

TWSE 3443



2020 Annual General Shareholders' Meeting Handbook

Date: May 14, 2020

**Place: 3rd Floor, No. 10, Li-Hsin 6th Road,
Hsinchu Science Park , Hsinchu, Taiwan**

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)

Table of Contents

I.Meeting Procedure	1
II.Meeting Agenda	2
1. Call Meeting to Order	3
2. Chairman's Address	3
3. Report Items	3
4. Matters for Ratification	3
5. Matters for Discussion	4
6. Directors Election	4
7. Other Proposals	4
8. Other Business and Special Motion	4
III.Attachments	
1.Business Report	6
2.Audit Committee’s Review Report	10
3.Independent Auditors’ Report and 2019 Financial Statements	11
4.Profit Allocation Proposal	28
5.List of Director (Including Independent Director) Candidates	29
IV.Appendix	
1.Shareholdings of All Directors	32
2.The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate	32

Global Unichip Corp.
2020 Annual General Shareholders' Meeting Procedure

1. Call Meeting to Order
2. Chairman's Address
3. Report Items
4. Matters for Ratification
5. Matters for Discussion
6. Directors Election
7. Other Proposals
8. Other Business and Special Motion
9. Meeting Adjourned

Global Unichip Corp.

2020 Annual General Shareholders' Meeting Agenda

Time : 9:30 a.m. on Thursday, May 14, 2020

Place : 3rd Floor, No. 10, Li-Hsin 6th Road, Hsinchu Science Park , Hsinchu , Taiwan

Attendance : All shareholders or their proxy holders

Chairman : Dr. F.C. Tseng, Chairman of the Board of Directors

1. Call Meeting to Order

2. Chairman's Address

3. Report Items

- (1) To report the business of 2019
- (2) 2019 Audit Committee's Review Report
- (3) 2019 Employees' Cash Bonus and Directors' Compensation

4. Matters for Ratification

- (1) To Accept 2019 Business Report and Financial Statements
- (2) To Approve the Proposal for Distribution of 2019 Profits

5. Matters for Discussion

- (1) To revise the Procedures for Lending Funds to Other Parties
- (2) To revise the Procedures for Endorsement & Guarantee

6. Directors Election

To elect nine Directors (including five independent directors)
Voting by poll and election

7. Others

To Release the Prohibition on Directors from Participation in Competitive Business
Voting by poll

8. Other Business and Special Motion

9. Meeting Adjourned

1. Call Meeting to Order

2. Chairman's Address

3. Report Items

(1)To Report the Business of 2019 *Proposed by the Board of Directors*

Explanation : 2019 Business Report is attached as Attachment 1 (page 6-9).

(2)2019 Audit Committee's Review Report *Proposed by the Board of Directors*

Explanation : Audit Committee's Review Report is attached as Attachment 2 (page 10).

(3)2019 Employees' Cash Bonus and Compensation and Directors' Remuneration Report *Report Proposed by the Board of Directors*

Explanation:

1. 2019 Employees' Cash Bonus is NTD75,227,503; 2019 Employees' Compensation is NTD75,227,503, Total NTD150,455,006.
2. 2019 Directors' Remuneration is NTD5,463,098.

4. Matters for Ratification

(1)To Accept 2019 Financial Statements and Business Report

Proposed by the Board of Directors

Explanation :

1. Global Unichip Corporation's (the Company) 2019 Financial Statements, including the balance sheets, statements of comprehensive income, statements of changes in equity, and statements of cash flows, were audited by independent auditors, Kao Yi Hsin and Huang Yu Feng, of Deloitte & Touche, agreed by the Audit Committee of the Company and approved by the Board.
2. 2019 Business Report was approved by the Board and examined by the Audit Committee of the Company.
3. 2019 Business Report and Financial Statements are attached as Attachments 1 and 3 (page 6-9 and 11-27).

(2) To Approve the Proposal for Distribution of 2019 Profits

Proposed by the Board of Directors

Explanation :

1. The Proposal for Distribution of 2019 Profits was approved by the Board and examined by the Audit Committee of the Company.
2. The proposed profits distribution is NT\$670,059,555, which is allocated from 2019 Retained Earnings Available for Distribution NT\$554,174,394 and from Retained Earnings Available for distribution at the end of 2018 NT\$115,885,161. Each common shareholder will be entitled to receive a cash dividend of NT\$5.0 per share. The total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded-down full NT dollar. The resulting difference shall be recognized as the Company income.
3. The total amount of common shares outstanding may change and the ultimate cash dividend to be distributed to each common share may need to be adjusted accordingly should the Company subsequently repurchase its common shares or other reasons. It is proposed that the Chairman of Board of Directors of the Company be authorized to adjust the cash dividend to be distributed to each common share based on the total amount of profits resolved to be distributed and the number of actual common shares outstanding on the record date for distribution. The Board of Directors is authorized to determine the Record Date .
4. 2019 Profit Allocation Proposal is attached as Attachment 4 (page 28).

5. Matters for Discussion

(1) To revise the Procedures for Lending Funds to Other Parties

Proposed by the Board of Directors

Explanation :

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the Company hereby proposes to amend the Procedures for Lending Funds to Other Parties . Please refer to the Chinese version of the Handbook for details.

(2) To revise the Procedures for Endorsements & Guarantees

Proposed by the Board of Directors

Explanation :

In order to conform to the needs of commercial practice (or amendments to related commercial laws), the Company hereby proposes to amend the Procedures for Endorsement & Guarantee . Please refer to the Chinese version of the Handbook for details.

6. Directors Election

To elect nine Directors (including five independent directors)

Proposed by the Board of Directors

Explanation :

- (1) The tenure of all GUC Directors (including Independent Directors) expired on May 17, 2020. According to the Company Act article 195, the company proposes to duly elect new Board members at this year's Annual General Shareholders' Meeting.
- (2) According to Article 16 of the Articles of Incorporation, The Board of Directors resolved that nine Directors (including five independent Directors) will be elected at this Annual General Shareholders' Meeting.
- (3) According to the relevant regulations, the election of Directors is conducted under the "candidate nomination system". The Directors shall be elected from the nominated candidates. The qualification of the nominated Directors (including Independent Directors) has been reviewed by the Board meeting on Feb 6th, 2020. The Director (including Independent Directors) candidates' academic background, experience and relevant information are attached hereto as Attachment 5 in page 29-31. The tenure of newly elected directors shall commence on May 14, 2020 and expire on May 13, 2023.

