

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

(c) Share-based payment transactions

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

(d) Revenue recognition – estimation of sales returns and allowance

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

(e) Income tax

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax income and expense already recorded. The Company establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective counties in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the responsible tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective company's domicile. 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.

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

6. CONTENTS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	As at 31 December	
	2023	2022
Cash on hand	$309	$274
Bank deposits	127,527	195,662
Total	$127,836	$195,936

Cash and cash equivalents were not pledged.

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

	As at 31 December	
	2023	2022
Mandatorily measured at fair value through profit or loss:		
Derivatives not designated as hedging instruments		
Forward foreign exchange contracts	$971	$19,594

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	
	2023	2022
Accounts receivable - non related parties	$285,826	$384,765
Less: allowance for sales returns and discounts	(66,834)	(86,921)
Less: allowance for doubtful debts	-	-
Subtotal	218,992	297,844
Accounts receivable - related parties	383,781	1,376,890
Accounts receivable, net	$602,773	$1,674,734

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

Accounts receivables are generally on 45-90 day terms. The total carrying amount as at 31 December 2023 and 2022 were $669,607 and $1,761,655 respectively. Please refer to Note 6(15) for more details on loss allowance of accounts receivable for the years ended 31 December 2023 and 2022. 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	
	2023	2022
Merchandise	$253,217	$285,725

(b) The cost of inventories recognized in expenses for the years ended 31 December 2023 and 2022 were $6,207,745 and $9,252,811, respectively.

No inventories were pledged.

(5) Financial assets at fair value through other comprehensive income – non current

	As at 31 December	
	2023	2022
Equity instrument investments measured at fair value through other comprehensive income - non current:		
Listed company stocks	$32,760	$27,960

Financial assets at fair value through other comprehensive income were not pledged.

Please refer to Note 12 for more details on the credit risk of the equity instrument investments measured at fair value through other comprehensive income.

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

The Company's dividend income related to equity instrument investments measured at fair value through other comprehensive income for the years ended 31 December 2023 and 2022 are as follows:

	For the years ended 31 December	
	2023	2022
Related to investments held at the end of the reporting period		
Dividends recognized during the period	$1,362	$1,920

(6) Investments accounted for using the equity method

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

	As at 31 December			
	2023		2022	
Investees	Carrying amount	Percentage of ownership	Carrying amount	Percentage of ownership
Investments in subsidiaries:				
Globe Union Industrial (B.V.I.) Corp.	$2,448,484	100%	$2,436,796	100%
Globe Union (Bermuda) Ltd.	3,995,216	100%	3,672,432	100%
Globe Union Cayman Corp.	1,834,564	100%	1,659,576	100%
GU PLUMBING DE MEXICO S.A. DE C.V.	568,910	100%	684,845	100%
Globe Union Business Consultancy Shanghai Company Limited	4,257	100%	4,035	100%
Globe Union Ann Bo Manufacturing Co., Ltd. (Note 1)	171,405	100%	197,225	100%
Total	$9,022,836		$8,654,909	

Note 1: The Company established a subsidiary, Globe Union Ann Bo Manufacturing Co., Ltd. in June 2022.

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

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

On 31 December 2023, 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 2023 and 2022, 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 2023:

Investees	Share of profit or loss of subsidiaries, associates and joint ventures	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Share-based payment transactions
Globe Union Industrial (B.V.I.) Corp.	$52,580	$(40,905)	$-	$13
Globe Union (Bermuda) Ltd.	428,525	(22,496)	-	2,174
Globe Union Cayman Corp.	212,330	89,222	(12,048)	565
GU PLUMBING DE MEXICO S.A. DE C.V.	(117,525)	1,767	(177)	-
Globe Union Business Consultancy Shanghai Company Limited	323	(101)	-	-
Globe Union Ann Bo Manufacturing Co., Ltd.	(57,887)	(3,245)	-	-
Total	$518,346	$24,242	$(12,225)	$2,752

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

B. 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	Remeasurements 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	$(844,118)	$411,561	$(31,480)	$5,702

(7) Property, plant and equipment

	As at 31 December	
	2023	2022
Owner occupied property, plant and equipment	$72,918	$69,901

(a) Owner occupied property, plant and equipment

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
Cost:						
As at 1 Jan. 2023	$132,965	$14,461	$-	$49,997	$34,734	$232,157
Additions	9,941	988	-	521	3,998	15,448
Disposals	-	-	-	(2,128)	-	(2,128)
As at 31 Dec. 2023	$142,906	$15,449	$-	$48,390	$38,732	$245,477

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

	Buildings	Machinery and equipment	Transportation equipment	Office equipment	Other equipment	Total
As at 1 Jan. 2022	$132,965	$14,461	$4,650	$51,828	$29,227	$233,131
Additions	-	-	-	906	9,804	10,710
Disposals	-	-	(4,650)	(2,737)	(4,297)	(11,684)
As at 31 Dec. 2022	$132,965	$14,461	$-	$49,997	$34,734	$232,157
Depreciation and impairment:						
As at 1 Jan. 2023	$76,092	$14,256	$-	$48,509	$23,399	$162,256
Depreciation	3,091	223	-	970	8,147	12,431
Disposals	-	-	-	(2,128)	-	(2,128)
As at 31 Dec. 2023	$79,183	$14,479	$-	$47,351	$31,546	$172,559
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	$76,092	$14,256	$-	$48,509	$23,399	$162,256
Net carrying amount:						
31 Dec. 2023	$63,723	$970	$-	$1,039	$7,186	$72,918
31 Dec. 2022	$56,873	$205	$-	$1,488	$11,335	$69,901

(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 2023 and 2022.

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

(8) Short-term loans

	As at 31 December	
	2023	2022
Unsecured bank loans	$2,158,000	$1,442,290
Interest Rates (%)	1.75%-1.89%	1.47%-5.67%

The Company's unused short-term lines of credits amounted to $1,220,400 and $1,820,810 as at 31 December 2023 and 2022, respectively.

(9) Accrued expenses

	As at 31 December	
	2023	2022
Accrued customer claims	$244,258	$-
Accrued payroll and bonus	105,427	$71,787
Accrued freight	24,244	71,460
Accrued professional service fees	8,145	6,339
Accrued insurance fees	3,928	6,931
Others	31,635	34,341
Total	$417,637	$190,858

(10) Long-term loans

(a) As at 31 Dec. 2023

Lenders	Type	As at 31 Dec. 2023	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.
Bank SinoPac	Credit	100,000	2021/09-2024/07 Interest is paid monthly.
Cathay United Bank	Credit	200,000	2023/07-2025/06 Interest is paid monthly.
Subtotal		1,300,000	
Less: current portion		(200,000)	
Total		$1,100,000	
Interest rate		1.82%-2.16%	

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

(b) 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		3,140,000	
Less: current portion		(330,000)	
Total		$2,810,000	
Interest rate		1.57%-2.06%	

Long-term loans were not pledged. Please refer to Note 9(3) for more details of syndicated bank loans.

(11) 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 2023 and 2022 were $7,054 and $7,127, 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 2023.

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

The average duration of the defined benefits plan obligation as at 31 December 2023 and 2022, were 11 years and 12 years.

