



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



2021 ANNUAL SHAREHOLDERS' MEETING MINUTES

Time : 10:00 a.m., Monday, August 2nd, 2021

Place : 4F., No. 610, Sec. 4, Taiwan Blvd., Xitun Dist., Taichung City

Total outstanding GUIC shares : 358,163,962 shares

Total shares represented by shareholders present in person or by proxy : 202,713,252 shares(including votes casted electronically 40,788,801 shares).

Percentage of shares held by shareholders present in person or by proxy : 56.59%

Chairperson: Chin-Shan Huang (Independent Director)



Observer : Directors : Shane Ouyang (Via Video) 、 Scott Ouyoung (Via Video) 、 Wen-Hsin Chen (Via Video)

Independent Directors : Chin-Shan Huang 、 Young-Sheng Hsu (Convener of the Audit Committee)

CPA : Yu-Ting Huang

Independent Directors : Wen-Yi Fan (Via Video) (newly elected at 2021 Annual General Meeting)

Recorder : Nancy Shih



The aggregate shareholding of the shareholders present in person or by proxy constituted a quorum. The Chairman called the meeting to order.

I. Chairman's Address(omitted)

II. Report Items:

Report No. 1:

Management Report on the FY 2020 Company's Business Performance.

Explanatory Notes : Please refer to Attachment 1.

Report No. 2:

Audit Committee's Review Report on the FY 2020 audited Financial Statements.

Explanatory Notes : Please refer to Attachment 2.

Report No. 3:

FY2020 Directors' and employees' profit sharing.

Explanatory Notes :

- (1) According to Article 25-1, Section 1, of the Company's Articles of Incorporation "If the Company was profitable during the year, at least 2% of the profit shall be allocated as employee remuneration first, and no more than 2% can be allocated as remuneration for directors and supervisors. However, an amount shall be set aside in advance to compensate for cumulative losses, if any."
- (2) According to the Company's "Remuneration policy for Directors", if the Net Income Before Tax (NIBT) did not meet NTD 1 dollar per share on the Parent Company only financial statement, the Directors will not receive remuneration from profit of such fiscal year. In 2020, although the Company was profitable, but NIBT did not meet NTD 1 per share, therefore, no remuneration is proposed to distribute to the Directors. Propose to distribute NT\$13,214,850 as Employees' FY2020 remuneration.
- (3) The remunerations shall be distributed in form of cash.
- (4) The proposals have been approved by the Remuneration Committee and the Board of Directors on March 11th, 2021.

(Questions raised by the shareholder and the management's responses were omitted.)

III. Matters for Ratification:

Matter No. 1 : (Proposed by the Board of Directors)

Recognition of FY 2020 Business Report and Financial Statement.

Explanatory Notes:

- (1) The Company's FY 2020 Business Report (please refer to Attachment 1) and Financial Statements (as for the Consolidated and Parent Company Only Financial Statements, please refer to Attachment 3) have been approved by the Board of Directors and reviewed by the Audit Committee.
- (2) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252 votes

| Voting Results * | | % of the total represented share present |
|------------------|---|--|
| Votes in favor : | 195,014,784 votes (33,776,365 votes) | 96.20% |
| Votes against : | 309,742 votes | 0.15% |

| Voting Results * | | % of the total represented share present |
|-------------------|--|--|
| | (309,742 votes) | |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | (7,388,726 votes) (6,702,694 votes) | 3.64% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Matter No. 2 : (Proposed by the Board of Directors)

Recognition of FY 2020 Profit Distribution.

Explanatory Notes:

- (1) The distributable profit of Year 2020 shall be NT\$110,049,255, in consideration of the Company's need for operational development, the Company proposes to distribute cash dividends of NT\$0.307 per share, the total dividend distributed is NTD\$109,956,336(calculated based on the total of 358,163,962 common shares entitled to participated in dividend distribution as of April 1st, 2021); the calculation should round to dollar. The proposal should be proposed at shareholders meeting for approval, and Chairman shall be authorized by shareholders to set the Cash Dividend distribution date. The fractional shares from cash dividend distribution shall transfer to employee welfare committee. (Please refer to attachment 4)
- (2) The Chairman of the Board shall also be authorized to amend the rate of cash dividend distributed to shareholders, if any following events that affect the number of outstanding shares of the company : if the company buys back the shares, converts or cancel treasury stock, convertible bond is converted, or employee option is exercised.
- (3) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252votes

| Voting Results * | | % of the total represented share present |
|-------------------|---|--|
| Votes in favor : | 196,472,391 votes (35,233,972 votes) | 96.92% |
| Votes against : | 331,774 votes (331,742 votes) | 0.16% |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 5,909,087 votes (5,223,087 votes) | 2.91% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

IV. Matters for Discussion:

Matter No. 1 : (Proposed by the Board of Directors)

Amendment to the Company's "Article of Incorporation"

Explanatory Notes:

- (1) Propose to amend certain articles of the Company's "Article of Incorporation" in accordance of the Company Act, and Company's common practice.
- (2) Comparisons for Amendment to the Article of Incorporation. (Please refer to Attachment 5)
- (3) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252 votes

| Voting Results * | | % of the total represented share present |
|-------------------|--|--|
| Votes in favor : | 167,898,948 votes (6,660,529 votes) | 82.82% |
| Votes against : | 28,902,217 votes (28,902,185 votes) | 14.25% |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 5,912,087 votes (5,226,087 votes) | 2.91% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Supplementary explanation: Pursuant to "The Related Postponement Measures of the Listing Company's Annual Shareholder's Meeting during the Pandemic" announced by Financial Supervisory Commission, the Annual Shareholders' Meeting is postponed to August 2nd, 2021, was originally intended to be held on May 28th, 2021. Accordingly, the amendment date of "Articles of Incorporation" was revised to August 2nd, 2021.

Matter No. 2 : (Proposed by the Board of Directors)

Amendment to the Company's "Rule and procedure of shareholders' meeting"

Explanatory Notes:

- (1) In pursuance of Letter of order from Taiwan Stock exchange (TWSE) June 3rd, 2020 Tai Cheng Xi Li No 1090009468, propose to amend Company's Rule and

Procedure of Shareholders' Meeting.

(2) Comparisons for Amendment to the Rule and Procedure of Shareholders' Meeting. (Please refer to Attachment 6)

(3) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252votes

| Voting Results * | | % of the total represented share present |
|-------------------|---|--|
| Votes in favor : | 196,487,391 votes (35,248,972 votes) | 96.92% |
| Votes against : | 313,774 votes (313,742 votes) | 0.15% |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 5,912,087 votes (5,226,087 votes) | 2.91% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Supplementary explanation: Pursuant to "The Related Postponement Measures of the Listing Company's Annual Shareholder's Meeting during the Pandemic" announced by Financial Supervisory Commission, the Annual Shareholders' Meeting is postponed to August 2nd, 2021, was originally intended to be held on May 28th, 2021. Accordingly, the amendment date of "Rule and procedure of shareholders' meeting" was revised to August 2nd, 2021.

Matter No. 3 : (Proposed by the Board of Directors)

Amendment to the Company's "Procedures for the Election of Directors"

Explanatory Notes:

(1) In pursuance of Letter of order from Taiwan Stock exchange (TWSE) June 3rd, 2020 Tai Cheng Xi Li No 1090009468, propose to amend Company's Procedures for the Election of Directors.

(2) Comparisons for Amendment to the Procedures for the Election of Directors. (Please refer to Attachment 7)

(3) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252votes

| Voting Results * | | % of the total represented share present |
|------------------|---|--|
| Votes in favor : | 196,470,391 votes (35,231,972 votes) | 96.92% |
| Votes against : | 330,774 votes | 0.16% |

| Voting Results * | | % of the total represented share present |
|-------------------|--------------------------------------|--|
| | (330,742 votes) | |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 5,912,087 votes (5,226,087 votes) | 2.91% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

Supplementary explanation: Pursuant to “The Related Postponement Measures of the Listing Company’s Annual Shareholder’s Meeting during the Pandemic” announced by Financial Supervisory Commission, the Annual Shareholders’ Meeting is postponed to August 2nd, 2021, was originally intended to be held on May 28th, 2021. Accordingly, the amendment date of “ Procedures for the Election of Directors ” was revised to August 2nd, 2021.

Matter No. 4 : (Proposed by the Board of Directors)

Propose to distribute cash dividend using Additional paid-in capital.

Explanatory Notes:

- (1) The Company propose to use the additional paid-in capital in excess of par value as cash dividend to shareholder, total of NT 69,125,645, at NT\$0.193 per share (calculated based on the outstanding shares listed on dividend distribution date).
- (2) The distribution of cash dividend using additional paid- in capital will calculated and round to the nearest dollar. The fractional shares from cash dividend distribution shall transfer to employee welfare committee.
- (3) The shareholders shall grant the Chairman of the Board with full authority to amend the rate of cash dividend distributed to shareholders, if any following events that affect the number of outstanding shares of the company : if the company buys back the shares, converts or cancel treasury stock, convertible bond is converted, or employee option is exercised.
- (4) Once the proposal of cash dividend is approved at shareholder meeting, shareholder shall grant Chairman with authorization to set dividend distribution date.
- (5) Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252 votes

| Voting Results * | | % of the total represented share present |
|------------------|---|--|
| Votes in favor : | 196,538,138 votes (35,299,719 votes) | 96.95% |

| Voting Results * | | % of the total represented share present |
|-------------------|--------------------------------------|--|
| Votes against : | 267,136 votes (267,104 votes) | 0.13% |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 5,907,978 votes (5,221,978 votes) | 2.91% |

* including votes casted electronically (numbers in brackets)

RESOLVED, that the above proposal be and hereby was approved as proposed.