Voting by poll and election

7. Other Proposals

To Release the Prohibition on Directors from Participation in Competitive Business.

Proposed by the Board of Directors

Explanation :

- (1) According to the Company Act article 209, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall secure approval for such at the meeting of shareholders.
- (2) For the newly elected board of directors, it is proposed to request to release the prohibition on directors from participation in competitive business.
- (3) Newly elected directors with concurrent job post is listed in details attached hereto as Attachment 5 in page 29-31.

Voting by poll

8. Other Business and Special Motion

Attachment 1

Business Report

Dear Shareholders,

International market was fluctuating in 2019. Market was conservative because of US-China trade war and slowed global semiconductor growth. Meanwhile, bitcoin prices have been steadily declining throughout 2019 since the peak of the bitcoin craze in last two years. Facing the headwinds in business caused by the weak global economy and geopolitical tension, GUC actively responded to rapid market changes, thanks to our employees' dedication, GUC achieving full year consolidated net revenues of NT \$10.71 billion and consolidated earnings per share of NT \$4.73.

2019 Business Overview

US-China trade war which started in the middle of 2018 continued till end of 2019, and the tug-of-war between two super power is more severe and the "tension" turned high since mid of June, 2019. The uncertainty of the global economy has made customers become more conservative. In consumer market, particularly in some sectors GUC focused, we see a weaker than expected performance.

Worldwide semiconductor market is slower in 2019 due to a general industry DoI correction and uncertainties from trade war. Meanwhile, due to the plunge in bitcoin prices after 2018, the crypto-mining boom is over in 2H19 and bitcoin application was not GUC's major revenue generator anymore in 2019. Facing such severe market challenges, both NRE and Turnkey were negatively affected, which resulting in decline of full year consolidated net revenues and profit. When excluding contribution of bitcoin business, 2019 observed a positive growth of revenue, which was driven by the diversified demand of system companies from SSD、AI、HPC and 5G.

In 2019, to keep ahead of competition, GUC not only provided our customers the most advanced ASICs and packaging technology, we also provided complete one-stop-shopping IC manufacturing management service, with close alliance with important partners and world-class system customers. GUC already invested in research and development on 5nm design flow and key IPs, in order to meet customers' large designs needs of fast introduction, quick resolution of customer problems and successful signoff, and help raise prospective system and IC companies' market leading positions

2019 Financial Performance

Total revenues for 2019 was NT\$10,710 million, down by 20% compared to NT\$13,460 million in 2018. Net income was NT\$633 million, down by 36% compared to the previous year. 2019 EPS was NT\$4.73, down by 36% compared to 2018 EPS of NT\$7.37, mainly due to a diminishing of bitcoin and a general industry DoI correction. Gross margin for 2019 was 33%, operating margin was

6.5%, and net profit margin was 5.9%.

2019 Technological Development

Design capability for the most advanced process nodes is the key factor in ensuring revenue and profit growth for ASIC design service companies. In 2019, about 20% revenue of GUC is for 7nm & 16/12nm process nodes. In order to maintain our technology leading position, GUC continued investment in research and development. In addition, our patent portfolio consists of 332 patents at the end of 2019 to demonstrate GUC's continued ability to innovate.

GUC's remarkable technology breakthrough and innovative achievement in 2019 are as follows:

- GUC 5nm design flow is in place, and the 1st GUC 5nm test chip was successfully taped out in 1Q19, with silicon verified at the end of 2019.
- GUC has successfully developed 6nm design flow, and the first 6nm test chip in 2020 will be taped out in March, launching 6nm production plan for leading customers.
- HPC ASIC chips using tsmc advanced process together with 2.5D packaging technology tailored for hyperscale data centers enter production in 2020.
- 5G ASIC chip developed in 2018 has been into mass production since 1Q19, succeeding on time to market.
- The total system solution of chiplet interconnect over tsmc InFO or CoWoS interposer by GUC 6nm/7nm D2D (Die to Die) IP will be silicon proven in 4Q20.
- GUC 16nm HBM2 IP successfully enables data-center AI training chip into production in 2020.
- In combination of tsmc CoWoS packaging technology, GUC provides world-1st, silicon-proven 7nm HBM2E-3.2G IP (PHY & Controller) total solution, with a live demo at tsmc 2019 North America OIP.
- In combination of tsmc CoWoS packaging technology, GUC provides world-1st 5nm HBM2E-3.2G IP (PHY & Controller) total solution, with silicon verified in 1Q20.
- GUC 12nm sub-6G high-speed ADC is silicon-proven, a significant technical milestone through close collaboration with 5G wireless leading customer.
- GUC 7nm 16G SerDes targeting AI/HPC/Networking applications is silicon proven.
- GUC 7nm 32G SerDes that was taped out in Oct'19 will be silicon verified in 2Q20.
- GUC 12nm 32G SerDes that was taped out in Aug'19 is silicon verified.
- GUC 7nm Pipeline TCAM with Redundancy was taped out in 1Q20.

2020 Outlook

Although global semiconductor business in 2019, excluding memory, dropped due to geopolitical tension, there was, since Q4/'19, a recovery from inventory

correction, plus trend of stabilization of trade war, the macro market trend for 2020 is positive. In micro market, particularly in HPC where AI/ML takes big part of it and Networking which is promoted by 5G, will see stronger growth, which will become the focus of system companies and is expected to derive considerable business opportunities for ASIC design services. More system customers relying on design service companies and China's push for its own semiconductor industry driven by the U.S.-China trade war will continue to increase the scale and value of the global ASIC market. Furthermore, customer appreciates GUC's capability in advanced technology and total SiP solutions which is very appealing to needs for technology migration and performance jump.