Pension costs recognized in profit or loss for the years ended 31 December 2023 and 2022:

	For the years ended 31 December	
	2023	2022
Current period service costs	$163	$146
Interest income or expense	110	106
Total	$273	$252

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

	As at		
	31 December 2023	31 December 2022	1 January 2022
Defined benefit obligation	$74,581	$87,671	$89,796
Plan assets at fair value	(67,018)	(79,762)	(75,285)
Other non-current liabilities - defined benefit obligation	$7,563	$7,909	$14,511

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 2022	$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	-

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

	Defined benefit obligation	Fair value of plan assets	Benefit liability (asset)
As at 31 December 2022	$87,671	$(79,762)	$7,909
Current period service costs	163	-	163
Net interest expense (income)	1,219	(1,109)	110
Subtotal	89,053	(80,871)	8,182
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	1,173	-	1,173
Experience adjustments	2,255	(494)	1,761
Subtotal	3,428	(494)	2,934
Employer contribution	-	(3,553)	(3,553)
Payments from the plan	(17,900)	17,900	-
As at 31 December 2023	$74,581	$(67,018)	$7,563

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

	As at 31 December	
	2023	2022
Discount rate	1.24%	1.39%
Expected rate of salary increases	3.00%	3.00%

A sensitivity analysis for significant assumption as at 31 December 2023 and 2022 is, as shown below:

	Effect on the defined benefit obligation			
	2023		2022	
	Increase defined benefit obligation	Decrease defined benefit obligation	Increase defined benefit obligation	Decrease defined benefit obligation
Discount rate increase by 0.5%	$-	$3,817	$-	$4,857
Discount rate decrease by 0.5%	4,097	-	5,226	-
Future salary increase by 0.5%	4,004	-	5,115	-
Future salary decrease by 0.5%	-	3,772	-	4,807

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.

(12) Equities

(a) Common stock

The Company’s authorized capital was $6,000,000 as at 1 Juanuary 2022, 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 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 $3,584,140, 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. For the three-month period ended 31 March 2023, the aforementioned 250,000 employee stock options have completed the registration process and have been converted to common stock.

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

On 5 August 2022, the Company's board of directors resolved to issue 50,000,000 new shares of NT$10 each in cash and at a premium of NT$11.75 per share. In accordance with Article 267 of the Company Act, 10% of the total number of new shares issued, amounting to 5,000,000 shares, are reserved for subscription by the Company’s employees on a preferential basis. Due to market changes and fluctuations in stock prices, the actual price of the cash capital increase and the employee stock option price of NT$11.75 per share were measured based on the fair value of the stock options on the grant date, and $6,750 was recognized as the compensation cost. The above cash capital increase was approved by the Financial Supervisory Commission of the Republic of China on 9 November 2022, and the board of directors authorized the chairman to set 20 March 2023 as the capital increase base date. The capital increase has completed the registration of the change on 24 March 2023.

For the year ended 31 December 2023, the employees converted their options into 580,000 shares at NT$12.3 per share. From the above shares, 315,000 shares have completed the registration process and another 265,000 shares have not completed the registration process and were recorded as capital collected in advance.

The Company’s authorized capital was $6,000,000 as at 31 December 2023, divided into 600,000,000 shares with par value of NT$10 each. The paid-in capital amounted to $4,089,940 with 408,993,962 shares issued. Among the issued shares, 265,000 shares have not completed the registration process and were recorded as capital collected in advance in the amount of $3,259. Each share has one voting right and a right to receive dividends.

(b) Capital surplus

	As at 31 December	
	2023	2022
Additional paid-in capital	$913,255	$824,430
Share-based payment transactions	67,236	55,514
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
Total	$988,391	$887,844

According to the Company Act, the capital reserve shall not be used except for making good the deficit of the company. When a company incurs no loss, it may distribute the capital reserves related to the income derived from the issuance of new shares at a premium or income from endowments received by the company. The distribution could be made in cash or in the form of dividend shares to its shareholders in proportion to the number of shares being held by each of them.

(c) Retained earnings and dividend policies

According to the Company's Articles of Incorporation, current year's earnings, if any, shall be distributed in the following order:

A. Payment of all taxes and dues.
B. Offset prior years' operation losses.
C. Set aside 10% of the remaining amount after deducting items A and B as legal reserve.
D. Set aside or reverse special reserve in accordance with law and regulations.
E. The distribution of the remaining portion, if any, will be recommended by the board of directors and resolved in the shareholders' meeting.

The policy of dividend distribution should reflect factors such as the current and future development plan, investment environment, fund requirements and domestic and international competition; as well as the interest of the shareholders. At least 30% of the dividends must be distributed to shareholders annually. The Company seeks sustainable development based on capital expenditure, business expansion and financial planning. Earnings distribution can be made in the form of stock dividends or cash dividends. However, cash dividends must be greater than 60% of the current year bonus distributed to shareholders. The dividend distribution policy may depend on the company's business needs, reinvestment or merger and acquisition capital requirements, and major regulatory requirement changes. The board of directors shall submit a proposal to the shareholders meeting to adjust the cash dividend distribution ratio appropriately.

According to the Company Act, the Company needs to set aside amount to legal reserve unless where such legal reserve amounts to the total authorized capital. The legal reserve can be used to make good the deficit of the Company. When the Company incurs no loss, it may distribute the portion of legal serve which exceeds 25% of the paid-in capital by issuing new shares or by cash in proportion to the number of shares being held by each of the shareholders.

When the Company distributes distributable earnings, it shall set aside to special reserve, an amount equal to “other net deductions from shareholders” equity for the current fiscal year, provided that if the company has already set aside special reserve according to the requirements for the adoption of TIFRS, it shall set aside supplemental special reserve based on the difference between the amount already set aside and other net deductions from shareholders’ equity. For any subsequent reversal of other net deductions from shareholders’ equity, the amount reversed may be distributed from the special reserve.

The FSC on 31 March 2021 issued Order No. Financial – Supervisory – Securities – Corporate – 1090150022, which sets out the following provisions for compliance. 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 2022 deficit compensation and 2021 earnings distribution and dividends per share as resolved by the shareholders’ meeting on 26 May 2023 and 27 May 2022 are as follows:

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

	Deficit compensation and appropriation of earnings	
	2022	2021
Legal reserve (used to cover deficits)	$(691,191)	$5,490
Special reserve (reversal)	(223,680)	49,510

Please refer to Note 6(17) for more details on employees' compensation and remuneration to directors.

(13) Share-based payment plans

(a) On 10 August 2020, the Company was authorized by the Financial Supervisory Commission Republic of China , 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 2023, 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	6,570	6,570	$12.30

(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 years ended 31 December 2023 and 2022:

	As at 31 December 2023		As at 31 December 2022	
	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	7,150	$12.40	8,250	$12.40
Additions	-	-	-	-
Converted	(580)	12.30	(250)	12.40
Forfeited	-	-	(850)	12.40
Outstanding at end of period	6,570	$12.30	7,150	$12.40
Weighted average fair value of share options (NT$)	$3.1		$3.1	

b. The following table contains further details on the aforementioned share-based payment plan as at 31 December 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
10 Aug. 2020 Share options plan - 10,200 units issued	$12.40	6,570	9 Aug. 2025	1.61	$12.30	6,570	$12.30

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 2023 and 2022 were $1,359 and $3,813, respectively. The following table lists the inputs to the model used for the plan:

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

For the 10,200 units first issued:

	Share-based payment plan
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, 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.

As at 31 December 2023, 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	1,600	-	$14.60

a. The following table contains further details on the aforementioned share-based payment plan for the year ended 31 December 2023 and 2022:

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

	As at 31 December 2023		As at 31 December 2022	
	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	2,100	$14.70	-	$-
Additions	-	-	2,100	14.70
Converted	-	-	-	-
Forfeited	(500)	14.70	-	-
Outstanding at end of period	1,600	$14.60	2,100	$14.70
Weighted average fair value of share options (NT$)	$3.5		$3.5	

b. The following table contains more details on the aforementioned share-based payment plan as at 31 December 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
14 Feb. 2023 Share options plan – 2,100 units issued	$14.70	1,600	13 Feb. 2027	3.08	$14.60	-	$14.60

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 2023 and 2022 were $365 and $334, respectively. The following table lists the inputs to the model used for the plan:

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

For the 2,100 units issued:

	Share-based payment plan
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 1,000 common shares 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 2023, the assumptions used are as follows:

	Stock appreciation right plan for employees
Share price of measurement date (NT$/unit)	$15.45
Dividend yield (%)	0%
Expected volatility (%)	18.35%
Risk-free interest rate (%)	1.08%
Expected option life (Years)	0.5 year

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

The Company recognized the compensation expense of $5,825 and $925 for the years ended 31 December 2023 and 2022, respectively. The liability of $6,750 and $925 under the stock appreciation right plan was recognized in accrued expenses as at 31 December 2023 and 2022, respectively. The intrinsic value for the liability of vested rights was $6,750.