V. Elections : (Proposed by the Board of Directors)

To conduct election of the Company's 18th session of Board of Directors

Explanatory Notes:

- (1) The term of 17th session of Directors will be expired on May 24th, 2021, the Company shall conduct election for the 7 Directors (including 3 Independent Directors) on the Y2021 shareholders meeting in accordance with the Company's Article of Incorporation, the length of the term shall be 3 years.
- (2) The term of the 18th Directors elected will be from May 28th, 2021 to May 27th, 2024, for 3 years term, the directors may be eligible for re-election. The incumbent 17th session directors will be dismissed on the date when the newly elected directors take office .

Supplementary explanation: Pursuant to "The Related Postponement Measures of the Listing Company's Annual Shareholder's Meeting during the Pandemic" announced by Financial Supervisory Commission, the Annual Shareholders' Meeting is postponed to August 2nd, 2021, was originally intended to be held on May 28th, 2021. Accordingly, the term of each 18th-term director will be amended from August 2nd, 2021, to August 1st, 2024.

- (3) The nominated candidate list has been examined and approved by The 17th Session of Board of Directors in the 23th meeting held April 13th, 2021. List as below,

Director Candidates:

| Name | Education | Experience | Held shares |
|--|--|--|-------------|
| Ming-Ling Co., Ltd. Representative: Shane Ouyang | M.S. in Marketing, Northwestern University, USA | Chairman of GUIC Board of Directors Founder and CEO of Venture-G Inc. | 23,366,692 |
| Ming-Ling Co., Ltd. Representative: | Pacific Western University EMBA | Director of GUIC Board of Directors Chairman of GUIC Board of | 23,366,692 |

| Name | Education | Experience | Held shares |
|---|--|---|-------------|
| Scott Ouyoung | | Directors | |
| Ming-Ling Co., Ltd. Representative: Wen-Hsin Chen | Master degree in Business Administration and Public Relations, Boston University | 1、 Director of GM China Marketing, General Motors (China) Investment Co. 2、 Director of Buick Brand, Buick Division, General Motors (China) Investment Co. 3、 Director of Opel Operations, VSSM, General Motors (China) Investment Co. 4、 Cadillac Deputy Brand Director, Marketing and Distribution, Shanghai General Motors Co. Ltd. 5、 Brand Strategy Manager, Marketing and Distribution, Shanghai General Motors Co. Ltd. 6、 Marketing Advertising Manager, Marketing and Sales Division, Ford Lio Ho Motor Co. 7、 Sales Planning and Programming Manager, Ford Lio Ho Motor Co. 8、 Service Zone Manager, Ford Lio Ho Motor Co. | 23,366,692 |
| Ming-Ling Co., Ltd. Representative: Andrew Yates | Tameside College, Ashton - u - Lyne. UK | 1、 President of Globe Union Industrial Corp. 2、 CEO Globe Union Europe、 CEO PJH (UK)、 Commercial Director PJH Ltd (UK) | 23,366,692 |

Independent Director Candidates:

| Name | Education | Experience | Held shares |
|-----------------|--|---|-------------|
| Chin-Shan Huang | Master, Cambridge College | 1.President, Thunder Tiger Co., Ltd.; 2.Consultant, Tai Cheng Consulting Co., Ltd; 3.Vice President, Fu Ying Metal Co., Ltd.; 4.Assistant Manager, General 5.Administration Department, Kunnan Enterprise Co., Ltd. | 541 |
| Young-Sheng Hsu | PhD. Accounting, NTU | 1.Professor of Accounting, NCHU; 2.Associate Professor of Accounting, NUTC | 0 |
| Wen-Yi Fan | Master degree, Telecommunication, Michigan State | 1.Chief Advisor, Bremen Digital 2.Managing Director & Partner, AnalogFolk China | 0 |

| Name | Education | Experience | Held shares |
|------|--|--|-------------|
| | University; Bachelor degree, English Literature, Tamkang University | 3.Chief Strategic Integrator, Isobar China Group 4.Regional Business Director, wwwins Isobar Greater China 5.VP Client Service, J. Walter Thompson Taipei | |

(4)Please vote.

Election Result :

| Account number or ID number | Account name or name | Votes obtained | Elected | Note |
|--------------------------------|---|----------------|---------|-------------------------|
| 20446 | Ming-Ling Co., Ltd. Representative: Shane Ouyang | 296,615,712 | ✓ | Director |
| 20446 | Ming-Ling Co., Ltd. Ltd.Representative: Scott Ouyoung | 186,063,377 | ✓ | Director |
| 20446 | Ming-Ling Co., Ltd. Representative: Wen- Hsin Chen | 183,424,836 | ✓ | Director |
| 20446 | Ming-Ling Co., Ltd. Representative: Andrew Yates | 179,504,500 | ✓ | Director |
| 27364 | Chin-Shan Huang | 177,665,709 | ✓ | Independent Director |
| Q1221XXXXX | Young-Sheng Hsu | 172,670,652 | ✓ | Independent Director |
| F1212XXXXX | Wen-Yi Fan | 170,931,305 | ✓ | Independent Director |

VI. Other Proposals

Propose to release Noncompetition restriction for the 18th Session Directors elected

Explanatory Notes:

- (1)In pursuance of Article 209 of the Company’s Act, “A director who does anything for himself or on behalf of another person that is within the scope of the company's business, shall explain to the meeting of shareholders the essential contents of such an act and secure its approval.”.
- (2)Propose to release 18th session Directors elected from such restriction for who might be taking positions as manager s or directors in the same Scope of the Company’s business, so the Directors can contribute his or her knowledge and experience to the Company. The Company propose to submit this motion in accordance of law and regulation to the Shareholder Meeting for approval.
- (3)Release of restriction from non-compete for Newly-elected Directors listed

| Position | Name | Company * | remark |
|----------|--------------|--|--------------------|
| Director | Shane Ouyang | Globe Union Industrial (B.V.I) Corp. Globe Union Cayman Corp. | Act of Director |

| Position | Name | Company * | remark |
|----------|---------------|--|----------------------|
| | | Globe Union (Bermuda) Ltd Globe Union Germany GmbH & Co. KG Globe Union Verwaltungs GmbH. Globe Union Group Inc. Globe Union Canada Inc. Danze Inc. Gerber Plumbing Fixtures, LLC GU PLUMBING de MEXICO S.A. de C.V. Shenzhen Globe Union Enterprise Co., Ltd. Milim G& Ceramics Co., Ltd | (*1) |
| Director | Scott Ouyoung | Arte En Bronze, S.A, DE C.V | Act of Director |
| Director | Andrew Yates | PJH (HK) LIMITED | Act of Director (*1) |

*Company mentioned is Globe Union's Subsidiary.

*1 : Percentage of ownership 100%.

(4)Submit for approval.

Resolution:

Shares represented at the time of voting : 202,713,252votes

| Voting Results * | | % of the total represented share present |
|-------------------|---|--|
| Votes in favor : | 195,404,132 votes (34,165,713 votes) | 96.39% |
| Votes against : | 489,522 votes (489,522 votes) | 0.24% |
| Votes invalid : | 0 votes (0 votes) | 0% |
| Votes abstained : | 6,819,598 votes (6,133,566 votes) | 3.36% |

* including votes casted electronically (numbers in brackets)

RESOLVED,that the above proposal be and hereby was approved as proposed.

VII. Other Matters and Motion :

(Questions raised by the shareholder and the management's responses were omitted.)

There being no other business and special motion, upon a motion duly made and seconded, the meeting was adjourned.

VIII. Adjournment : August 2, 2021, at 11:32 a.m.

(This minutes of the 2021 Annual General Shareholders' Meeting stated the meeting and the shareholders' statements briefly. The content, the process and the shareholder's statements of the meeting shall be referred to audio and video conference records.)

(The proportion of the voting rights of shareholders present at the time of voting in favour, objection, invalidity, abstention and non-voting rights shall be calculated as the second unconditional transfer after the decimal point, and therefore there may be a decimal tail difference, resulting in a total of not equal to 100.00%.)

Attachment 1

Globe Union Industrial Corp. Management Report

We are all now too aware of the challenges we have faced in our communities and around the world in 2020; COVID-19 has been indiscriminate in its impact on each of us. What has been unique, however, is how we as businesses have adapted to the opportunities presented during the year, and how we at Globe Union have been able to find a way to grow from within, even in these times.

Allow me to first compliment our teams around the world for keeping our associates safe as they returned to their work following the various lockdowns we experienced during the pandemic. This effort, which had us sharing best practices developed on the “fly”, allowed us to safely and effectively re-open and operate our businesses for our customers, associates and shareholders unlike many within our industry.

As the world began to recognize the depth of the pandemic, we immediately began to work in teams to manage the various functions of our business through this crisis. This included a focus on cash management to insure we could remain flexible to address any unanticipated needs. The initial impact of the pandemic on the major US and European economies creates significant drop in demand and household consumption, which had driven our revenue for first half of year down 16% compared to prior year.