In summary, 2020 will be a year full of challenges and opportunities for GUC, to grab this opportunity of growth, GUC will actively enhance our technology and professional design ability and continue to expand our market share in ASIC design services.

Expected Sales

Benefit from diversified end applications, demand from system customers who want to differentiate from competitors, and China's push for its own semiconductor industry, global ASIC design demand keeps increasing, which will drive GUC's future operational growth, and revenue contribution from advanced process nodes will keep increasing. It is worth mentioning that because AI products need using leading edge technologies driven by performance requirement, which become GUC's learning vehicles in using the most advanced process technology and packaging technology of important partners. But due to the increasing complexity of algorithm, it will take average of 2 to 3 years based on conservative estimate, from production lead time observation. GUC will continue our roadmap in advanced IP and Packaging solution to enable AI, 5G Networking and HPC businesses, and expect our past investment will pay off soon so we will continue profitable growth path.

Production and Marketing Policy

Looking into 2020, GUC will gradually improve hit rate, increase long-term profitability, and keep choosing projects with a more cautious attitude. At the same time, we will continue to implement core competition strategies, actively improve the quality of design service, and enhance stickiness of current customers and secure long-term profitability.

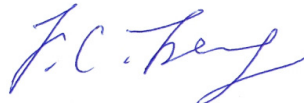
advanced technology and packaging is very appealing to needs in ASIC in HPC area, and GUC will benefit from close alliance with important partners, and continuous investment on advanced IP, which frequently needed by AI 、 Networking and HPC projects.

The Impact of External Competitiveness, Regulatory, Environment, and Macroeconomics

In addition to focusing on technology development, GUC values corporate governance and has always sought to fulfill our corporate social responsibility. Not only independently but also through close cooperation with our upstream and downstream suppliers. GUC was also awarded “the Top 5% companies” in the Information Disclosure Assessment and Evaluation of Listed Companies by Taiwan Stock Exchange for 5 consecutive years, and is the only IC design company to have earned this honor. Furthermore, GUC has compiled a Corporate Social Responsibility (CSR) report every year since 2011, specifically exposing how we can effectively improve our information transparency in response to important issues such as economic, environmental, social, and corporate governance that stakeholders are concerned about.

Looking into 2020, impact on supply chain due to trade war, ASIC demand from worldwide system customers, anti-U.S trend in China, and the complexity increase of advanced technology projects are challenges and opportunities that GUC must pay attention to. GUC will continue to invest on advanced technology IP, design engineering and advanced packaging advanced technology, and collaborate with world-class partners and customers to enable more advanced technology development and continuous innovation. GUC will move towards the goal of profitability growth and create more value for shareholders and customers. Finally, thank once again with sincerity for all shareholders 、 customers 、 vendors 、 and the society for your continuing support. We will work hard to create reasonable return for our shareholders continuously..

GLOBAL UNICHIP CORPORATION



F.C. Tseng
Chairman



Ken Chen
President

Attachment 2

Audit Committee's Review Report

The Company's 2019 Financial Statements have been agreed by Audit Committee members of the Company and approved by the Board of Directors. The CPA firm of Deloitte & Touche was retained to audit the Company's Financial Statements and has issued an audit report relating to the Financial Statements.

The Board of Directors has prepared the Company's 2019 Business Report and proposal for allocation of profits. The 2019 Business Report and profit allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of the Company. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

Global Unichip Corp.

Chairman of the Audit Committee : Benson Liu

February 6, 2020

Attachment 3

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Global Unichip Corp.

Opinion

We have audited the accompanying consolidated financial statements of Global Unichip Corp. and its subsidiaries (the "Company"), which comprise the consolidated balance sheets as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, consolidated statements of changes in equity and consolidated statements of cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Company as of December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audit 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 section Auditors' Responsibilities for the Audit of the Consolidated 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the consolidated financial statements for the year ended December 31, 2019. 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.

Valuation of inventory

Due to the current rapidly changes in technology and the highly competitive business environment, the price of products fluctuating quickly, evaluating the changes in the net realizable value of inventory could have a material impact on the financial statements. As of December 31, 2019 the carrying amount of inventory was NT\$1,778,484 thousand and accounted for 21% of the total assets in the consolidated balance sheet. Please refer to Notes 4, 5 and 7 to the consolidated financial statements for the details of the information and accounting policy about inventory. As the Company's primary business model is composed of rendering services and the sales of goods and the Company requires that inventories be stated at the lower of cost or net realizable value in accordance with IAS 2, when determining net realizable value of inventory for obsolescent and unmarketable items, the Company should consider the inventory accounting policy and the production schedule at the same time. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

Our key audit procedures performed in respect of this area included the following:

1. Understood the design of the key controls over the valuation of inventory.
2. Verified the reasonableness of the net realizable value of inventory by sampling from the year-end schedule of the raw materials, work in process, and finished goods, respectively, and matching the recent sales information.
3. Performed a retrospective review to analyze the historical reasonableness of judgments with reference to actual amounts of inventory loss.

Other Matter

We have also audited the parent company only financial statements of Global Unichip Corp. as of and for the years ended December 31, 2019 and 2018 on which we have issued an unmodified opinion.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the 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 Company's ability to continue as a going concern, 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 the 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of components constituting the Company 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 statements 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 the 2019 consolidated financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Yih-Shin Kao and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
The Republic of China