(d) Stock appreciation right plan for employees

In July 2023, the Company implemented a compensation plan to grant 1,000 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 1,000 common shares 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 2023, the assumptions used are as follows:

	Stock appreciation right plan for employees
Share price of measurement date (NT$/unit)	$15.45
Dividend yield (%)	0%
Expected volatility (%)	18.44%
Risk-free interest rate (%)	1.12%
Expected option life (Years)	3.0 year

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

The Company recognized the compensation expense of $1,257 for the year ended 31 December 2023. The liability of $1,257 under the stock appreciation right plan was recognized in accrued expenses as at 31 December 2023. The intrinsic value for the liability of vested rights was $0.

(e) On 9 August 2023, the Company was authorized by the Financial Supervisory Commission Republic of China, Executive Yuan, to issue non-compensatory employee share options with a total number of 1,400 units. Each unit entitles an optionee to subscribe for 1,000 shares of the Company’s common shares. Settlement upon the exercise of the options will be made through the issuance of new shares. The exercise price of the option was set at the closing price of the Company’s common share on the grant date. The optionee may exercise 50% and 100% of the options starting two years and three years, respectively, from the grant date by the plan. The contractual term of each option granted is five years. If there are changes in the common shares of the Company, the exercise price of share options will be recalculated and adjusted in proportion to the number of shares being held by each of the optionee.

The contractual term of each option granted is five years. There are no cash settlement alternatives. The Company does not have a past practice of cash settlement for these employee share options.

As at 31 December 2023, 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$)
9 Aug. 2023	1,400	1,400	-	$14.10

a. The following table contains further details on the aforementioned share-based payment plan for the nine-month period ended 31 December 2023:

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

	the year ended 31 December, 2023	
	Number of share options outstanding (unit)	Weighted average exercise price of share options (NT$)
Outstanding at beginning of period	-	$-
Additions	1,400	14.10
Converted	-	-
Forfeited	-	-
Outstanding at end of period	1,400	$14.10
Weighted average fair value of share options (NT$)	$2.86	

b. The following table contains further details on the aforementioned share-based payment plan as at 30 September 2023:

		Share options outstanding				Share options exercisable	
Share options	Range of exercise price (NT$)	Number (unit)	Maturity date	Weighted average remaining contractual life (Years)	Weighted average exercise price of share options (NT$)	Number (unit)	Weighted average exercise price of share options (NT$)
9 Aug. 2023 Share options plan - 1,400 units issued	$14.10	1,400	8 Aug. 2028	4.58	$14.10	-	$14.10

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 year ended 31 December 2023 were $496. The following table lists the inputs to the model used for the plan:

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

For the 1,400 units issued:

	Share-based payment plan
Dividend yield (%)	0%
Expected volatility (%)	20.35%
Risk-free interest rate (%)	1.09%
Expected option life (Years)	5 years

(14) Operating revenue

	For the years ended 31 December	
	2023	2022
Revenue from contracts with customers		
Sale of goods	$6,962,495	$10,148,963
Less: Sales returns and allowances	(51,955)	(142,198)
Total	$6,910,540	$10,006,765

(a) Disaggregation of revenue

For the year ended 31 December 2023

	Vitreous china	Faucets and showerheads	Total
Sale of goods	$4,007,161	$2,903,379	$6,910,540

For the year ended 31 December 2022

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

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. 2023	31 Dec. 2022	1 Jan. 2022
Sales of goods	$-	$269	$2,797

There were no significant changes in the Company’s balances of contract liabilities for the years ended 31 December 2023 and 2022.

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

(15) Expected credit losses

	For the years ended 31 December	
	2023	2022
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 2023 and 2022 is as follows:

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 2023

		Overdue				
	Not yet due	1-90 days	91-180 days	181-365 days	Upon 366 days	Total
Gross carrying amount	$574,013	$16,890	$11,154	$644	$72	$602,773
Loss ratio	-%	-%	-%	-%	-%	
Lifetime expected credit losses	-	-	-	-	-	-
Carrying amount	$574,013	$16,890	$11,154	$644	$72	$602,773

31 December 2022

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

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

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 2023 and 2022 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 2023 and 2022 was measured at $0, with the Company’s expected credit loss estimated at 0%.

(16) 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 3 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	
	2023	2022
Land	$6,755	$569
Office equipment	337	663
Total	$7,092	$1,232

During the years ended 31 December 2023 and 2022, the Company’s additions to right-of-use assets amounted to $6,928 and $954, respectively.

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

(ii)Lease liabilities

	As at 31 December	
	2023	2022
Current	$958	$887
Non-current	6,134	322
Total	$7,092	$1,209

Please refer to Note 6(18)(c) for the interest on lease liabilities recognized during the year ended 31 December 2023 and 2022, and refer to Note 12(e) liquidity risk management for the maturity analysis for lease liabilities as at 31 December 2023 and 2022.

b. Amounts recognized in the statement of profit or loss

Depreciation charge for right-of-use assets

	For the years ended 31 December	
	2023	2022
Land	$742	$758
Buildings	-	1,261
Office equipment	292	291
Total	$1,034	$2,310

c. Income and costs relating to leasing activities

	For the years ended 31 December	
	2023	2022
The expenses relating to short-term leases	$1,514	$285
The expense relating to variable lease payments not included in the measurement of lease liabilities	447	445
Total	$1,961	$730

d. Cash outflow relating to leasing activities

During the years ended 31 December 2023 and 2022, the Company's total cash outflows for leases amounted to $3,016 and $3,073, respectively.

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

(17) Summary statement of employee benefits, depreciation and amortization expenses by function for the years ended 31 December 2023 and 2022:

Function / Nature	2023			2022		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefits expense						
Salaries	$-	$230,774	$230,774	$-	$218,920	$218,920
Labor and health insurance	-	14,787	14,787	-	14,413	14,413
Pension	-	7,327	7,327	-	7,379	7,379
Directors’ remuneration	-	13,615	13,615	-	9,290	9,290
Other employee benefits expense	-	5,546	5,546	-	6,897	6,897
Depreciation	-	13,465	13,465	-	12,656	12,656
Amortization	-	1,212	1,212	-	1,107	1,107

The number of employees of the Company for the years ended 31 December 2023 and 2022 were 165 and 170, respectively. There were 8 and 7 non-employee directors for the years ended 31 December 2023 and 2022, respectively.

The average employee benefits expense for the year ended 31 December 2023 and 2022 were $1,649 and $1, 511, respectively.

The average salary and bonus for the year ended 31 December 2023 and 2022 were $1,470 and $1,343, respectively. The average salary and bonus increased by 9.46% year over year.

The Company has set up an audit committee to replace the supervisor. Therefore, no supervisor compensation was recognized.

The Company’s compensation policy is to regularly evaluate and review the compensation of directors and executive officers by the remuneration committee, and the compensation policy for employees is reviewed annually to provide employees with market-competitive compensation.