For the second year of 2020, benefit from the low interest rates, popularize of remote working, the unprecedented surge in consumer spending on their homes, where suddenly they were spending more time. With keen management of our working capital, we were prepared by mid-year to capitalize on the next impact of the pandemic. Second half revenue exceeded prior year by 14% and second half net profit (\$335,806 thousands NT) exceeded 2019 profits in its entirety. Even with the shock of the pandemic, for the full year 2020 net sales declined just 1.5% to \$16.8 billion NT over prior year and operating income actually increased 19% to \$495,479 thousands NT. Net Income After Tax (NIAT) finished at \$287,487 thousands NT, down 14% to prior year after the early effect of the pandemic and extraordinary charges.

1. 2020 business report

- (a) Operation result: Year 2020 consolidated Revenue is NT 16,775,209 thousand, 1.5% decline when compare to NT 17,023,426 thousands form Year

2019; Net Income After Tax (NIAT) is NT 287m487 thousands, 14% drop from Year 2019. Earning per share for 2020 is NT 0.81.

- (b) Analysis on the Financial income statement and profitability : please refer to attached financial statements.
- (c) Financial forecast execution: Globe Union did not published financial forecast.

2. 2021 Business Plan:

In North America, which today represents 63% of our revenue, we have completed the integration of our Brand and Private Branded business, including the alignment of our Faucet and Vitreous China categories; globalizing our product management teams to present a compelling range of unique options to our customers. On Dec ,2020, We have also introduced our legacy Gerber brand into the retail market with a successful launch of a toilet offering into Costco, the second largest retailer in the world.

In 2021, we will extend the Gerber brand into other Big Box markets capitalizing on the strong preference of our Gerber products within the professional trade market, which still remains the core customer base in this region. This step has us moving closer to our vision of driving our North American business behind the strength of our own Gerber Brand, where in 2021 we are investing significantly in consumer focused marketing through a variety of media.

In Europe, our business fully recovered from the lockdowns of the spring, seeing net revenue increase 3.6% over the prior year. More impressive however, through new programs implemented prior to the pandemic, Operating Income moved into the positive range ending at 5.7% of net sales, the groups best performance since its inception. Also, in line with our corporate strategy we are also focused on securing our future behind our own Lenz brand in Europe.

What truly made our year is a credit to our operations team, who have performed so well under the threat of the pandemic and with the unexpected surge in demand we have and continue to experience. On the Faucet side of our business, the re-start of our plant in Shenzhen China following the 2020 Lunar New Year was hampered dramatically by the slow return of our associates from their homes in various regions of the country in order to adhere to the governments strict (and successful) control of travel to curb the pandemic. This put extra pressure on this segment of our business throughout the balance of the year. Today, our backlog on Faucets are improving in spite of the continued high demand for Globe Union products from our customers.

We were also effective in being one of the few manufactures of Vitreous China whose production was uninterrupted by the pandemic at either of our

plants (Qingdao China and Saltillo Mexico). This gave Globe Union a competitive edge in providing customers with a consistent supply of products while our competitors were otherwise letting them down. In Mexico, while we have been disappointed in the initial output of this recently (late 2019) acquired business, with travel reopening in August, we now have personnel from our proven China facility on-site as we had planned to support the integration of this acquisition, which is growing in revenue and projecting to turn to profit later in 2021.

At PJH, COVID-19 effectively closed our business for nearly 2 months, when we were forced to furlough 74% of our staff throughout the United Kingdom at the peak of the lockdowns. However, PJH's unique position to provide home delivery as lockdowns prevented in-store shopping created a 16% surge in revenue in the second half of the year compared to the same period 2019, with Operating Income for the second half of the year increasing to more than double over prior year.

We continue to be optimistic in the growth of this diversified segment of our business where in 2020 we signed an extended five year contract with our single largest customer. The PJH team is well positioned to reach "the last mile" in these unprecedented times, and will continue to accelerate our business in the year to come.

Even with the challenges 2020 handed us, the team at Globe Union found that in fact this was "A Time to Grow". Strategically, we continue to focus on the plans laid out in 2019, leveraging our unique position as a prime manufacturer of both Vitreous China and Faucets, to customers who seek both Branded and Private Label solutions. To this, our entire organization is aligned and in the words of our founder, Scott Ouyang we have "One Family, (with) One Vision" to build your company on.

We thank you for your support of our team and their initiatives.

Chairman:
Shane Ouyang

Manager:
Todd Alex Talbot

Accounting upervisor:
Ying-Fan Chen

Attachment 2

Globe Union Industrial Corp.

Audit Committee Audit Report

The Board of Directors has prepared and submitted the 2020 business report, financial statements, and earnings distribution proposal. Ernst & Young audited the financial statements and submitted an audit report. The Audit Committee has reviewed the business report, financial statements, and the earnings distribution proposal and did not find any instances of noncompliance. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Act, it is hereby submitted for your review and perusal.

Globe Union Industrial Corp.

Chairperson of the Audit Committee: Young-Sheng Hsu

April 13, 2021



安永聯合會計師事務所

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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 2020 and 2019, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the consolidated financial statements, including the summary of significant 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 (the “Group”) as at 31 December 2020 and 2019, and their consolidated financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards, International Accounting Standards, interpretations developed by the International Financial Reporting Interpretations Committee or the former Standing Interpretations Committee as endorsed by Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 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 2020, the goodwill was carried at NT\$718,003 thousand which accounted for 4% of the total assets. The Company performed impairment testing on the cash-generating units according to the International Financial Reporting Standards. The recoverable amount of the cash-generating units has been determined based on the value in use because their fair value cannot be reliably measured. The impairment testing indicated that the value in use of certain cash-generating units was higher than their carrying amount. We determined goodwill assessment to be a key audit matter because the carrying amounts of goodwill were material to the Group; the determination of value in use was complex, and high level of management judgment was involved when making assumptions about cash flow forecasts.

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

Inventory valuation

As at 31 December 2020, the net inventories amounted to NT\$3,417,722 thousand, which accounted for 21% 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.

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

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

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

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

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

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

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

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company and its subsidiaries.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company and its subsidiaries. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company and its subsidiaries to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the accompanying notes, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 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.

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 2020 and 2019.

Huang Yu Ting
Huang Tzu Ping
Ernst & Young, Taiwan
11 March 2021

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 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

| Assets | Notes | As at | |
|--|-------------------|--------------|--------------|
| | | 31 Dec 2020 | 31 Dec 2019 |
| Current assets | | | |
| Cash and cash equivalents | 4, 6(1) | \$3,572,319 | \$3,239,399 |
| Financial assets at fair value through profit or loss, current | 4, 6(2) | 31,235 | 113,507 |
| Financial assets measured at amortized cost, current | 4, 6(3), 8 | 146,289 | 226,065 |
| Accounts receivable, net | 4, 6(4), 8 | 3,003,885 | 2,287,784 |
| Inventories, net | 4, 5, 6(5) | 3,417,722 | 3,049,800 |
| Prepayment | 6(6) | 216,291 | 140,128 |
| Other current assets | 7 | 706,657 | 532,839 |
| Total current assets | | 11,094,398 | 9,589,522 |
| Non-current assets | | | |
| Financial assets at fair value through other comprehensive income, non-current | 4, 6(7) | 39,000 | - |
| Investments accounted for under the equity method | 4, 6(8) | 20,391 | 22,030 |
| Property, plant and equipment | 4, 6(9), 8 | 2,616,466 | 2,516,758 |
| Right-of-use assets | 4, 6(23) | 1,956,842 | 2,056,539 |
| Intangible assets | 4, 6(10) | 39,406 | 45,676 |
| Goodwill | 4, 5, 6(10),6(11) | 718,003 | 719,664 |
| Deferred tax assets | 4, 6(27) | 236,148 | 215,181 |
| Deposits-out | | 34,581 | 36,888 |
| Other non-current assets | 6(12) | 75,508 | 647,586 |
| Total non-current assets | | 5,736,345 | 6,260,322 |
| Total assets | | \$16,830,743 | \$15,849,844 |