February 6, 2020

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019		December 31, 2018		LIABILITIES AND EQUITY	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 2,541,628	30	\$ 3,906,191	48	Contract liabilities (Note 15)	\$ 1,109,042	13	\$ 869,174	11
Contract assets (Note 15)	324,965	4	56,976	1	Accounts payable	783,908	9	732,365	9
Accounts receivable, net (Notes 6 and 15)	1,377,203	17	903,168	11	Payables to related parties (Note 25)	750,637	9	495,380	6
Receivables from related parties (Note 25)	41,108	-	7,038	-	Accrued employees' compensation and remuneration to directors (Note 21)	80,691	1	167,433	2
Inventories (Note 7)	1,778,484	21	1,274,954	16	Payables on machinery and equipment	58,524	1	364,475	4
Other financial assets	342	-	845	-	Current tax liabilities (Note 19)	76,627	1	130,395	2
Other current assets (Notes 11 and 25)	<u>552,198</u>	<u>7</u>	<u>479,487</u>	<u>6</u>	Lease liabilities - current (Notes 9, 22 and 25)	50,955	-	-	-
Total current assets	<u>6,615,928</u>	<u>79</u>	<u>6,628,659</u>	<u>82</u>	Accrued expenses and other current liabilities (Notes 12 and 25)	<u>727,853</u>	<u>9</u>	<u>875,634</u>	<u>11</u>
NON-CURRENT ASSETS					Total current liabilities	<u>3,638,237</u>	<u>43</u>	<u>3,634,856</u>	<u>45</u>
Property, plant and equipment (Note 8)	982,487	12	1,088,524	13	NON-CURRENT LIABILITIES				
Right-of-use assets (Note 9)	248,327	3	-	-	Deferred income tax liabilities (Note 19)	41,826	1	23,862	-
Intangible assets (Note 10)	412,047	5	288,195	4	Lease liabilities - non-current (Notes 9, 22 and 25)	199,622	3	-	-
Deferred income tax assets (Note 19)	38,810	1	60,741	1	Other long-term payables (Note 12)	112,877	1	53,239	1
Refundable deposits (Note 25)	20,916	-	20,921	-	Net defined benefit liabilities (Note 13)	32,104	-	28,233	-
Pledged time deposits (Note 26)	<u>22,200</u>	<u>-</u>	<u>22,200</u>	<u>-</u>	Guarantee deposits (Note 22)	<u>3,075</u>	<u>-</u>	<u>3,146</u>	<u>-</u>
Total non-current assets	<u>1,724,787</u>	<u>21</u>	<u>1,480,581</u>	<u>18</u>	Total non-current liabilities	<u>389,504</u>	<u>5</u>	<u>108,480</u>	<u>1</u>
					Total liabilities	<u>4,027,741</u>	<u>48</u>	<u>3,743,336</u>	<u>46</u>
					EQUITY (Note 14)				
					Share capital	1,340,119	16	1,340,119	17
					Capital surplus	32,578	1	32,543	-
					Retained earnings				
					Appropriated as legal reserve	762,708	9	663,892	8
					Appropriated as special reserve	8,636	-	10,940	-
					Unappropriated earnings	2,189,678	26	2,327,046	29
					Others	<u>(20,745)</u>	<u>-</u>	<u>(8,636)</u>	<u>-</u>
					Total equity	<u>4,312,974</u>	<u>52</u>	<u>4,365,904</u>	<u>54</u>
TOTAL	<u>\$ 8,340,715</u>	<u>100</u>	<u>\$ 8,109,240</u>	<u>100</u>	TOTAL	<u>\$ 8,340,715</u>	<u>100</u>	<u>\$ 8,109,240</u>	<u>100</u>

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 15 and 25)	\$ 10,710,068	100	\$ 13,459,804	100
COST OF REVENUE (Notes 21 and 25)	<u>7,180,057</u>	<u>67</u>	<u>9,442,762</u>	<u>70</u>
GROSS PROFIT	<u>3,530,011</u>	<u>33</u>	<u>4,017,042</u>	<u>30</u>
OPERATING EXPENSES				
Sales and marketing (Notes 21 and 25)	283,990	2	309,076	2
General and administrative (Notes 21 and 25)	309,356	3	337,899	3
Research and development (Notes 21 and 25)	2,219,515	21	2,273,694	17
Expected credit impairment loss (Note 6)	<u>19,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,832,782</u>	<u>26</u>	<u>2,920,669</u>	<u>22</u>
INCOME FROM OPERATIONS	<u>697,229</u>	<u>7</u>	<u>1,096,373</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 9, 16 and 25)	94,241	-	37,046	-
Other gains and losses (Note 17)	(5,031)	-	2,065	-
Finance costs (Notes 18 and 25)	<u>(3,337)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total non-operating income and expenses	<u>85,873</u>	<u>-</u>	<u>39,111</u>	<u>-</u>
INCOME BEFORE INCOME TAX	783,102	7	1,135,484	8
INCOME TAX EXPENSE (Note 19)	<u>149,635</u>	<u>1</u>	<u>147,328</u>	<u>1</u>
NET INCOME	<u>633,467</u>	<u>6</u>	<u>988,156</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 13)	(4,263)	-	(1,782)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations (Note 14)	<u>(12,109)</u>	<u>-</u>	<u>2,304</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(16,372)</u>	<u>-</u>	<u>522</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 617,095</u>	<u>6</u>	<u>\$ 988,678</u>	<u>7</u>
EARNINGS PER SHARE (Note 20)				
Basic earnings per share	<u>\$ 4.73</u>		<u>\$ 7.37</u>	
Diluted earnings per share	<u>\$ 4.71</u>		<u>\$ 7.33</u>	