According to the Company's Articles of Incorporation, when there is profit in current year, the Company shall set no less than 2% as employees' compensation and no higher than 2% as directors' remuneration. However, profit should be used to offset against any accumulated deficit prior to the aforementioned compensation and remuneration. The Company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation in the form of shares or cash. Such distribution shall be reported at the shareholders' meeting. Information on the board of directors' resolution regarding the employees' compensation and directors' remuneration can be obtained from the "Market Observation Post System" on the website of the TWSE.

Based on profit of the year ended 31 December 2023, the Company estimated the amounts of the employees' compensation and remuneration to directors for the year ended 31 December 2023 to be 3.55 % and 0.66% of profit of the current year, respectively, recognized as salary expense. The employees' compensation and remuneration to directors for the year ended 31 December 2023 amount to $21,095 and $4,095, respectively, recognized as salary expense.

A resolution was passed at a board meeting held on 11 March 2024 to distribute $21,095 and $4,095 in cash as 2023 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 2023.

The Company experienced a loss for the year ended 31 December 2022, hence no employees' compensation and remuneration to directors have been estimated.

(18) Non-operating income and expenses

(a) Other income

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

	For the years ended 31 December	
	2023	2022
Interest income		
Financial assets measured at amortized cost	$25,427	$5,251
Dividend revenue	1,362	1,920
Others	177,171	7,548
Total	$203,960	$14,719

(b) Other gains and losses

	For the years ended 31 December	
	2023	2022
Foreign exchange gains, net	$60,017	$57,187
Gains (losses) on financial assets and liabilities at fair value through profit or loss	11,879	(79,097)
Gains on disposal of property, plant and equipment	-	343
Others	(493)	(1,997)
Total	$71,403	$(23,564)

(c) Finance costs

	For the years ended 31 December	
	2023	2022
Interest on loans from bank	$75,339	$64,262
Interest on lease liabilities	44	34
Others	1,216	1,401
Total	$76,599	$65,697

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

(19) Components of other comprehensive income

For the year ended 31 December 2023:

	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	$(2,934)	$-	$(2,934)	$587	$(2,347)
Unrealized gains on financial assets at fair value through other comprehensive income	4,800	-	4,800	-	4,800
Share of other comprehensive loss of associates and joint ventures	(12,225)	-	(12,225)	-	(12,225)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	24,242	-	24,242	-	24,242
Total of other comprehensive income	$13,883	$-	$13,883	$587	$14,470

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	$6,854	$-	$6,854	$(1,371)	$5,483
Unrealized losses on financial assets at fair value through other comprehensive income	(8,520)	-	(8,520)	-	(8,520)
Share of other comprehensive loss of associates and joint ventures	(31,480)	-	(31,480)	-	(31,480)
To be reclassified to profit or loss in subsequent periods:					
Exchange differences on translation of foreign operations	411,561	-	411,561	-	411,561
Total of other comprehensive income	$378,415	$-	$378,415	$(1,371)	$377,044

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

(20) 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	
	2023	2022
Current income tax expense:		
Current income tax charge	$30,670	$50,334
Deferred tax expense:		
Deferred tax expense relating to origination and reversal of temporary differences	(45,025)	(605)
Total income tax (income) expense	$(14,355)	$49,729

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

	For the years ended 31 December	
	2023	2022
Deferred tax (income) expense:		
Remeasurements of defined benefit plans	$(587)	$1,371
Income tax relating to components of other comprehensive (loss) income	$(587)	$1,371

(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	
	2023	2022
Accounting profit (loss) before tax from continuing operations	$590,746	$(839,145)
Tax at the domestic rates applicable to profits in the country concerned	$118,149	$(167,829)
Tax effect of revenues exempt from taxation	(132,504)	-
Tax effect of expenses not deductible for tax purposes	-	217,558
Total income tax (income) expenses recorded in profit or loss	$(14,355)	$49,729

(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 2023:

Items	Beginning balance as at 1 January	Recognized in profit or loss	Recognized in other comprehensive income(loss)	Ending balance as at 31 December
Temporary difference				
Defined benefit Liability – Non-current	$801	$53	$587	$1,441
Allowance for sales discounts	17,384	(4,017)	-	13,367
Unrealized exchange gain or loss	6,381	(3,780)	-	2,601
Revaluations of financial assets and liabilities at fair value through profit or loss	(3,764)	3,764	-	-
Unrealized accrued expense	-	49,005	-	49,005
Deferred tax expense/ (income)		$45,025	$587	
Net deferred tax assets/ (liabilities)	$20,802			$66,414
Reflected in balance sheet as follows:				
Deferred tax assets	$33,928			$75,567
Deferred tax liabilities	$(13,126)			$(9,153)

(ii) 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)	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)

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

(iii) 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 2023 and 2022, the taxable temporary differences associated with investment in subsidiaries, for which deferred tax liabilities have not been recognized, aggregate to $2,777,562 and $2,334,673, respectively.

(e) The assessment of income tax returns

As at 31 December 2023, the assessment of the income tax returns of the Company is as follows:

	The assessment of income tax returns
The Company	Assessed and approved up to 2019 and 2021

(21) 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	
	2023	2022
(a) Basic (losses) earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company	$605,101	$(888,874)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	397,964	358,166
Basic earnings (losses) per share (NT$)	$1.52	$(2.48)
(b) Diluted (losses) earnings per share		
Profit (loss) attributable to ordinary equity holders of the Company	$605,101	$(888,874)
Profit (loss) attributable to ordinary equity holders of the Company after dilution	$605,101	$(888,874)
Weighted average number of ordinary shares outstanding for basic earnings (losses) per share (in thousands)	397,964	358,166
Effect of dilution:		
Employee compensation－stock (in thousands)	1,418	Note
Employee stock options (in thousands)	1,176	Note
Weighted average number of ordinary shares outstanding after dilution (in thousands)	400,558	358,166
Diluted earnings (losses) per share (NT$)	$1.51	$(2.48)

(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.

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

7. RELATED PARTY TRANSACTIONS

Information of the related parties that had transactions with the Company during the financial reporting period are as follows:

Name and nature of relationship of the related parties

Name of the related parties	Nature of relationship of the related parties
Gerber Plumbing Fixtures, LLC	Indirect holding subsidiary
Globe Union (Canada) Inc.	Indirect holding subsidiary
GU PLUMBING DE MEXICO S.A. DE C.V.	Direct holding subsidiary
Globe Union Germany GmbH & Co. KG	Indirect holding subsidiary
Shenzhen Globe Union Enterprise Co., Ltd.	Indirect holding subsidiary
Milim G&G Ceramics Co., Ltd.	Indirect holding subsidiary
Globe Union Ann Bo Manufacturing Co., Ltd.	Direct holding subsidiary

(1) Sales

	For the years ended 31 December	
	2023	2022
Gerber Plumbing Fixtures, LLC	$5,343,732	$7,684,000
Globe Union (Canada) Inc.	293,975	262,981
Others	40	-
Total	$5,637,747	$7,946,981

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	
	2023	2022
Milim G&G Ceramics Co., Ltd.	$1,876,649	$2,106,033
GU PLUMBING DE MEXICO S.A. DE C.V.	1,465,054	1,706,177
Shenzhen Globe Union Enterprise Co., Ltd.	1,249,736	3,320,315
Globe Union Ann Bo Manufacturing Co., Ltd.	1,168,561	-
Total	$5,760,000	$7,132,525

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

A small portion of the purchase prices between related parties were not significantly different from that with the third parties. For the other purchase prices, there were no comparable goods bought from third party suppliers.