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

| Liabilities and Equity | Notes | As at | |
|---|----------|---------------------|---------------------|
| | | 31 Dec 2020 | 31 Dec 2019 |
| Current liabilities | | | |
| Short-term loans | 4, 6(13) | \$1,492,720 | \$1,560,566 |
| Financial liabilities at fair value through profit or loss, current | 4, 6(14) | 3,109 | 793 |
| Contract liabilities, current | 6(21) | 5,158 | 20,272 |
| Notes payable | | 60,269 | 65,426 |
| Accounts payable | | 2,705,251 | 2,008,520 |
| Other payables | 6(15) | 308,978 | 125,816 |
| Accrued expenses | 6(16) | 1,160,813 | 1,008,047 |
| Current tax liabilities | 4, 6(27) | 101,218 | 82,598 |
| Lease liabilities, current | 4, 6(23) | 235,330 | 231,910 |
| Current portion of long-term loans | 4, 6(17) | 442,059 | 131,632 |
| Other current liabilities | 6(18) | 84,928 | 75,977 |
| Total current liabilities | | <u>6,599,833</u> | <u>5,311,557</u> |
| Non-current liabilities | | | |
| Long-term loans | 4, 6(17) | 2,260,515 | 2,469,540 |
| Deferred tax liabilities | 4, 6(27) | 7,056 | 29,634 |
| Lease liabilities, non-current | 4, 6(23) | 1,801,468 | 1,824,681 |
| Other non-current liabilities | | 543,148 | 575,350 |
| Net defined benefit obligation, non-current | 4, 6(18) | 101,446 | 65,472 |
| Total non-current liabilities | | <u>4,713,633</u> | <u>4,964,677</u> |
| Total liabilities | | <u>11,313,466</u> | <u>10,276,234</u> |
| Equity attributable to the parent company | 4, 6(19) | | |
| Capital | | | |
| Common stock | | 3,581,640 | 3,562,130 |
| Advance receipts for common stock | | - | 3,847 |
| Total capital | | <u>3,581,640</u> | <u>3,565,977</u> |
| Additional paid-in capital | | <u>938,667</u> | <u>995,214</u> |
| Retained earnings | | | |
| Legal reserve | | 861,006 | 830,341 |
| Special reserve | | 728,214 | 522,707 |
| Retained earnings | | <u>260,690</u> | <u>387,585</u> |
| Total retained earnings | | <u>1,849,910</u> | <u>1,740,633</u> |
| Other components of equity | | | |
| Exchange differences on translation of foreign operations | | (860,740) | (728,214) |
| Unrealized gains or losses on financial assets at fair value through other comprehensive income | | 7,800 | - |
| Total other components of equity | | <u>(852,940)</u> | <u>(728,214)</u> |
| Non-controlling interests | 6(19) | - | - |
| Total equity | | <u>5,517,277</u> | <u>5,573,610</u> |
| Total liabilities and equity | | <u>\$16,830,743</u> | <u>\$15,849,844</u> |

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

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| | Notes | For the Years Ended 31 December | |
|---|--------------|---------------------------------|--------------|
| | | 2020 | 2019 |
| Net sales | 6(21) | \$16,775,209 | \$17,023,426 |
| Cost of sales | 6(5), 6(24) | (12,158,458) | (12,225,546) |
| Gross profit | | 4,616,751 | 4,797,880 |
| Operating expenses | 6(23), 6(24) | | |
| Selling and marketing | | (1,577,998) | (1,391,283) |
| General and administrative | | (2,279,716) | (2,736,741) |
| Research and development | | (281,422) | (278,530) |
| Expected credit losses | 6(22) | (12,136) | (270) |
| Total operating expenses | | (4,151,272) | (4,406,824) |
| Operating income | | 465,479 | 391,056 |
| Non-operating income and expenses | 6(25) | | |
| Other revenue | | 162,883 | 216,048 |
| Other gains and losses | | 21,805 | 18,459 |
| Financial costs | | (183,590) | (142,065) |
| Share of profit or loss of associates and joint ventures | 4, 6(8) | (1,917) | 33 |
| Subtotal | | (819) | 92,475 |
| Income from continuing operations before income tax | | 464,660 | 483,531 |
| Income tax expense | 6(27) | (177,173) | (147,476) |
| Income from continuing operations, net of tax | | 287,487 | 336,055 |
| Other comprehensive income (loss) | 6(18), 6(26) | | |
| Items that may not be reclassified subsequently to profit or loss | | | |
| Remeasurements of defined benefit plans | | (35,427) | 4,784 |
| Unrealized gains or losses on financial assets at fair value through other comprehensive income | | 7,800 | - |
| Income tax related to items that may not be reclassified subsequently to profit or loss | | 7,094 | 797 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (132,804) | (204,806) |
| Share of other comprehensive of associates and joint ventures | 6(8) | 278 | (701) |
| Total other comprehensive income (loss), net of tax | | (153,059) | (199,926) |
| Total comprehensive income | | \$134,428 | \$136,129 |
| Net income attributable to: | | | |
| Stockholders of the parent | | \$287,487 | \$335,173 |
| Non-controlling interests | | - | 882 |
| | | \$287,487 | \$336,055 |
| Comprehensive income attributable to: | | | |
| Stockholder of the parent | | \$134,428 | \$135,247 |
| Non-controlling interests | | - | 882 |
| | | \$134,428 | \$136,129 |
| Earnings per share (NTD) | 6(28) | | |
| Earnings per share-basic | | \$0.81 | \$0.94 |
| Earnings per share-diluted | | \$0.81 | \$0.94 |

(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 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | Capital | | Retained Earnings | | | | Other components of equity | | | Treasury stock | Total | Non-controlling interests | Total equity |
|---|--------|--------------|-----------------------------------|----------------------------|---------------|-----------------|-------------------------|---|--------------------------|---|----------------|-------------|---------------------------|--------------|
| | | Common Stock | Advance Receipts for Common Stock | Additional Paid-in Capital | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange Differences on Translation of Foreign Operations | Unearned employee salary | Unrealized gains or losses on financial assets at fair value through other comprehensive income | | | | |
| Balance as at 1 Jan 2019 | (6/19) | \$3,681,600 | \$635 | \$1,032,019 | \$768,519 | \$470,533 | \$656,738 | \$(522,707) | \$(3,500) | \$ - | \$(186,207) | \$5,897,630 | \$77,185 | \$5,974,815 |
| Appropriations of earnings, 2018: | | | | | 61,822 | | (61,822) | | | | | | | |
| Legal reserve | | | | | | \$2,174 | (52,174) | | | | | | | |
| Special reserve | | | | | | | (461,808) | | | | | | | (461,808) |
| Cash dividends | | | | | | | 335,173 | | | | | | | 336,055 |
| Net income in 2019 | | | | | | | 5,581 | (205,507) | | | | | | 336,055 |
| Other comprehensive income, net of tax in 2019 | | | | | | | | (205,507) | | | | | | (199,926) |
| Total comprehensive income | | | | | | | 340,754 | (205,507) | | | | | | 136,247 |
| Retirement of treasury stock | | (120,000) | | (32,104) | | | (34,103) | | | | 186,207 | | | |
| Decrease in non-controlling interests (Note 1) | | | | (3,122) | | | | | | | | | (20,521) | (20,521) |
| Change in ownership of subsidiaries (Note 4) | | | | | | | | | | | | | (57,546) | (60,668) |
| Share-based payment transactions-Exercise of employee stock option (Note 2) | | | 16,163 | | | | | | | | | | | 16,163 |
| Share-based payment transactions-Conversion of advance receipts for common stock (Note 3) | | 10,530 | (12,951) | 2,421 | | | | | 3,500 | | | | | 3,500 |
| Share-based payment transactions-Share-based payment expense | | (10,000) | | (4,000) | | | | | | | | | | (14,000) |
| Retirement of Share options plan | | | | | | | | | | | | | | |
| Balance as at 31 Dec 2019 | (6/19) | \$3,562,130 | \$3,847 | \$995,214 | \$830,341 | \$522,707 | \$387,585 | \$(728,214) | \$ - | \$ - | \$ - | \$5,573,610 | \$ - | \$5,573,610 |
| Balance as at 1 Jan 2020 | (6/19) | \$3,562,130 | \$3,847 | \$995,214 | \$830,341 | \$522,707 | \$387,585 | \$(728,214) | \$ - | \$ - | \$ - | \$5,573,610 | \$ - | \$5,573,610 |
| Appropriations of earnings, 2019: | | | | | 30,665 | | (0,665) | | | | | | | |
| Legal reserve | | | | | | 205,507 | (205,507) | | | | | | | |
| Special reserve | | | | | | | (149,877) | | | | | | | (149,877) |
| Cash dividends | | | | | | | 287,487 | | | | | | | 287,487 |
| Cash Dividends distributed from Additional Paid-in Capital | | | | (64,232) | | | (28,333) | (132,526) | | | | | | (153,059) |
| Net income in 2020 | | | | | | | 259,154 | (132,526) | | | | | | 134,428 |
| Other comprehensive income, net of tax in 2020 | | | | | | | | | | | | | | |
| Total comprehensive income | | | | | | | | | | | | | | |
| Share-based payment transactions-Exercise of employee stock option (Note 2) | | | 18,517 | | | | | | | | | | | 18,517 |
| Share-based payment transactions-Conversion of advance receipts for common stock (Note 3) | | 19,510 | (22,364) | 2,854 | | | | | | | | | | |
| Share-based payment transactions-Share-based payment expense | | | | 4,831 | | | | | | | | | | 4,831 |
| Balance as at 31 Dec 2020 | (6/19) | \$3,581,640 | \$ - | \$938,667 | \$861,006 | \$728,214 | \$260,690 | \$(860,740) | \$ - | \$7,800 | \$ - | \$5,517,277 | \$ - | \$5,517,277 |

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

Note 1: The consolidated subsidiaries of the Company carried out capital reduction and returned capital contributions to non-controlling interests according to the shareholding percentage. Therefore, non-controlling interests decreased by \$20,521 thousand.
Note 2: The Company issued employee share option in 2015. During the year of 2019, employees converted their options into 533,000 shares at NT\$12.7 per share, and 1,315,000 shares at NT\$11.5 per share, respectively. Total consideration received was \$16,163 thousand. During the year of 2020, employees converted their options into 310,000 shares at NT\$11.5 per share, and 1,053,000 shares at NT\$12.7 per share, respectively. Total consideration received was \$18,517 thousand.
Note 3: As at 31 December 2019, 1,053,000 shares under capital collected in advance in the amount of \$12,951 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by \$10,530 thousand and \$2,854 thousand respectively. Under capital collected in advance in the amount of \$22,364 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by \$19,510 thousand and \$2,854 thousand respectively.
Note 4: The board of directors approved the sale of 35,162,689 shares of Home Boutique International Co., Ltd. to Singular Point Ltd. on 2 August 2019, and the transaction of 27,422,957 shares was completed on 23 September 2019. Therefore, the percentage of ownership that the Company held in Home Boutique International Co., Ltd. decreased from 86.319% to 19%. Since the Company lost control over it, the additional paid-in capital and non-controlling interest decreased by \$3,122 thousand and \$57,546 thousand respectively.