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	Share Capital - Common Stock			Retained Earnings				Others	
	Share	Amount	Capital Surplus	Legal	Special	Unappropriated	Total	Foreign	Total Equity
	(In Thousands)			Reserve	Reserve	Earnings		Currency	
								Translation	
								Reserve	
BALANCE, JANUARY 1, 2018	134,011	\$ 1,340,119	\$ 32,513	\$ 578,411	\$ 1,514	\$ 2,105,639	\$ 2,685,564	\$ (10,940)	\$ 4,047,256
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	85,481	-	(85,481)	-	-	-
Special reserve	-	-	-	-	9,426	(9,426)	-	-	-
Cash dividends to shareholders - NT\$5.00 per share	-	-	-	-	-	(670,060)	(670,060)	-	(670,060)
Total	-	-	-	85,481	9,426	(764,967)	(670,060)	-	(670,060)
Dividends from claims extinguished by prescription	-	-	30	-	-	-	-	-	30
Net income in 2018	-	-	-	-	-	988,156	988,156	-	988,156
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(1,782)	(1,782)	2,304	522
Total comprehensive income in 2018	-	-	-	-	-	986,374	986,374	2,304	988,678
BALANCE, DECEMBER 31, 2018	134,011	1,340,119	32,543	663,892	10,940	2,327,046	3,001,878	(8,636)	4,365,904
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	98,816	-	(98,816)	-	-	-
Reversal of special reserve	-	-	-	-	(2,304)	2,304	-	-	-
Cash dividends to shareholders - NT\$5.00 per share	-	-	-	-	-	(670,060)	(670,060)	-	(670,060)
Total	-	-	-	98,816	(2,304)	(766,572)	(670,060)	-	(670,060)
Dividends from claims extinguished by prescription	-	-	35	-	-	-	-	-	35
Net income in 2019	-	-	-	-	-	633,467	633,467	-	633,467
Other comprehensive loss in 2019, net of income tax	-	-	-	-	-	(4,263)	(4,263)	(12,109)	(16,372)
Total comprehensive income (loss) in 2019	-	-	-	-	-	629,204	629,204	(12,109)	617,095
BALANCE, DECEMBER 31, 2019	134,011	\$ 1,340,119	\$ 32,578	\$ 762,708	\$ 8,636	\$ 2,189,678	\$ 2,961,022	\$ (20,745)	\$ 4,312,974

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

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 783,102	\$ 1,135,484
Adjustments for:		
Depreciation	345,217	186,767
Amortization	252,857	226,428
Expected credit impairment loss	19,921	-
Gain on financial assets at fair value through profit or loss	(944)	(1,278)
Finance costs	3,337	-
Interest income	(25,397)	(26,557)
Loss on disposal of property, plant and equipment, net	3	4
Loss (gain) on foreign exchange, net	(10,860)	13,581
Gain on lease modification	(26)	-
Changes in operating assets and liabilities:		
Contract assets	(267,989)	(43,584)
Accounts receivable (including related parties)	(543,150)	(8,578)
Inventories	(503,530)	(122,440)
Other financial assets	196	(166)
Other current assets	(51,502)	(21,193)
Contract liabilities	239,868	(761,107)
Accounts payable (including related parties)	292,996	(590,389)
Accrued employees' compensation and remuneration to directors	(86,742)	21,726
Accrued expenses and other current liabilities	(182,745)	322,266
Net defined benefit liabilities	(392)	(490)
Cash generated from operations	264,220	330,474
Income tax paid	(156,267)	(103,416)
Net cash generated from operating activities	107,953	227,058
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at fair value through profit or loss	(2,085,000)	(2,310,000)
Property, plant and equipment	(490,304)	(528,911)
Intangible assets	(271,317)	(240,117)
Proceeds from disposal of:		
Financial assets at fair value through profit or loss	2,085,944	2,311,278
Property, plant and equipment	-	3,305
Refundable deposits paid	(4,797)	(7,349)
Refundable deposits refunded	4,375	1,522
Interest received	25,704	27,076
Net cash used in investing activities	(735,395)	(743,196)

(Continued)

GLOBAL UNICHIP CORP. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Guarantee deposits received	\$ 40	\$ 83
Guarantee deposits refunded	(33)	(7)
Repayment of the principal portion of lease liabilities	(53,241)	-
Cash dividends paid	(670,060)	(670,060)
Interest paid	(3,337)	-
Dividends from claims extinguished by prescription reclassified to capital surplus	<u>35</u>	<u>30</u>
Net cash used in financing activities	<u>(726,596)</u>	<u>(669,954)</u>
EFFECT OF EXCHANGE RATE CHANGES ON CASH AND CASH EQUIVALENTS	<u>(10,525)</u>	<u>2,081</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,364,563)	(1,184,011)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,906,191</u>	<u>5,090,202</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,541,628</u>	<u>\$ 3,906,191</u>

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

(Concluded)

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Global Unichip Corp.

Opinion

We have audited the accompanying parent company only financial statements of Global Unichip Corp. (the "Company"), which comprise the parent company only balance sheets as of December 31, 2019 and 2018, and the parent company only statements of comprehensive income, statements of changes in equity and statements of cash flows for the years then ended, and the notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit 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 section 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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. 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 the parent company only financial statements for the year ended December 31, 2019. 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.

Valuation of inventory

Due to the current rapidly changes in technology and the highly competitive business environment, the price of products fluctuating quickly, evaluating the changes in the net realizable value of inventory could have a material impact on the parent company only financial statements. As of December 31, 2019 the carrying amount of inventory was NT\$1,778,484 thousand and accounted for 21% of the total assets in the parent company only balance sheet. Please refer to Notes 4, 5 and 7 to the parent company only financial statements for the details of the information and accounting policy about inventory. As the Company's primary business model is composed of rendering services and the sales of goods and the Company requires that inventories be stated at the lower of cost or net realizable value in accordance with IAS 2, when determining net realizable value of inventory for obsolescent and unmarketable items, the Company should consider the inventory accounting policy and the production schedule at the same time. As uncertainty exists in management's judgment when the determining the loss on inventory, the valuation of inventory has been identified as a key audit matter.

Our key audit procedures performed in respect of this area included the following:

1. Understood the design of the key controls over the valuation of inventory.
2. Verified the reasonableness of the net realizable value of inventory by sampling from the year-end schedule of the raw materials, work in process, and finished goods, respectively, and matching the recent sales information.
3. Performed a retrospective review to analyze the historical reasonableness of judgments with reference to actual amounts of inventory loss.

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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and for such internal control as management determines is necessary to enable the preparation of 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 Company's ability to continue as a going concern, 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 members of the Audit Committee) are responsible for overseeing the Company's financial reporting process.

Auditors' 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with the 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 parent company only financial statements.

As part of an audit in accordance with the 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 Company's internal control.
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 Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' 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 disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient and appropriate audit evidence on the financial information of components constituting the Company to express an opinion on the parent company only financial statements. We are responsible for the direction, supervision and performance of the 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 statements 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 the 2019 parent company only financial statements and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audit resulting in this independent auditors' report are Yih-Shin Kao and Yu Feng Huang.