(3) Accounts receivable, net – related parties

	As at 31 December	
	2023	2022
Gerber Plumbing Fixtures, LLC	$367,802	$1,329,799
Globe Union (Canada) Inc.	15,979	47,091
Total	$383,781	$1,376,890

(4) Other receivables – related parties

	As at 31 December	
	2023	2022
GU Plumbing de Mexico S.A. de C.V.	$231,407	$253,141
Gerber Plumbing Fixtures, LLC	7,700	62,637
Others	-	75
Total	$239,107	$315,853

As at 31 December 2023 and 2022, the Company provided 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	
	2023	2022
Globe Union Ann Bo Manufacturing Co., Ltd.	$277,235	$-
Shenzhen Globe Union Enterprise Co., Ltd.	197,635	1,315,059
Milim G&G Ceramics Co., Ltd.	119,128	158,794
GU Plumbing de Mexico S.A. de C.V.	14,530	115,599
Total	$608,528	$1,589,452

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

(6) Other payables – related parties

	As at 31 December	
	2023	2022
Globe Union (Canada) Inc.	$4,885	$34,785
Shenzhen Globe Union Enterprise Co., Ltd.	1,880	4,973
Gerber Plumbing Fixtures, LLC	1,321	4,307
Globe Union Germany GmbH & Co. KG	23	98,220
Others	126	2,041
Total	$8,235	$144,326

As at 31 December 2022, 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	
	2023	2022
Globe Union (Canada) Inc.	$11,377	$5,106
Gerber Plumbing Fixtures, LLC	1,705	3,407
Others	-	246
Total	$13,082	$8,759

(8) Management service expenses

	For the years ended 31 December	
	2023	2022
Globe Union (Canada) Inc.	$44,638	$45,910

(9) Key management personnel compensation

	For the years ended 31 December	
	2023	2022
Short-term employee benefits	$41,796	$41,296
Post-Employment Benefits	445	382
Share-based payment	8,941	4,725
Total	$51,182	$46,403

8. ASSETS PLEDGED AS SECURITY

None.

9. SIGNIFICANT CONTINGENCIES AND UNRECOGNIZED CONTRACT COMMITMENTS

(1) On 1 October 2023, 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 2023 to 30 September 2033. 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.

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; otherwise, it is regarded as default. The Company did not violate the above covenants for the year ended 31 December 2023.

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

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT SUBSEQUENT EVENTS

None.

12. OTHERS

(1) Categories of financial instruments

	As at 31 December	
	2023	2022
Financial assets		
Financial assets at fair value through profit or loss:		
Mandatorily measured at fair value through profit or loss	$971	$19,594
Financial assets measured at amortized cost (Note)	973,071	2,186,426
Financial assets at fair value through other comprehensive income	32,760	27,960

	As at 31 December	
	2023	2022
Financial liabilities		
Financial liabilities at amortized cost:		
Short-term borrowings	$2,158,000	$1,442,290
Notes and accounts payable	642,926	1,637,013
Long-term loans (including current portion with maturity less than 1 year)	1,300,000	3,140,000
Leases liabilities (including current portion with maturity less than 1 year)	7,092	1,209
Other payables	10,020	145,281
Accrued expenses	417,637	190,858
Financial liabilities at fair value through profit or loss:		
Held for trading	-	774

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

(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) <u>Foreign currency risk</u>

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.

(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 2023	$-	$5,564
For the year ended 31 December 2022	$-	$17,525

When NTD strengthens against CNY by 1%:

	Increase (decrease) in equity	Decrease (increase) in profit or loss
For the year ended 31 December 2023	$-	$(5,140)
For the year ended 31 December 2022	$-	$(13,558)

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 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 2023 and 2022 to decrease/increase by $3,458 and $4,582, respectively.

(c) Equity price risk

The fair value of the Company's listed equity securities is 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 $1,638 and $1,398 on the equity attributable to the Company for the years ended 31 December 2023 and 2022, 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 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 2023 and 2022, accounts receivable from top ten customers represented 98.83% and 99.26% 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.

(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 2023 and 2022, 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 2023 and 2022 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

	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
As at 31 December 2023					
Short-term borrowings	$2,164,264	$-	$-	$-	$2,164,264
Accounts payable	642,926	-	-	-	642,926
Long-term borrowings (including current portion with maturity less than 1 year)	224,938	729,515	403,601	-	1,358,054
Other payables	10,020	-	-	-	10,020
Accrued expenses	417,637	-	-	-	417,637
Leases liabilities	1,126	1,569	1,569	3,726	7,990

(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 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

Derivative financial liabilities

As at 31 December 2023

None.

As at 31 December 2022	Less than 1 year	2 to 3 years	4 to 5 years	> 5 years	Total
Inflows	$93,210	$-	$-	$-	$93,210
Outflows	(93,984)	-	-	-	(93,984)
Net	$(774)	$-	$-	$-	$(774)

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 2023:

	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 2023	$1,442,290	$3,140,000	$1,209	$4,583,499
Cash flows	715,710	(1,840,000)	(1,011)	(1,125,301)
Non-cash flows (Note)	-	-	6,894	6,894
As at 31 December 2023	$2,158,000	$1,300,000	$7,092	$3,465,092

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

Note: The Company's right-of-use assets and lease liabilities increased by $6,928.

Reconciliation of liabilities for the year ended 31 December 2022:

	Short-term borrowings	Long-term borrowings (including current portion with maturity less than 1 year)	Leases liabilities	Total liabilities from financing activities
As at 1 January 2022	$1,938,769	$2,220,000	$2,564	$4,161,333
Cash flows	(496,479)	920,000	(2,309)	421,212
Non-cash flows (Note)	-	-	954	954
As at 31 December 2022	$1,442,290	$3,140,000	$1,209	$4,583,499

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

(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.

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.

(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 2023 and 2022 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 2023		
Forward currency contract	Sell USD 5,000	January 2024

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

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.

(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 2023

	Level 1	Level 2	Level 3	Total
Financial assets:				
Financial assets at fair value through profit or loss				
Forward foreign exchange contracts	$-	$971	$-	$971
Financial assets at fair value through other comprehensive income				
Equity instruments measured at fair value through other comprehensive income	32,760	-	-	32,760

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

As at 31 December 2022

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

Transfers between Level 1 and Level 2 during the period

During the years ended 31 December 2023 and 2022, there were no transfers between Level 1 and Level 2 fair value measurements.

(c) Fair value measurement hierarchy of the Company’s assets and liabilities not measured at fair value but for which the fair value is disclosed:

None.

(10)Significant assets and liabilities denominated in foreign currencies

Information regarding the significant assets and liabilities denominated in foreign currencies is listed below:

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

Unit: Thousands

	As at 31 December 2023			As at 31 December 2022		
	Foreign currencies	Foreign exchange rate	NTD	Foreign currencies	Foreign exchange rate	NTD
Financial assets						
Monetary items:						
USD	$31,789	30.71	$976,240	$69,475	30.70	$2,132,883
CAD	2,074	23.22	48,158	2,107	22.68	47,787
CNY	547	4.329	2,368	14,248	4.409	62,819
Financial liabilities						
Monetary items:						
CNY	$119,273	4.329	$516,333	$321,745	4.409	$1,418,574
USD	13,671	30.71	419,836	12,389	30.70	380,342
CAD	714	23.22	16,579	1,759	22.68	39,894

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 for the years ended 31 December 2023 and 2022 were $60,017 and $57,187, respectively.

(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.

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

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 2023:

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 receivables	Yes	$444,017 (USD 13,700,000)	$420,727 (USD 13,700,000)	$229,250 (USD 7,465,000)	6.17%~ 6.69%	1	$1,453,975	For business	$-	-	$-	$1,453,975 (Note 2)	$2,359,892 (Note 1)

Note 1: Total financing was limited to 40% of net equity of the lender as at 31 December 2023, 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.