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | For the Years Ended 31 December | |
|---|-------|---------------------------------|------------------|
| | | 2020 | 2019 |
| Cash flows from operating activities: | | | |
| Net income before tax | | \$464,660 | \$483,531 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | | 693,974 | 588,271 |
| Amortization | | 18,919 | 17,655 |
| Expected credit losses | | 12,136 | 270 |
| Net gain of financial assets/liabilities at fair value through profit or loss | | (138,307) | (39,336) |
| Interest expense | | 183,590 | 142,065 |
| Interest revenue | | (38,626) | (58,933) |
| Share-based payment expense | | 4,831 | 3,500 |
| Share of loss of subsidiaries, associates and joint ventures | | 1,917 | (33) |
| Loss on disposal of property, plant and equipment | | 9,090 | 2,584 |
| Gain on disposal of subsidiary and financial assets measured at fair value through profit or loss | | (20) | (8,903) |
| Retirement of Share options plan | | - | (14,000) |
| Gain on lease modification | | (271) | - |
| Changes in operating assets and liabilities: | | | |
| Financial assets/liabilities at fair value through profit or loss, current | | 118,180 | 1,260 |
| Notes receivable | | - | 426 |
| Accounts receivable | | (779,426) | 217,167 |
| Inventories, net | | (218,708) | (119,714) |
| Prepayments | | (82,104) | (39,916) |
| Other current assets | | (173,327) | (15,656) |
| Other assets-others | | 25,205 | (2,728) |
| Notes payable | | (5,157) | (17,138) |
| Accounts payable | | 720,202 | 7,856 |
| Other payables | | 335,275 | (66,023) |
| Contract liabilities, current | | (15,114) | 8,381 |
| Other current liabilities | | 20,993 | 12,284 |
| Defined benefit obligation | | (11,495) | (25,260) |
| Other liabilities-others | | (32,202) | 1,084 |
| Cash generated from operations | | <u>1,114,215</u> | <u>1,078,694</u> |
| Interest received | | 38,626 | 58,933 |
| Interest paid | | (182,937) | (142,042) |
| Income tax paid | | <u>(195,004)</u> | <u>(162,034)</u> |
| Net cash generated from operating activities | | <u>774,900</u> | <u>833,551</u> |

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

(Continued)

GLOBE UNION INDUSTRIAL CORP. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | For the Years Ended 31 December | |
|--|-------|---------------------------------|---------------------------|
| | | 2020 | 2019 |
| (Continued) | | | |
| Cash flows from investing activities: | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | (31,200) | - |
| Acquisition of financial assets at fair value through profit or loss | | - | (363,000) |
| Disposal of financial assets at fair value through profit or loss | | 104,735 | 393,451 |
| Disposal of subsidiary | | - | 217,322 |
| Acquisition of property, plant and equipment | | (220,471) | (1,515,071) |
| Disposal of property, plant and equipment | | 12,939 | 7,416 |
| Increase in deposits-out | | - | (10,098) |
| Decrease in deposits-out | | 2,307 | - |
| Decrease (Increase) in financial assets measured at amortized cost, current | | 79,776 | (28,103) |
| Acquisition of intangible assets | | (13,758) | (21,114) |
| Net cash used in investing activities | | <u>(65,672)</u> | <u>(1,319,197)</u> |
| Cash flows from financing activities: | | | |
| Increase in short-term loans | | 717,720 | 798,428 |
| Decrease in short-term loans | | (785,566) | (517,999) |
| Increase in long-term loans | | 720,000 | 1,501,172 |
| Decrease in long-term loans | | (618,598) | (299,759) |
| Cash dividends | | (214,109) | (461,808) |
| Decrease in lease liabilities | | (337,692) | (270,239) |
| Exercise of employee stock option | | 18,517 | 16,163 |
| Subsidiary cash repayment of capital reduction | | - | (20,521) |
| Net cash (used in) generated from financing activities | | <u>(499,728)</u> | <u>745,437</u> |
| Effect of changes in exchange rate on cash and cash equivalents | | <u>123,420</u> | <u>(122,184)</u> |
| Net increase in cash and cash equivalents | | 332,920 | 137,607 |
| Cash and cash equivalents at beginning of period | 6(1) | <u>3,239,399</u> | <u>3,101,792</u> |
| Cash and cash equivalents at end of period | | <u><u>\$3,572,319</u></u> | <u><u>\$3,239,399</u></u> |

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

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 2020 and 2019, and the parent company only statements of comprehensive income, changes in equity and cash flows for the years ended 31 December 2020 and 2019, and notes to the parent company only financial statements, including the summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the parent company only financial position of the Company as at 31 December 2020 and 2019, and its parent company only financial performance and cash flows for the years ended 31 December 2020 and 2019, in conformity with the requirements of the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of 2020 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\$9,647,868 thousand, accounting for 80% 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 \$3,417,722 thousand, accounting for 28% of the total assets. Due to the uncertainty arising out of product diversification, the allowance for inventory valuation loss and slowing-moving or obsolete inventory required significant management judgement and calculation of inventory cost, including direct labor, direct raw material and allocation of manufacturing cost was complex whose allocation basis had material impact on the financial statements, we therefore considered this key audit matter.

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

Responsibilities of Management and Those Charged with Governance for the parent company only Financial Statements

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

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

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

Auditor's Responsibilities for the Audit of the parent company only Financial Statements

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

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

1. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control of the Company.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability to continue as a going concern of the Company. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the parent company only financial statements, including the accompanying notes, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company and its subsidiaries to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of 2020 the parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Huang Yu Ting
Huang Tzu Ping
Ernst & Young, Taiwan
11 March 2021

Notice to Readers

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

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

| Assets | Notes | As at | |
|--|------------|---------------------|---------------------|
| | | 31 Dec 2020 | 31 Dec 2019 |
| Current assets | | | |
| Cash and cash equivalents | 4, 6(1) | \$270,874 | \$666,101 |
| Financial assets at fair value through profit or loss, current | 4, 6(2) | 31,235 | 113,097 |
| Accounts receivable, net | 4, 6(3) | 632,948 | 910,693 |
| Accounts receivable, net - Related parties | 4, 6(3), 7 | 842,541 | 53,757 |
| Other receivables | 7 | 224,456 | 138,155 |
| Inventories, net | 4, 5, 6(4) | 294,685 | 255,192 |
| Prepayment | 6(5) | 62,141 | 54,006 |
| Other current assets | | 21,316 | 21,405 |
| Total current assets | | <u>2,380,196</u> | <u>2,212,406</u> |
| Non-current assets | | | |
| Financial assets at fair value through other comprehensive income, non-current | 4, 6(6) | 39,000 | - |
| Investments accounted for under the equity method | 4, 5, 6(7) | 9,647,868 | 9,442,327 |
| Property, plant and equipment | 4, 6(8) | 73,182 | 76,923 |
| Right-of-use assets | 4, 6(20) | 2,849 | 3,123 |
| Intangible assets | 4, 6(9) | 10,939 | 19,667 |
| Deferred tax assets | 4, 6(24) | 51,509 | 38,086 |
| Other non-current assets | | 2,216 | 3,095 |
| Total non-current assets | | <u>9,827,563</u> | <u>9,583,221</u> |
| Total assets | | <u>\$12,207,759</u> | <u>\$11,795,627</u> |