Deloitte & Touche
Taipei, Taiwan
The Republic of China

February 6, 2020

Notice to Readers

The accompanying financial statements are intended only to present the financial position, financial performance 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 financial statements are those generally accepted and applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

GLOBAL UNICHIP CORP.

PARENT COMPANY ONLY BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	December 31, 2019		December 31, 2018		LIABILITIES AND EQUITY	December 31, 2019		December 31, 2018	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents	\$ 2,298,887	28	\$ 3,697,975	46	Contract liabilities (Note 16)	\$ 1,109,042	13	\$ 869,174	11
Contract assets (Note 16)	324,965	4	56,976	1	Accounts payable	783,908	10	732,365	9
Accounts receivable, net (Notes 6 and 16)	1,377,203	17	903,168	11	Payables to related parties (Note 26)	759,661	9	505,538	6
Receivables from related parties (Note 26)	41,108	-	7,038	-	Accrued employees' compensation and remuneration to directors (Note 22)	80,691	1	167,433	2
Inventories (Note 7)	1,778,484	21	1,274,954	16	Payables on machinery and equipment	58,524	1	364,475	4
Other financial assets	330	-	845	-	Current tax liabilities (Note 20)	73,064	1	127,326	2
Other current assets (Notes 12 and 26)	<u>464,689</u>	<u>6</u>	<u>440,555</u>	<u>5</u>	Lease-liabilities-current (Notes 10, 23 and 26)	29,413	-	-	-
Total current assets	<u>6,285,666</u>	<u>76</u>	<u>6,381,511</u>	<u>79</u>	Accrued expenses and other current liabilities (Notes 13 and 26)	<u>742,407</u>	<u>9</u>	<u>885,971</u>	<u>11</u>
NON-CURRENT ASSETS					Total current liabilities	<u>3,636,710</u>	<u>44</u>	<u>3,652,282</u>	<u>45</u>
Investments accounted for using equity method (Note 8)	382,627	5	305,295	4	NON-CURRENT LIABILITIES				
Property, plant and equipment (Note 9)	961,415	12	1,061,015	13	Deferred income tax liabilities (Note 20)	41,127	1	22,141	-
Right-of-use-assets (Note 10)	174,807	2	-	-	Lease-liabilities-non-current (Notes 10, 23 and 26)	146,222	2	-	-
Intangible assets (Note 11)	411,954	5	288,020	3	Other long-term payables (Note 13)	112,877	1	53,239	1
Deferred income tax assets (Note 20)	38,744	-	58,580	1	Net defined benefit liabilities (Note 14)	32,104	-	28,233	-
Refundable deposits (Note 26)	7,599	-	8,250	-	Guarantee deposits (Note 23)	<u>2,998</u>	<u>-</u>	<u>3,072</u>	<u>-</u>
Pledged time deposits (Note 27)	<u>22,200</u>	<u>-</u>	<u>22,200</u>	<u>-</u>	Total non-current liabilities	<u>335,328</u>	<u>4</u>	<u>106,685</u>	<u>1</u>
Total non-current assets	<u>1,999,346</u>	<u>24</u>	<u>1,743,360</u>	<u>21</u>	Total liabilities	<u>3,972,038</u>	<u>48</u>	<u>3,758,967</u>	<u>46</u>
TOTAL	<u>\$ 8,285,012</u>	<u>100</u>	<u>\$ 8,124,871</u>	<u>100</u>	EQUITY (Note 15)				
					Share capital	1,340,119	16	1,340,119	17
					Capital surplus	32,578	-	32,543	-
					Retained earnings				
					Appropriated as legal reserve	762,708	9	663,892	8
					Appropriated as special reserve	8,636	-	10,940	-
					Unappropriated earnings	2,189,678	27	2,327,046	29
					Others	<u>(20,745)</u>	<u>-</u>	<u>(8,636)</u>	<u>-</u>
					Total equity	<u>4,312,974</u>	<u>52</u>	<u>4,365,904</u>	<u>54</u>
					TOTAL	<u>\$ 8,285,012</u>	<u>100</u>	<u>\$ 8,124,871</u>	<u>100</u>

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

GLOBAL UNICHIP CORP.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET REVENUE (Notes 16 and 26)	\$ 10,710,068	100	\$ 13,459,804	100
COST OF REVENUE (Notes 22 and 26)	<u>7,545,721</u>	<u>70</u>	<u>9,801,830</u>	<u>73</u>
GROSS PROFIT	<u>3,164,347</u>	<u>30</u>	<u>3,657,974</u>	<u>27</u>
OPERATING EXPENSES				
Sales and marketing (Notes 22 and 26)	298,212	3	325,324	2
General and administrative (Notes 22 and 26)	297,233	3	330,573	2
Research and development (Notes 22 and 26)	1,903,320	18	1,948,447	15
Expected credit impairment loss (Note 6)	<u>19,921</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total operating expenses	<u>2,518,686</u>	<u>24</u>	<u>2,604,344</u>	<u>19</u>
INCOME FROM OPERATIONS	<u>645,661</u>	<u>6</u>	<u>1,053,630</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 10, 17 and 26)	31,830	-	34,449	-
Other gains and losses (Note 18)	(6,552)	-	(1,974)	-
Finance costs (Notes 19 and 26)	(2,202)	-	-	-
Share of profit of subsidiaries	<u>92,180</u>	<u>1</u>	<u>35,921</u>	<u>-</u>
Total non-operating income and expenses	<u>115,256</u>	<u>1</u>	<u>68,396</u>	<u>-</u>
INCOME BEFORE INCOME TAX	760,917	7	1,122,026	8
INCOME TAX EXPENSE (Note 20)	<u>127,450</u>	<u>1</u>	<u>133,870</u>	<u>1</u>
NET INCOME	<u>633,467</u>	<u>6</u>	<u>988,156</u>	<u>7</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Remeasurement of defined benefit plans (Note 14)	(4,263)	-	(1,782)	-
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translation of foreign operations (Note 15)	<u>(12,109)</u>	<u>-</u>	<u>2,304</u>	<u>-</u>
Other comprehensive income (loss) for the year, net of income tax	<u>(16,372)</u>	<u>-</u>	<u>522</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 617,095</u>	<u>6</u>	<u>\$ 988,678</u>	<u>7</u>
EARNINGS PER SHARE (Note 21)				
Basic earnings per share	<u>\$ 4.73</u>		<u>\$ 7.37</u>	
Diluted earnings per share	<u>\$ 4.71</u>		<u>\$ 7.33</u>	

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

GLOBAL UNICHIP CORP.

PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

	<u>Share Capital - Common Stock</u>			<u>Retained Earnings</u>				<u>Others</u>	
	<u>Share</u>	<u>Amount</u>	<u>Capital Surplus</u>	<u>Legal</u>	<u>Special</u>	<u>Unappropriated</u>	<u>Total</u>	<u>Foreign</u>	<u>Total Equity</u>
	<u>(In Thousands)</u>			<u>Reserve</u>	<u>Reserve</u>	<u>Earnings</u>		<u>Currency</u>	
								<u>Translation</u>	
								<u>Reserve</u>	
BALANCE, JANUARY 1, 2018	134,011	\$ 1,340,119	\$ 32,513	\$ 578,411	\$ 1,514	\$ 2,105,639	\$ 2,685,564	\$ (10,940)	\$ 4,047,256
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	85,481	-	(85,481)	-	-	-
Special reserve	-	-	-	-	9,426	(9,426)	-	-	-
Cash dividends to shareholders - NT\$5.00 per share	-	-	-	-	-	(670,060)	(670,060)	-	(670,060)
Total	-	-	-	85,481	9,426	(764,967)	(670,060)	-	(670,060)
Dividends from claims extinguished by prescription	-	-	30	-	-	-	-	-	30
Net income in 2018	-	-	-	-	-	988,156	988,156	-	988,156
Other comprehensive income (loss) in 2018, net of income tax	-	-	-	-	-	(1,782)	(1,782)	2,304	522
Total comprehensive income in 2018	-	-	-	-	-	986,374	986,374	2,304	988,678
BALANCE, DECEMBER 31, 2018	134,011	1,340,119	32,543	663,892	10,940	2,327,046	3,001,878	(8,636)	4,365,904
Appropriation and distribution of prior year's earnings									
Legal reserve	-	-	-	98,816	-	(98,816)	-	-	-
Reversal of special reserve	-	-	-	-	(2,304)	2,304	-	-	-
Cash dividends to shareholders - NT\$5.00 per share	-	-	-	-	-	(670,060)	(670,060)	-	(670,060)
Total	-	-	-	98,816	(2,304)	(766,572)	(670,060)	-	(670,060)
Dividends from claims extinguished by prescription	-	-	35	-	-	-	-	-	35
Net income in 2019	-	-	-	-	-	633,467	633,467	-	633,467
Other comprehensive loss in 2019, net of income tax	-	-	-	-	-	(4,263)	(4,263)	(12,109)	(16,372)
Total comprehensive income (loss) in 2019	-	-	-	-	-	629,204	629,204	(12,109)	617,095
BALANCE, DECEMBER 31, 2019	<u>134,011</u>	<u>\$ 1,340,119</u>	<u>\$ 32,578</u>	<u>\$ 762,708</u>	<u>\$ 8,636</u>	<u>\$ 2,189,678</u>	<u>\$ 2,961,022</u>	<u>\$ (20,745)</u>	<u>\$ 4,312,974</u>

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

GLOBAL UNICHIP CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 760,917	\$ 1,122,026
Adjustments for:		
Depreciation	314,014	177,579
Amortization	252,779	226,368
Expected credit impairment loss	19,921	-
Gain on financial assets at fair value through profit or loss	(944)	(1,278)
Finance costs	2,202	-
Interest income	(24,786)	(26,473)
Share of profit of subsidiaries	(92,180)	(35,921)
Loss on disposal of property, plant and equipment, net	-	4
Loss on disposal of investments accounted for using equity method	625	-
Loss (gain) on foreign exchange, net	(10,860)	13,581
Gain on lease modification	(26)	-
Changes in operating assets and liabilities:		
Contract assets	(267,989)	(43,584)
Accounts receivable (including related parties)	(543,150)	(8,578)
Inventories	(503,530)	(122,440)
Other financial assets	212	(166)
Other current assets	(40,746)	(8,832)
Contract liabilities	239,868	(761,107)
Accounts payable (including related parties)	322,970	(580,231)
Accrued employees' compensation and remuneration to directors	(86,742)	21,726
Accrued expenses and other current liabilities	(178,528)	307,898
Net defined benefit liabilities	(392)	(490)
Cash generated from operations	163,635	280,082
Income tax paid	(128,458)	(89,293)
Net cash generated from operating activities	35,177	190,789
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisitions of:		
Financial assets at fair value through profit or loss	(2,085,000)	(2,310,000)
Investments accounted for using equity method	(35,784)	(44,721)
Property, plant and equipment	(485,710)	(512,744)
Intangible assets	(271,317)	(239,873)
Proceeds from disposal of:		
Financial assets at fair value through profit or loss	2,085,944	2,311,278
Investments accounted for using equity method	37,898	-
Property, plant and equipment	-	3,305
Refundable deposits paid	(2,377)	(6,993)
Refundable deposits refunded	3,028	1,095
Interest received	25,089	26,992
Net cash used in investing activities	(728,229)	(771,661)

(Continued)

GLOBAL UNICHIP CORP.

PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	\$ (33,809)	\$ -
Cash dividends paid	(670,060)	(670,060)
Interest paid	(2,202)	-
Dividends from claims extinguished by prescription reclassified to capital surplus	<u>35</u>	<u>30</u>
Net cash used in financing activities	<u>(706,036)</u>	<u>(670,030)</u>
NET DECREASE IN CASH AND CASH EQUIVALENTS	(1,399,088)	(1,250,902)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>3,697,975</u>	<u>4,948,877</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 2,298,887</u>	<u>\$ 3,697,975</u>

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

Attachment 4

Global Unichip Corp.
PROFIT ALLOCATION PROPOSAL
December 31, 2019

Unappropriated Retained Earnings of Previous Years	1,560,474,574
Net Income of 2019	633,466,705
Subtract : Defined Benefit Plan Actuarial Gains	(4,262,976)
Subtract: 10% Legal Reserve	(62,920,373)
Subtract: Special Reverse	(12,108,962)
Retained Earnings in 2019 Available for Distribution	554,174,394
Retained Earnings Available for Distribution as of December 31, 2019	2,114,648,968
Distributable items:	
Cash Dividends - Retained Earnings in 2019 Available for Distribution	(554,174,394)
Cash Dividendss- Retained Earnings Available for Distribution as of December 31, 2018	(115,885,161)
Total Cash Dividends (NT\$ 5.0 per share)	(670,059,555)
Unappropriated Retained Earnings	1,444,589,413

Attachment 5

Global Unichip Corp.

List of Director (Including Independent Director) Candidates

Title	Name	Shares	Education	Experience	Present position
Director	Representative of TSMC Dr. F.C. Tseng	46,687,859	Ph.D. , Electrical Engineering, National Cheng Kung University, Taiwan	President of Vanguard, President of TSMC, Vice CEO of TSMC, Vice Chairman of TSMC,	Director of TSMC China, Vice Chairman of Vanguard, Independent Director and commissioner of compensation committee of Acer
Director	Representative of TSMC Dr.Ken Chen	46,687,859	Ph.D., Materials Science & Engineering, Stanford University.	Senior Director of Business Development, TSMC	Director of GUC Japan, Director of GUC Shanghai President of GUC
Director	Representative of TSMC Dr. Cliff Hou	46,687,859	Ph.D., Electrical and Computer Engineering, Syracuse University, USA	Vice President of Research and Development / Design and Technology Platform of TSMC	Vice President of Research and Development , TSMC, Director/President of TSMC's subsidiaries,
Director	Representative of TSMC Wendell Huang	46,687,859	Master, Business Administration, Cornell University	CFO of TSMC	CFO & Vice President of TSMC Director/President of TSMC's subsidiaries,
Independent Director	Benson Liu	0	Bachelor , Accounting, Soochow University, Taiwan Master, International Business Administration, Northrop University, USA	Chairman and General Manager of Bristol-Myers Squibb Taiwan (BMST)	Chairman of Taiwan Corporate Governance Association , Independent Director and commissioner of compensation committee and chairman of audit committee of Adventech, Independent Director and commissioner of compensation committee and chairman of audit

Title	Name	Shares	Education	Experience	Present position
					committee of of Vanguard, Director of Maywufa.
Independent Director	Dr. Chein-Wei Jen	0	Ph.D., Electronics Engineering, National Chiao Tung University, Taiwan	Professor of National Chiao Tung University Director of SoC Technology Center in ITRI	None
Independent Director	Dr. Wen-Yeu Wang	0	J.S.D., Stanford Law School, USA	Commissioner at the Fair Trade Commission, Director of Taiwan Cooperative Bank, Supervisor of Taiwan Futures Exchange, Director/ Supervisor of Taiwan Law Society, Director of Research Center for Corporate and Financial law (College of law, National Taiwan University), Lawyer at Sullivan & Cromwell	Professor and Director of Center of Public and Policy and Law, National Taiwan University, Chairman of the national committee of Taiwan of International Academy of Comparative Law(IACL), Independent Director and commissioner of compensation committee of KGI Securities, Independent Director and commissioner of compensation committee of Xintec, Independent Director and commissioner of compensation committee of President Chain Store Corp. (PCSC)
Independent Director	Dr. Peter Wu	0	Ph.D., Electronics Engineering, National Chiao Tung University, Taiwan	President of National Chiao Tung University, Chairman of Global Talentpreneur Innovation and Collaboration Association, General chair of National Program on SOC, Dean of College(NCTU) of Electric Engineering	Chair Professor of National Chiao Tung University, Chairman of Global Talentpreneur Innovation and Collaboration Association, Chairman of Taiwan Engineering Medicine Biology, Association, General

Title	Name	Shares	Education	Experience	Present position
				and Computer Science, Dean of NCTU Research and Development, Funding Director of Division of Engineering and Applied Science (National Science Council), Director of Institute of Electronics and Department of Electronics Engineering(NCTU), Chairman of Department of Electronics Engineering(NCTU)	chair of National Program on Nano Technology, Independent Director and commissioner of compensation committee of MTK, Commissioner of compensation committee of Leadtrend, Independent Director and commissioner of compensation committee of AMZING Microelectronic
Independent Director	Dr.Kenneth Kin	0	Ph.D., Nuclear Engineering and Applied Physics, Columbia University, USA	Senior VP, TSMC. VP, Worldwide Microelectronics Sales & Services, IBM. VP, Asia-Pacific, Motorola Computer. Chair Professor, National Tsing Hua University.	consultant of college of technology management & adjunct professor of Department fo Economics, National Tsing Hua University. Independent Director commissioner of compensation committee of eMemory Technology Inc., Independent Director commissioner of compensation committee of Vanguard, Director of MTK.

Appendix 1

Shareholdings of All Directors

Record Date : March 16, 2020

Title	Name		Current shareholding	Shareholding ratio
Chairman	Dr. F.C. Tseng	Representative of TSMC	46,687,859	34.84%
Director	Dr. Ken Chen			
Director	Dr. Cliff Hou			
Director	Wendell Huang			
Independent Director	Benson Liu		0	0%
Independent Director	Dr. Chein-Wei Jen		0	0%
Independent Director	Dr. Wen-Yeu Wang		0	0%
Independent Director	Dr. Peter Wu		0	0%
Independent Director	Dr. Kenneth Kin		0	0%
Total Shares of Directors Hold			46,687,859	34.84%
Total Shares of Directors Required			8,040,714	6%

GUC Total Issued Shares: 134,011,911 shares

Appendix 2

The Impact of Stock Dividend Issuance on Business Performance, EPS, and Shareholder Return Rate : Not Available.