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 receivables	Yes	$745,430 (USD 23,000,000)	$706,330 (USD 23,000,000)	$607,757 (USD 19,790,196)	10.75%	2	$-	For operating	$-	-	$-	$927,244 (Note 1)	$1,390,866 (Note 2)

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

Lender	Counterparty	Financial statement account	Related Party	Maximum balance for the period	Ending balance	Amount drawn	Interest rate	Nature of financing (Note 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		
Globe Union Germany GmbH & Co. KG	Globe Union Industrial Corp.	Other receivables	Yes	$104,130 (EUR 3,000,000)	$- (EUR -)	$- (EUR -)	-%	2	$-	For operating	$-	-	$-	$307,441 (Note 3)	$307,441 (Note 4)
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Other receivables	Yes	$502,164 (RMB 116,000,000)	$502,164 (RMB 116,000,000)	$350,649 (RMB 81,000,000)	3.00%	2	$-	For operating	$-	-	$-	$909,751 (Note 1)	$909,751 (Note 5)

Note 1: Financing to individual counterparty was limited to 40% of the net equity of the lender as at 31 December 2023.

Note 2: Total financing was limited to 60% of net equity of the lender as at 31 December 2023.

Note 3: Financing to individual counterparty was limited to 100% of the net equity of the lender as at 31 December 2023.

Note 4: Total financing was limited to 100% of net equity of the lender as at 31 December 2023.

Note 5: Total financing was limited to 40% of net equity of the lender as at 31 December 2023 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 2023:

A. The parent company

Endorser/ Guarantor	Counterparty		Guarantee Limited Amount for each Counterparty	Maximum balance for the period	Guarantee Amount for the year ended 31 December 2023	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	$1,769,919 (Note 1)	$799,240	$706,330	$607,757	$-	11.97%	$2,949,866 (Note 2)	Y	-	-

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Note 1: The amount of guarantees/endorsements shall not exceed 30% of net equity of the guarantor as at 31 December 2023.

Note 2: The amount of guarantees/endorsements shall not exceed 50% of net equity of the guarantor as at 31 December 2023.

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.

(c) Securities held as at 31 December 2023 (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 2023			
				Number of shares	Book Value	Ratio(%)	Fair Value
Globe Union Industrial Corp.	Stocks Thai Kin Co., Ltd.	-	Financial assets at fair value through other comprehensive income	600,000	$32,760	1.68%	$32,760

Note: The column is not required, if the securities issuer is not related party.

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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 2023: 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 2023: 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 2023: 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 2023:

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	$1,249,736	9.85%	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	$(197,635)	(12.19%)	-

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

Company Name	Counter-party	Relationship	Transactions				Details of non-arm's length transaction		Notes and accounts receivable (payable)		Note
			Purchases (Sales)	Amount	Percentage of total purchases (sales)	Term	Unit price	Term	Balance	Percentage of total receivable (payable)	
Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	Sub-subsidiary	Purchase	$1,876,649	14.78%	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	$(119,128)	(7.35%)	-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	Purchase	1,465,054	11.54%	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	(14,530)	(0.90%)	-
Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co. Ltd.	Subsidiary	Purchase	1,168,561	9.21%	120 days after EOAP and 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	(277,235)	(17.10%)	-
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	Sales	(5,343,732)	(29.18%)	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	367,802	17.26%	-

(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.	Globe Union (Canada) Inc.	Sub-subsidiary	Sales	$(293,975)	(1.61%)	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	$15,979	0.75%	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,249,736)	(6.82%)	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	197,635	9.27%	-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,876,649)	(10.25%)	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	119,128	5.59%	-
GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,465,054)	(8.00%)	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	14,530	0.68%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Industrial Corp.	Group direct parent company	Sales	(1,168,561)	(6.38%)	120 days after EOAP and 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	277,235	13.01%	-

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)	
Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	Group direct parent company	Purchase	$5,343,732	42.10%	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	$(367,802)	(22.68%)	-
Globe Union (Canada) Inc.	Globe Union Industrial Corp.	Group direct parent company	Purchase	293,975	2.32%	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	(15,979)	(0.99%)	-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	(159,709)	(0.87%)	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	-	-%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	159,709	1.26%	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	-	-%	-

(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 Ann Bo Manufacturing Co. Ltd.	Associate	Sales	$(129,257)	(0.71%)	120 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	$251	0.01%	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	129,257	1.02%	120 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	(251)	(0.02%)	-
Globe Union Ann Bo Manufacturing Co. Ltd.	Globe Union Germany GmbH & Co. KG	Associate	Sales	(101,771)	(0.56%)	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	35,672	1.67%	-
Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd.	Associate	Purchase	101,771	0.80%	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	(35,672)	(2.20%)	-

(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 2023:

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

Company Name	Related Party	Relationship	Ending Balance	Turnover Rate (times)	Overdue receivables		Amount received in subsequent period	Allowance for bad debts
					Amount	collection status		
Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	Sub-subsidiary	$367,802	6.30 times	$-	-	$367,802	$-
Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	Subsidiary	$231,407	-	$-	-	$-	$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$197,635 RMB 46,088,163	1.64 times	$-	-	$138,482 RMB 31,989,456	$-
Globe Union Ann Bo Manufacturing Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$277,235 RMB 64,065,263	8.29 times	$-	-	$130,824 RMB 30,220,287	$-
Milim G&G Ceramics Co., Ltd.	Globe Union Industrial Corp.	Group direct parent company	$119,128 RMB 27,518,549	13.37 times	$-	-	$119,128 RMB 27,518,549	$-
Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	Associate	$350,649 RMB 81,000,000	-	$-	-	$-	$-
Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	Associate	$612,267 USD 19,937,070	-	$-	-	$-	$-

(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 5,000 thousand	2024/01	$971
PJH Group LTD	Forward currency contract	Sell	GBP 1,496 thousand	2024/01-2024/03	(844)
				Subtotal	$127

(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	$1,249,736	Note 4 (1)	6.82%
0	Globe Union Industrial Corp.	Shenzhen Globe Union Enterprise Co., Ltd	1	Accounts payable	(197,635)	Note 4 (3)	(1.28%)
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Purchases	1,876,649	Note 4 (1)	10.25%
0	Globe Union Industrial Corp.	Milim G&G Ceramics Co., Ltd.	1	Accounts payable	(119,128)	Note 4 (3)	(0.77%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Purchases	1,465,054	Note 4 (1)	8.00%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co., Ltd.	1	Purchases	1,168,561	Note 4 (1)	6.38%
0	Globe Union Industrial Corp.	Globe Union Ann Bo Manufacturing Co., Ltd.	1	Accounts payable	(277,235)	Note 4 (3)	(1.79%)
0	Globe Union Industrial Corp.	GU PLUMBING de MEXICO S.A. de C.V.	1	Other receivables	231,407	Note 4 (4)	1.49%
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Sales	(5,343,732)	Note 4 (2)	(29.18%)
0	Globe Union Industrial Corp.	Gerber Plumbing Fixtures, LLC	1	Accounts receivable	367,802	Note 4 (3)	2.38%
0	Globe Union Industrial Corp.	Globe Union (Canada) Inc.	1	Sales	(293,975)	Note 4 (2)	(1.61%)

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)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(1,249,736) RMB (282,715,037)	Note 4 (2)	(6.82%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	$197,635 RMB 46,088,163	Note 4 (3)	1.28%
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Germany GmbH & Co.KG	3	Sales	(159,709) RMB (36,111,120)	Note 4 (2)	(0.87%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	3	Sales	(129,257) RMB (29,225,865)	Note 4 (2)	(0.71%)
1	Shenzhen Globe Union Enterprise Co., Ltd.	Globe Union Ann Bo Manufacturing Co., Ltd.	3	Other receivables	350,649 RMB 81,000,000	Note 4 (5)	2.26%
2	Globe Union Ann Bo Manufacturing Co., Ltd.	Globe Union Industrial Corp.	2	Sales	(1,168,561) RMB (265,402,306)	Note 4 (2)	(6.38%)
2	Globe Union Ann Bo Manufacturing Co., Ltd.	Globe Union Industrial Corp.	2	Accounts receivable	277,235 RMB 64,065,263	Note 4 (3)	1.79%
2	Globe Union Ann Bo Manufacturing Co., Ltd.	Globe Union Germany GmbH & Co.KG	3	Sales	(101,771) RMB (23,011,036)	Note 4 (2)	(0.56%)
2	Globe Union Ann Bo Manufacturing Co., Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Purchases	129,257 RMB 29,225,865	Note 4 (1)	0.71%
2	Globe Union Ann Bo Manufacturing Co., Ltd.	Shenzhen Globe Union Enterprise Co., Ltd.	3	Other payables	(350,649) RMB (81,000,000)	Note 4 (5)	(2.26%)

GLOBE UNION INDUSTRIAL CORP.