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

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY BALANCE SHEETS
31 December 2020 and 31 December 2019
(Expressed in Thousands of New Taiwan Dollars)

| Liabilities and Equity | Notes | As at | |
|---|----------|---------------------|---------------------|
| | | 31 Dec 2020 | 31 Dec 2019 |
| Current liabilities | | | |
| Short-term loans | 4, 6(10) | \$1,335,000 | \$1,235,000 |
| Financial liabilities at fair value through profit or loss, current | 4, 6(11) | 145 | - |
| Contract liabilities, current | 6(18) | 2,117 | 124,270 |
| Accounts payable | | 106,068 | 80,469 |
| Accounts payable - Related parties | 7 | 2,256,952 | 1,790,370 |
| Other payables | 6(12), 7 | 20,250 | 100,424 |
| Accrued expenses | 6(13), 7 | 223,020 | 258,341 |
| Current tax liabilities | 4, 6(24) | 47,721 | 63,448 |
| Lease liabilities, current | 4, 6(20) | 1,130 | 822 |
| Current portion of long-term loans | 4, 6(14) | 400,000 | 100,000 |
| Other current liabilities | | 12,184 | 7,173 |
| Total current liabilities | | <u>4,404,587</u> | <u>3,760,317</u> |
| Non-current liabilities | | | |
| Long-term loans | 4, 6(14) | 2,250,000 | 2,430,000 |
| Deferred tax liabilities | 4, 6(24) | 15,548 | 12,854 |
| Lease liabilities, non-current | 4, 6(20) | 1,682 | 2,325 |
| Other non-current liabilities | | 163 | 128 |
| Net defined benefit obligation, non-current | 4, 6(15) | 18,502 | 16,393 |
| Total non-current liabilities | | <u>2,285,895</u> | <u>2,461,700</u> |
| Total liabilities | | <u>6,690,482</u> | <u>6,222,017</u> |
| Equity attributable to the parent company | 4, 6(16) | | |
| Capital | | | |
| Common stock | | 3,581,640 | 3,562,130 |
| Advance receipts for common stock | | - | 3,847 |
| Total capital | | <u>3,581,640</u> | <u>3,565,977</u> |
| Additional paid-in capital | | 938,667 | 995,214 |
| Retained earnings | | | |
| Legal reserve | | 861,006 | 830,341 |
| Special reserve | | 728,214 | 522,707 |
| Retained earnings | | 260,690 | 387,585 |
| Total retained earnings | | <u>1,849,910</u> | <u>1,740,633</u> |
| Other components of equity | | | |
| Exchange differences on translation of foreign operations | | (860,740) | (728,214) |
| Unrealized gains or losses on financial assets at fair value through other comprehensive income | | 7,800 | - |
| Total other components of equity | | <u>(852,940)</u> | <u>(728,214)</u> |
| Total equity | | <u>5,517,277</u> | <u>5,573,610</u> |
| Total liabilities and equity | | <u>\$12,207,759</u> | <u>\$11,795,627</u> |

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

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars, Except for Earnings per Share)

| | Notes | For the Years Ended 31 December | |
|--|--------------|---------------------------------|-------------|
| | | 2020 | 2019 |
| Net sales | 4, 6(18), 7 | \$8,481,882 | \$8,045,768 |
| Cost of sales | 6(4), 7 | (7,682,272) | (7,102,626) |
| Gross profit | | 799,610 | 943,142 |
| Unrealized intercompany profit | | 64,783 | (19,583) |
| Gross profit | | 864,393 | 923,559 |
| Operating expenses | 6(21), 7 | | |
| Selling and marketing | | (321,456) | (431,214) |
| General and administrative | | (267,013) | (305,342) |
| Research and development | | (56,107) | (52,463) |
| Total operating expenses | | (644,576) | (789,019) |
| Operating income | | 219,817 | 134,540 |
| Non-operating income and expenses | 6(22) | | |
| Other revenue | | 8,758 | 16,306 |
| Other gains and losses | | 36,269 | 71,282 |
| Financial costs | | (50,795) | (37,712) |
| Share of profit of subsidiaries, associates and joint ventures | 4, 6(7) | 110,778 | 201,335 |
| Subtotal | | 105,010 | 251,211 |
| Income from continuing operations before income tax | | 324,827 | 385,751 |
| Income tax expense | 6(24) | (37,340) | (50,578) |
| Income from continuing operations, net of Tax | | 287,487 | 335,173 |
| Other comprehensive income (loss) | 6(15), 6(23) | | |
| Items that may not to be reclassified subsequently to profit or loss | | | |
| Remeasurements of defined benefit plans | | (1,615) | (12,390) |
| Unrealized gains or losses on financial assets at fair value through other comprehensive income | | 7,800 | - |
| Share of other comprehensive income (loss) accounted for using the equity method-remeasurements of defined benefit plans | | (27,041) | 15,493 |
| Income tax related to items that may not to be reclassified subsequently to profit or loss | | 323 | 2,478 |
| Items that may be reclassified subsequently to profit or loss | | | |
| Exchange differences on translation of foreign operations | | (132,526) | (205,507) |
| Total other comprehensive income (loss), net of tax | | (153,059) | (199,926) |
| Total comprehensive income (loss) | | \$134,428 | \$135,247 |
| Earnings per share (NTD) | 6(25) | | |
| Earnings per share-basic | | \$0.81 | \$0.94 |
| Earnings per share-diluted | | \$0.81 | \$0.94 |

(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 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | Capital | | Retained Earnings | | | Other components of equity | | | | Treasury stock | Total |
|---|-------|--------------|-----------------------------------|----------------------------|---------------|-----------------|----------------------------|---|--------------------------|---|----------------|-------------|
| | | Common Stock | Advance Receipts for Common Stock | Additional Paid-in Capital | Legal Reserve | Special reserve | Unappropriated Earnings | Exchange Differences on Translation of Foreign Operations | Unearned employee salary | Unrealized gains or losses on financial assets at fair value through other comprehensive income | | |
| Balance as at 1 Jan 2019 | 6(16) | \$3,681,600 | \$635 | \$1,032,019 | \$768,519 | \$470,533 | \$656,738 | \$(522,707) | \$(3,500) | \$- | \$(186,207) | \$5,897,630 |
| Appropriations of earnings, 2018: | | | | | | | | | | | | |
| Legal reserve | | | | | 61,822 | | (61,822) | | | | | - |
| Special reserve | | | | | | 52,174 | (52,174) | | | | | - |
| Cash dividends | | | | | | | (461,808) | | | | | (461,808) |
| Net income in 2019 | | | | | | | 335,173 | | | | | 335,173 |
| Other comprehensive income, net of tax in 2019 | | | | | | | 5,581 | (205,507) | | | | (199,926) |
| Total comprehensive income | | | | | | | 340,754 | (205,507) | | | | 135,247 |
| Retirement of treasury stock | | | | | | | | | | | 186,207 | - |
| Change in ownership of subsidiaries (Note 3) | | (120,000) | | (32,104) | | | (34,103) | | | | | (3,122) |
| Share-based payment transactions-Exercise of employee stock option (Note 1) | | 10,530 | 16,163 | 2,421 | | | | | | | | 16,163 |
| Share-based payment transactions-Conversion of advance receipts for common stock (Note 2) | | (10,000) | (12,951) | (4,000) | | | | | | | | - |
| Share-based payment transactions-Share-based payment expense | | | | | | | | | 3,500 | | | 3,500 |
| Retirement of Share options plan | | | | | | | | | | | | (14,000) |
| Balance as at 31 Dec 2019 | 6(16) | \$3,562,130 | \$3,847 | \$995,214 | \$830,341 | \$522,707 | \$387,585 | \$(728,214) | -\$ | -\$ | -\$ | \$5,573,610 |
| Balance as at 1 Jan 2020 | 6(16) | \$3,562,130 | \$3,847 | \$995,214 | \$830,341 | \$522,707 | \$387,585 | \$(728,214) | -\$ | -\$ | -\$ | \$5,573,610 |
| Appropriations of earnings, 2019: | | | | | | | | | | | | |
| Legal reserve | | | | | | | (30,665) | | | | | - |
| Special reserve | | | | | | 205,507 | (205,507) | | | | | - |
| Cash dividends | | | | | | | (149,877) | | | | | (149,877) |
| Cash dividends distributed from additional paid-in capital | | | | | | | | | | | | (64,232) |
| Net income in 2020 | | | | | | | 287,487 | | | | | 287,487 |
| Other comprehensive income, net of tax in 2020 | | | | | | | (28,333) | (132,526) | | | | (153,059) |
| Total comprehensive income | | | | | | | 259,154 | (132,526) | | | | 134,428 |
| Share-based payment transactions-Exercise of employee stock option (Note 1) | | | 18,517 | | | | | | | | | 18,517 |
| Share-based payment transactions-Conversion of advance receipts for common stock (Note 2) | | 19,510 | (22,364) | 2,854 | | | | | | | | - |
| Share-based payment transactions-Share-based payment expense | | | | | | | | | | | | - |
| Balance as at 31 Dec 2020 | 6(16) | \$3,581,640 | -\$ | \$938,667 | \$861,006 | \$728,214 | \$260,690 | \$(850,740) | -\$ | \$7,800 | -\$ | \$5,517,277 |

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

Note 1: The Company issued employee share option in 2015. During the year of 2019, employees converted their options into 533,000 shares at NT\$12.7 per share, and 796,000 shares at NT\$11.8 per share, respectively. Total consideration received was \$16,163 thousand. During the year of 2020, employees converted their options into 310,000 shares at NT\$11.8 per share, and 1,315,000 shares at NT\$11.3 per share, respectively. Total consideration received was \$18,517 thousand.

Note 2: As at 31 December 2019, 1,053,000 shares under capital collected in advance in the amount of \$12,951 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by \$19,510 thousand and \$2,854 thousand respectively. As at 31 December 2020, 1,951,000 shares under capital collected in advance in the amount of \$22,364 thousand have completed the registration process, and thus increased the common stock and the additional paid-in capital by \$19,510 thousand and \$2,854 thousand respectively.

Note 3: The board of directors approved the sale of 35,162,689 shares of Home Boutique International Co., Ltd. to Singular Point Ltd. on 2 August 2019, and the transaction of 27,422,937 shares was completed on 23 September 2019.

Therefore, the percentage of ownership that the Company held in Home Boutique International Co., Ltd. decreased from 86.319% to 19%. Since the Company lost control over it, the additional paid-in capital and non-controlling interest decreased by \$3,122 thousand and \$57,546 thousand respectively.