Notes to Parent Company Only Financial Statements (Continued)

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

No (Note1)	Company Name	Counter Party	Nature of Relationship (Note2)	Intercompany Transactions			
				Financial Statements Item	Amount	Terms	Percentage of Consolidated Total Gross Sales or Total Assets (%) (Note3)
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Purchases	$5,343,732 USD 171,883,321	Note 4 (1)	29.18%
3	Gerber Plumbing Fixtures, LLC	Globe Union Industrial Corp.	2	Accounts payable	(367,802) USD (11,976,636)	Note 4 (3)	(2.38%)
3	Gerber Plumbing Fixtures, LLC	GU PLUMBING de MEXICO S.A. de C.V.	3	Other receivables	612,267 USD 19,937,070	Note 4 (6)	3.95%
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Sales	(1,876,649) RMB (424,608,181)	Note 4 (2)	(10.25%)
4	Milim G&G Ceramics Co., Ltd	Globe Union Industrial Corp.	2	Accounts receivable	119,128 RMB 27,518,549	Note 4 (3)	0.77%
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Sales	(1,465,054) USD (47,344,359)	Note 4 (2)	(8.00%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Globe Union Industrial Corp.	2	Others payables	(231,407) USD (7,535,222)	Note 4 (4)	(1.49%)
5	GU PLUMBING de MEXICO S.A. de C.V.	Gerber Plumbing Fixtures, LLC	3	Others payables	(612,267) USD (19,937,070)	Note4 (6)	(3.95%)
6	Globe Union (Canada) Inc.	Globe Union Industrial Corp.	2	Purchases	293,975 CAD 12,825,002	Note4 (1)	1.61%
7	Globe Union Germany GmbH & Co. KG	Shenzhen Globe Union Enterprise Co., Ltd	3	Purchases	159,709 EUR 4,859,927	Note 4 (1)	0.87%

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)
7	Globe Union Germany GmbH & Co. KG	Globe Union Ann Bo Manufacturing Co., Ltd.	3	Purchases	$101,771 EUR 2,965,309	Note 4 (1)	0.56%

Note 1: The Company and its subsidiaries are coded as follows:

(1) The Company is coded "0".

(2) The subsidiaries are coded consecutively beginning from "1" in the order presented in the table above.

Note 2: (1) represents the transactions from the parent company to a subsidiary.

(2) represents the transactions from a subsidiary to the parent company.

(3) represents the transaction between subsidiaries.

Note 3: The ratio of transaction amount to the consolidated income or assets is recognized as follows: for assets or liability, the ratio is accounted as the ending balance to consolidated total assets; however, for income or loss accounts, the ratio is based on mid-term accumulated amount to consolidated income.

Note 4: (1) A small portion of the purchase prices were different from the general purchase price due to technical and quality differences. The other products were purchased solely from related parties and thus the purchase price can’t be compared with other goods purchased from the third parities.

(2) A small portion of the selling prices between related parties were the same as the general selling price. For the other selling prices, there were no comparable goods sold to the third parties.

(3) The transaction terms to the above-related parties were determined through a mutual agreement based on the market conditions.

(4) Financing, ratio 6.17%~6.69%.

(5) Financing, ratio 3%.

(6) Financing, ratio 10.75%.

(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 2023, net income (loss) of investee company and investment income (loss) recognized as at 31 December 2023 (excluding investees in Mainland China):

Investor Company	Investee Company	Address	Main businesses and products	Initial Investment Amount		Investment as at 31 December 2023			Net income (loss) of investee company	Investment income (loss) recognized	Note
				31 December 2023	31 December 2022	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%	$2,448,484	$53,699	$52,580	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%	$3,995,216	$415,588	$343,106	Note
Globe Union Industrial Corp.	Globe Union Cayman Corp.	Scotia Center, 4th Floor ,P.O. Box 2804, GerogeTown, Grand Cayman, Cayman Islands	Holding company	$2,590,324	$2,590,324	81,555,901	100%	$1,834,564	$212,330	$212,330	
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 procelain bathroom fittings	$683,055	$1,097,365	424,269,526	100%	$568,910	$(117,525)	$(117,525)	

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

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

(3) Information on investments in Mainland China

(a) Information on investments in Mainland China from the Company directly and through Globe Union Industrial (B.V.I) Corp., Globe Union (Bermuda) Ltd. and Shenzhen Globe Union Enterprise Co., Ltd. as at 31 December 2023:

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 2023	Investment Flows		Accumulated Outflow of Investment from Taiwan as at 31 December 2023	Net income (loss) of investee company	Percentage of Ownership	Investment income (loss) recognized	Carrying Value as at 31 December 2023	Accumulated Inward Remittance of Earnings as at 31 December 2023
					Outflow	Inflow						
Shenzhen Globe Union Enterprise Co., Ltd.	Manufacturing and selling faucets and related parts	$1,647,011 (RMB 380,459,896)	Investment in Mainland China companies through a company invested and established in a third region	$-	$-	$-	$-	$34,470	100%	$34,470 (Note 1)	$2,274,379	$188,508
Milim G&G Ceramics Co., Ltd.	Manufacturing and selling procelain bathroom fittings	$1,142,025 (RMB 263,808,100)	Investment in Mainland China companies through a company invested and established in a third region	$515,444 (USD 16,784,252)	$-	$-	$515,444 (USD 16,784,252)	$33,924	100%	$33,924 (Note 1)	$1,438,047	$-
Globe Union Business Consultancy Shanghai Company Limited	Consulting industry	$2,249 (RMB 519,514)	Directly invested Mainland China company	$3,245 (RMB 749,658)	$-	$-	$3,245 (RMB 749,658)	$323	100%	$323 (Note 1)	$4,257	$-
Globe Union Ann Bo Manufacturing Co. Ltd.	Manufacturing and selling plumbing products	$259,740 (RMB 60,000,000)	Directly invested Mainland China company	$225,108 (RMB 52,000,000)	$34,632 (RMB 8,000,000)	$-	$259,740 (RMB 60,000,000)	$(57,887)	100%	$(57,887) (Note 1)	$171,405	$-
He Shun Investment Co., Ltd.	Investment , developing and manufacturing hardware products	$2,597 (RMB 600,000)	Invested by Shenzhen Globe Union Enterprise Co., Ltd.	$-	$-	$-	$-	$(340)	100% (Note 5)	$(340) (Note 1)	$2,265	$-

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

Accumulated Investment in Mainland China as at 31 December 2023 (Note 3)	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
$778,429(USD 16,784,252 and RMB 60,749,658)	$639,569(USD 12,305,503, GBP49,191and RMB 60,000,000)	Not applicable (Note 2)

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 2023 was USD16,784,252 and RMB 60,749,658, 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 45,845,636; 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 2023, 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 and RMB 500,000 in August 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.

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

(4) Information on major shareholders:

31 December 2023

Shares / Name	Shareholding	Shareholding ratio
Ming-Ling Co., Ltd.	37,974,032	9.28%
Hsien Ouyang	30,393,496	7.43%
Su-Hsiang Ouyang Chang	28,516,175	6.97%
Lei Ouyang	26,858,132	6.56%
Yue Feng International Co., Ltd. Investment account under the custody of Taishin Bank	26,159,515	6.39%
Trust property account of Scott Ouyang at the Taipei Branch of the United Bank of Switzerland	20,558,787	5.02%

GLOBE UNION INDUSTRIAL CORP.

STATEMENTS OF MAJOR ACCOUNTING ITEMS
For the Year Ended 31 December 2023

GLOBE UNION INDUSTRIAL CORP.

1. Statement of Cash and Cash Equivalents

31 December 2023

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

Item	Original Currency		Amount	Note
Cash on hand			$309	
Cash in banks				
Demand deposits-TWD			12,487	
Demand deposits- foreign currency	Including		115,035	
	USD	2,714,003.64		
	CAD	1,235,380.47		
Checking accounts			5	
Subtotal			127,527	
Total			$127,836	

GLOBE UNION INDUSTRIAL CORP.

2. Statement of Accounts Receivable

31 December 2023

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

Client Name	Description	Amount		Note
		Subtotal	Total	
Non-related Parties				
Client A		$167,146		
Client B		38,564		
Client C		24,851		
Client D		16,810		
Others (Note)		38,455	$285,826	
Less: Allowance for sales returns and discounts			(66,834)	
Subtotal			218,992	
Related Parties				
Gerber Plumbing Fixtures, LLC		367,802		
Globe Union (Canada) Inc.		15,979		
Subtotal			383,781	
Total			$602,773	

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

GLOBE UNION INDUSTRIAL CORP.

3. Statement of Inventories

31 December 2023

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

Item	Description	Cost	Net Realizable Value	Note
Merchandise		$253,217	$281,822	Please refer to Note 4(10) for more details on net realizable value.
Less: Allowance for inventory valuation		-		
Total		$253,217		

GLOBE UNION INDUSTRIAL CORP.

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

31 December 2023

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

Name of Company	Balance as at 1 January 2023		Additions		Decrease		Share of profit or loss of associates and joint ventures	Unrealized Profit	Exchange differences on translation of foreign operations	Remeasurements of defined benefit plans	Balance as at 31 December 2022			Market Value or Net Assets Value		Method of valuation	Guarantee	Note
	Shares	Amount	Shares	Amount	Shares	Amount					Shares	%	Amount of Money	Unit Price	Total Amount			
Globe Union Industrial (B.V.I.) Corp.	44,427,680	$2,436,796	-	$13 (Note 1)		$-	$ 52,580	$-	$(40,905)	$-	44,427,680	100%	$ 2,448,484		$2,459,187	Equity Method	None	
Globe Union (Bermuda) Ltd.	93,449,027	3,672,432	-	2,174 (Note 1)		-	428,525	(85,419)	(22,496)	-	93,449,027	100%	3,995,216		4,364,235	Equity Method	None	
Globe Union Cayman Corp.	81,555,901	1,659,576	-	565 (Note 1)		(115,081) (Note 5)	212,330	-	89,222	(12,048)	81,555,901	100%	1,834,564		1,834,564	Equity Method	None	
GU PLUMBING de MEXICO S.A. de C.V.	681,612,220	684,845	-	-	(257,342,694) (Note 2)	- (Note 2)	(117,525)	-	1,767	(177)	424,269,526	100%	568,910		568,910	Equity Method	None	
Globe Union Business Consultancy Shanghai Company Limited	(Note 3)	4,035	-	-		-	323	-	(101)	-	(Note 3)	100%	4,257		4,257	Equity Method	None	
Globe Union Ann Bo Manufacturing Co.. Ltd.	(Note 3)	197,225	(Note 3)	35,312 (Note 4)		-	(57,887)	-	(3,245)	-	(Note 3)	100%	171,405		171,405	Equity Method	None	
Total		$8,654,909		$38,064		$(115,081)	$518,346	$ (85,419)	$24,242	$(12,225)			$9,022,836		$9,402,558			

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

Note 2：GU PLUMBING de MEXICO S.A. de C.V. passed a resolution to reduce 257,342,694 shares to make up for the losses at the board meeting on 1 November 2023. The capital reduction amounted to $414,310 with the ratio of 37.755%.

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

Note 4：According to Letter No. Jing-Shen-Er-Zi-11100058240 issued by the Ministry of Economic Affairs on 23 May 2022 which approved the investment, the Company added new investment of RMB 60,000,000 in Globe Union Ann Bo Manufacturing Co., Ltd. As of 31 December 2023, the paid-in capital amounted to RMB 60,000,000.

Note 5：Globe Union Cayman Corp. paid cash dividends in the amount of $115,081 for the year ended 2023.

GLOBE UNION INDUSTRIAL CORP.

5. Statement of Short-term Loans

31 December 2023

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

Type	Lenders	As at 31 December 2022	Contract Period	Range of Interest Rates (%)	Line of credit (in thousands)	Guarantee	Note
Credit	E.SUN Bank	$380,000	2023/12/28~2024/1/26		500,000	None	
Credit	Taipei Fubon Commercial Bank	378,000	2023/10/30~2024/2/2		USD 19,000	None	
Credit	Yuanta Bank	300,000	2023/12/7~2024/3/7		300,000	None	
Credit	SinoPac Bank	300,000	2023/12/26~2024/2/23		300,000	None	
Credit	Bangkok Bank	300,000	2023/12/25~2024/1/24	1.75%-1.89%	300,000	None	
Credit	Taishin International Bank	250,000	2023/12/20~2024/1/19		250,000	None	
Credit	HSBC Bank	150,000	2023/11/30~2024/3/12		USD 16,000	None	
Credit	Mega Bank	50,000	2023/12/13~2024/3/12		USD 5,000	None	
Credit	Taiwan Bank	50,000	2023/12/4~2024/3/1		100,000	None	
	Total	$2,158,000					

GLOBE UNION INDUSTRIAL CORP.

6. Statement of Accounts Payable, Net

31 December 2023

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

Item	Description	Amount	Note
Non-related parties			
Supplier A		$7,979	
Supplier B		7,615	
Supplier C		4,144	
Supplier D		3,937	
Supplier E		2,831	
Supplier F		2,224	
Supplier G		1,948	
Supplier H		1,858	
Others (Note)		1,862	
Total		$34,398	

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

7. Statement of Net Sales

31 December 2023

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

Item	Quantity	Amount	Note
Goods purchased	13,467,571 PCS	$ 6,910,540	

GLOBE UNION INDUSTRIAL CORP.

8. Statement of Cost of Sales

31 December 2023

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

Item	Amount	Note
(1) Cost of sales		
Beginning balance of inventory	$285,725	
Add: goods purchased	5,983,243	
Freight	215,461	
Less: transferred to sample expenses	(23,467)	
Ending balance of inventory	(253,217)	
Total cost of sales	$6,207,745	

GLOBE UNION INDUSTRIAL CORP.

9. Statement of Operating Expenses

31 December 2023

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

Item	Selling expenses	General and Administrative Expense	Research and development expenses	Total	Note
Payroll and related expense	$34,463	$186,067	$31,186	$251,716	
Labor and health insurance	3,627	7,945	3,215	14,787	
Insurance	36,923	830	29	37,782	
Depreciation	179	4,803	8,483	13,465	
Professional service fees	97,170	19,257	8,068	124,495	
Management fees	44,638	-	-	44,638	
Others (Note)	182,544	64,068	10,245	256,857	
Total	$399,544	$282,970	$61,226	$743,740	

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

Globe Union Industrial Corp.

Chairman：Shane Ouyang