GLOBE UNION INDUSTRIAL CORP.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
For the Years Ended 31 December 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | For the Years Ended 31 December | |
|--|-------|---------------------------------|------------------|
| | | 2020 | 2019 |
| Cash flows from operating activities: | | | |
| Net income before tax | | \$324,827 | \$385,751 |
| Adjustments to reconcile net income to net cash provided by operating activities: | | | |
| Depreciation | | 14,207 | 13,181 |
| Amortization | | 11,598 | 12,680 |
| Net gain of financial assets/liabilities at fair value through profit or loss | | (131,230) | (38,922) |
| Interest expense | | 50,795 | 37,712 |
| Interest revenue | | (3,226) | (8,470) |
| Share-based payment expense | | 2,509 | 3,500 |
| Gain on disposal of financial assets measured at fair value through profit or loss | | (20) | (8,903) |
| Retirement of Share options plan | | - | (14,000) |
| Share of profit of subsidiaries, associates and joint ventures | | (110,778) | (201,335) |
| (Gain) loss of unrealized intercompany profit | | (64,783) | 19,583 |
| Gain on lease modification | | (86) | - |
| Changes in operating assets and liabilities: | | | |
| Financial assets and liabilities at fair value through profit or loss | | 108,522 | - |
| Accounts receivable | | (511,039) | 388,499 |
| Other receivables | | (86,301) | (118,812) |
| Inventories, net | | (7,399) | 43,243 |
| Prepayments | | (8,135) | 7,667 |
| Other current assets | | 89 | 6,648 |
| Other assets-others | | 799 | 901 |
| Accounts payable | | 492,181 | (685,976) |
| Accrued expenses | | (35,974) | (16,206) |
| Other payables | | (80,174) | (218,049) |
| Contract liabilities, current | | (122,153) | 109,079 |
| Other current liabilities | | 5,011 | (2,756) |
| Defined benefit obligation | | 494 | 388 |
| Other liabilities-others | | 35 | - |
| Cash used in operations | | <u>(150,231)</u> | <u>(284,597)</u> |
| Interest received | | 3,226 | 8,470 |
| Dividend received | | - | 641,600 |
| Interest paid | | (50,142) | (37,689) |
| Income tax paid | | (63,473) | (37,017) |
| Net cash (used in) generated from operating activities | | <u>(260,620)</u> | <u>290,767</u> |

(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 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

| | Notes | For the Years Ended 31 December | |
|--|-------|---------------------------------|--------------------|
| | | 2020 | 2019 |
| (Continued) | | | |
| Cash flows from investing activities: | | | |
| Acquisition of financial assets at fair value through other comprehensive income | | (31,200) | - |
| Acquisition of financial assets measured at fair value through profit or loss | | - | (363,000) |
| Disposal of financial assets measured at fair value through profit or loss | | 104,735 | 393,451 |
| Acquisition of property, plant and equipment | | (9,415) | (4,858) |
| Acquisition of intangible assets | | (2,870) | (1,104) |
| Acquisition of investments accounted for under the equity method | | (219,319) | (1,516,798) |
| Disposal of investments accounted for under the equity method | | - | 335,352 |
| Proceeds from return of capital by investees | | - | 129,478 |
| Increase in deposits-out | | - | (200) |
| Decrease in deposits-out | | 80 | - |
| Net cash used in investing activities | | <u>(157,989)</u> | <u>(1,027,679)</u> |
| Cash flows from financing activities: | | | |
| Increase in short-term loans | | 1,661,728 | 1,351,583 |
| Decrease in short-term loans | | (1,561,728) | (1,114,583) |
| Increase in long-term loans | | 720,000 | 1,390,000 |
| Decrease in long-term loans | | (600,000) | (255,769) |
| Cash dividends | | (214,109) | (461,808) |
| Decrease in lease liabilities | | (1,026) | (809) |
| Exercise of employee stock option | | 18,517 | 16,163 |
| Net cash generated from financing activities | | <u>23,382</u> | <u>924,777</u> |
| Net (decrease) increase in cash and cash equivalents | | (395,227) | 187,865 |
| Cash and cash equivalents at beginning of period | 6(1) | <u>666,101</u> | <u>478,236</u> |
| Cash and cash equivalents at end of period | | <u>\$270,874</u> | <u>\$666,101</u> |

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

Attachment 4

Globe Union Industrial Corp. FY 2020 Profit Distribution Table

Unit: NTD

| Items | Total |
|---|---------------|
| Beginning retained earnings | 1,536,314 |
| Retirement of treasury stock | - |
| Add: Actuarial gain | (28,333,183) |
| Add: Net profit after tax | 287,486,600 |
| Subtotal : | 260,689,731 |
| Less: 10% legal reserve | (25,915,342) |
| Less: Special reserve | (124,725,134) |
| Distributable net profit as of December 31 st , 2020 | 110,049,255 |
| Items for distribution: | |
| Cash Dividends (NTD0.307 per share) (Note 1) | (109,956,336) |
| Unappropriated retained earnings | 92,919 |

Note 1. Cash dividends distributed to the shareholders are based on issued and outstanding 358,163,962 shares.

Note 2. The earnings of 2020 shall be distributed prior to distribution of earnings of prior years.

Chairman:
Shane Ouyang

Manager:
Todd Alex Talbot

Accounting supervisor:
Ying-Fan Chen

Attachment 5

Article of Incorporation Articles Before and After Revisions

| After the Revision | Before the Revision |
|--|--|
| <p>Article 26: If the general final accounts for the year produce a surplus, in addition to the payment of income tax as required by law, priority should be given to make up for the losses suffered during previous years, followed by a 10% allocation as the statutory surplus reserve. However, if the statutory surplus reserve has reached the amount of the Company's total capital, such allocation is no longer necessary. Next, as prescribed by the competent authority, after the allocation or rollover into special surplus reserve, undistributed earnings accumulated from the previous year are then available for the distribution of earnings. An earnings distribution plan shall be drafted by the board of directors and submitted to the general shareholders' meeting for approval. <u>The surplus earning distributed in form of cash, it shall be approved by the meeting the board of directors and report to the Shareholder meeting in accordance with the Article 228 -1 and Article 240 item 5.</u> <u>In Consideration and factor in of Company's Financial, business, operational aspects, the Company may distribute it capital reserve or legal reserve in whole or in part according to the regulation or legal authority. If distribute in form of cash, the Company shall authorize the board of directors in accordance with Article 241 of the company Act., and report to the Shareholder meeting.</u></p> | <p>Article 26: If the general final accounts for the year produce a surplus, in addition to the payment of income tax as required by law, priority should be given to make up for the losses suffered during previous years, followed by a 10% allocation as the statutory surplus reserve. However, if the statutory surplus reserve has reached the amount of the Company's total capital, such allocation is no longer necessary. Next, as prescribed by the competent authority, after the allocation or rollover into special surplus reserve, undistributed earnings accumulated from the previous year are then available for the distribution of earnings. An earnings distribution plan shall be drafted by the board of directors and submitted to the general shareholders' meeting for approval.</p> |

| After the Revision | Before the Revision |
|--|--|
| <p>The Company's dividend policy must be based on the current and future development plans, and take the investment environment, funding requirements, and domestic/international competitions into consideration. In addition, shareholders' interests and other factors must be taken into account, so that shareholders' dividends of no less than 30% of the earnings can be distributed each year.</p> <p>Our Company strives to maintain a stable and sustainable dividend policy while ensuring that our capital spending, business expansion requirements and sound financial planning will guarantee our sustainable development. The cash dividend must not be less than 60% of the total shareholder dividend distributed for that year. The dividend distribution policy described above must take the Company's business requirements, reinvestment or M&A funding requirements, as well as the revision of key legislations into consideration. The percentage of cash dividend distributed shall be adjusted accordingly by the general shareholders' meeting upon the request of the board of directors.</p> | <p>The Company's dividend policy must be based on the current and future development plans, and take the investment environment, funding requirements, and domestic/international competitions into consideration. In addition, shareholders' interests and other factors must be taken into account, so that shareholders' dividends of no less than 30% of the earnings can be distributed each year.</p> <p>Our Company strives to maintain a stable and sustainable dividend policy while ensuring that our capital spending, business expansion requirements and sound financial planning will guarantee our sustainable development. The cash dividend must not be less than 60% of the total shareholder dividend distributed for that year. The dividend distribution policy described above must take the Company's business requirements, reinvestment or M&A funding requirements, as well as the revision of key legislations into consideration. The percentage of cash dividend distributed shall be adjusted accordingly by the general shareholders' meeting upon the request of the board of directors.</p> |

| After the Revision | Before the Revision |
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| <p>Article 30: The Articles of Association was established on September 26, 1979.</p> <p>The 1st amendment was made on October 15, 1979.</p> <p>The 2nd amendment was made on August 20, 1980.</p> <p>The 3rd amendment was made on April 28, 1981.</p> <p>The 4th amendment was made on July 24, 1982.</p> <p>The 5th amendment was made on August 26, 1985.</p> <p>The 6th amendment was made on August 24, 1987.</p> <p>The 7th amendment was made on October 24, 1994.</p> <p>The 8th amendment was made on August 28, 1995.</p> <p>The 9th amendment was made on November 4, 1995.</p> <p>...</p> <p>The 22nd amendment was made on June 15, 2005.</p> <p>The 23rd amendment was made on June 15, 2006.</p> <p>The 24th amendment was made on June 15, 2007.</p> <p>The 25th amendment was made on June 13, 2011.</p> <p>The 26th amendment was made on June 27, 2012.</p> <p>The 27th amendment was made on June 27, 2014.</p> <p>The 28th amendment was made on June 26, 2015.</p> <p>The 29th amendment was made on June 24, 2016.</p> <p>The 30th amendment was made on May 26, 2017.</p> <p>The 31st amendment was made on May 25, 2018.</p> <p>The 32nd amendment was made on May 29, 2020</p> <p><u>The 33rd amendment was made on May 28th, 2021</u></p> | <p>Article 30: The Articles of Association was established on September 26, 1979.</p> <p>The 1st amendment was made on October 15, 1979.</p> <p>The 2nd amendment was made on August 20, 1980.</p> <p>The 3rd amendment was made on April 28, 1981.</p> <p>The 4th amendment was made on July 24, 1982.</p> <p>The 5th amendment was made on August 26, 1985.</p> <p>The 6th amendment was made on August 24, 1987.</p> <p>The 7th amendment was made on October 24, 1994.</p> <p>The 8th amendment was made on August 28, 1995.</p> <p>The 9th amendment was made on November 4, 1995.</p> <p>...</p> <p>The 22nd amendment was made on June 15, 2005.</p> <p>The 23rd amendment was made on June 15, 2006.</p> <p>The 24th amendment was made on June 15, 2007.</p> <p>The 25th amendment was made on June 13, 2011.</p> <p>The 26th amendment was made on June 27, 2012.</p> <p>The 27th amendment was made on June 27, 2014.</p> <p>The 28th amendment was made on June 26, 2015.</p> <p>The 29th amendment was made on June 24, 2016.</p> <p>The 30th amendment was made on May 26, 2017.</p> <p>The 31st amendment was made on May 25, 2018.</p> <p>The 32nd amendment was made on May 29, 2020</p> |

Attachment 6

Rule and Procedure of Shareholders' Meeting Articles Before and After Revisions

| After the Revision | Before the Revision |
|---|--|
| <p>Article 18-1: (Handling of Proposals before General Shareholders' Meetings</p> <p>Shareholders who hold 1% or more of the total number of issued shares may submit a proposal to the Company's General Shareholders' Meeting. <u>Only one proposal may be accepted. All other proposals will not be included in the agenda.</u></p> <p>The Company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance locations, and acceptance period before the book closure date and before the General Shareholders' Meeting. The acceptance period may not be shorter than ten days.</p> <p><u>A shareholder proposal for urging the corporation to promote public interests or fulfill its social responsibilities shall, in accordance of Article 172-1 of the Company Act, is limited to one only, and no proposal containing more than one item will be included in the meeting agenda.</u></p> <p>If a shareholder's proposal is without any of the following circumstances per review by the Board of Directors, it shall be included in the notice of the General Shareholders' Meeting:</p> | <p>Article 18-1: (Handling of Proposals before General Shareholders' Meetings)</p> <p>Shareholders who hold 1% or more of the total number of issued shares may submit a proposal to the Company's General Shareholders' Meeting.</p> <p>The Company shall announce the acceptance of shareholders' proposals, written or electronic acceptance methods, acceptance locations, and acceptance period before the book closure date and before the General Shareholders' Meeting. The acceptance period may not be shorter than ten days.</p> <p><u>Where a shareholder proposal is a proposal for the Company to promote the public interest or fulfill its social responsibilities, the Board of Directors may still include it in the agenda.</u></p> <p>If a shareholder's proposal is without any of the following circumstances per review by the Board of Directors, it shall be included in the notice of the General Shareholders' Meeting:</p> |

| After the Revision | Before the Revision |
|---|---|
| <p>Such a proposal is not for resolution by the General Shareholders' Meeting.</p> <p>The shareholder making the proposal holds less than 1% of the total number of issued shares at the book closure date for the current General Shareholders' Meeting.</p> <p>The proposal was proposed outside of the announced acceptance period as described in the preceding paragraph.</p> <p>The shareholder making the proposal has proposed more than one proposal, or the proposal contains more than 300 words (including punctuation marks).</p> <p>to omit</p> | <p>Such a proposal is not for resolution by the General Shareholders' Meeting.</p> <p>The shareholder making the proposal holds less than 1% of the total number of issued shares at the book closure date for the current General Shareholders' Meeting.</p> <p>The proposal was proposed outside of the announced acceptance period as described in the preceding paragraph.</p> <p>The shareholder making the proposal has proposed more than one proposal, or the proposal contains more than 300 words (including punctuation marks), <u>or the proposal is not submitted in writing.</u></p> <p>to omit</p> |

Attachment 7

Procedures for Election of Directors Articles Before and After Revisions

| After the Revision | Before the Revision |
|---|--|
| <p>Article 3 : The number of directors to be elected shall be in accordance with the number of director positions stipulated in the Company's Articles of Association. <u>The voting rights shall be calculated separately for independent directors and non-independent directors position. Those receiving ballots representing the highest numbers of voting rights will be elected sequentially according to their respective numbers of votes.</u> In situations where there are two or more candidates with the same number of votes but who exceed the number of positions to accommodate them, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.</p> <p>Shareholders may exercise their voting rights in writing or electronically; exercise voting rights in writing or electronically; The method of exercising voting rights is specified in the notice of the General Shareholders' Meeting.</p> | <p>Article 3 : The number of directors to be elected shall be in accordance with the number of director positions stipulated in the Company's Articles of Association. Candidates with the most number of votes shall be elected as the <u>Company's directors</u> in the order of the number of votes received. In situations where there are two or more candidates with the same number of votes but who exceed the number of positions to accommodate them, they shall draw lots to determine the winner, with the Chair drawing lots on behalf of any person not in attendance.</p> <p>Shareholders may exercise their voting rights in writing or electronically; exercise voting rights in writing or electronically; The method of exercising voting rights is specified in the notice of the General Shareholders' Meeting.</p> |

| After the Revision | Before the Revision |
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| <p>Article 4 : When an election begins, the Chair shall assign several ballot monitors and <u>counting personnel who shall with shareholder status to perform their respective tasks</u></p> <p>Article 6 : <u>(Deleted)</u></p> | <p>Article 4 : When an election begins, the Chair shall assign several ballot monitors and <u>counters to perform their respective tasks.</u></p> |
| <p>Article 7 : Ballots shall be invalidated where any of the following circumstances apply:</p> <p>I. <u>The ballot was not prepared by a person with the right to convene.</u> °</p> <p>II. <u>Blank ballots are placed in the ballot box.</u> °</p> <p>III. <u>The handwriting on ballots is illegible or has been altered.</u> °</p> <p>IV. <u>Other words or marks are entered in addition to the number of voting rights allotted</u></p> <p>V. <u>The candidate whose name is entered in the ballot does not conform to the director candidate list.</u></p> | <p>Article 6 : <u>Each elector shall write a candidate's name whom they wish to elect in the space marked "candidate" on the ballot, as well as specify their shareholder account number; if not a shareholder, the elector shall specify the candidate's name and ID number or unified business number. If the candidate is an institution shareholder, the name of the institution and its representative must be provided in the "candidate" space on the ballot.</u></p> <p>Article 7 : Ballots shall be invalidated where any of the following circumstances apply:</p> <p>I. <u>The ballots used are not those as stipulated in the Rules.</u></p> <p>II. <u>Blank ballots are placed in the ballot box.</u></p> <p>III. <u>The handwriting on ballots is illegible.</u></p> <p>IV. <u>Other words are written on the ballots in addition to the account name (first and last name) of the candidate and the shareholder account number (the ID number or unified business number).</u></p> <p>V. <u>If the candidate written on the ballot is a shareholder whose account name and shareholder account number do not match with those recorded</u></p> |

| After the Revision | Before the Revision |
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| <p>Article 8 : <u>The voting rights shall be calculated on site immediately after the end of the poll, and the result of the calculation, including the list of persons elected as directors and the numbers of votes with which they are elected, shall be announced by the chair on the site.</u></p> | <p>on the shareholder register; if the candidate written on the ballot is a non-shareholder whose name and ID number or unified business number are verified as not matching.</p> <p>VI. <u>The number of candidates written on the same ballot exceeds the stipulated number of directors to be elected.</u></p> |
| <p>Article 8 : <u>The voting rights shall be calculated on site immediately after the end of the poll, and the result of the calculation, including the list of persons elected as directors and the numbers of votes with which they are elected, shall be announced by the chair on the site.</u></p> | <p>Article 8 : <u>Ballots are opened immediately after voting is completed and the results are announced by the Chair on site.</u></p> |
| <p>Article 11 : <u>The Rules shall come into force after approval by the General Shareholders' Meeting. The same shall apply to subsequent changes.</u> <u>The Rules were formulated on April 19, 1997.</u> <u>Revised on June 28, 2002.</u> <u>Revised on June 27, 2014.</u> <u>Revised on May 25, 2018.</u> <u>Revised on May 28, 2021.</u></p> | <p>Article 11 : The Rules shall come into force after approval by the General Shareholders' Meeting. The same shall apply to subsequent changes. The Rules were formulated on April 19, 1997. Revised on June 28, 2002. Revised on June 27, 2014. Revised on May 25, 2018.</p> |