Stock Code：3036

WT Microelectronics Co., Ltd.

Handbook of 2018 Regular Shareholders' Meeting [Translation]

Meeting Time：June 28, 2018

Place：18F, No.738, Chung Cheng Road, Chung Ho District, New Taipei City [WT's meeting room]

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WT Microelectronics Co., Ltd.
Agenda of 2018 Regular Shareholders' Meeting

Time: June 28, 2018 (Thursday), 9:00 a.m.

Venue: 18F, No. 738, Zhongzheng Rd, Zhonghe District, New Taipei City
(WT Microelectronics meeting room)

Meeting Agenda:

1. Call the Meeting to Order (report the attendance)

2. Chairperson Remarks

3. Report Items

(1) 2017 Business Report.
(2) Supervisors' Review Report.
(3) 2017 Report on Distribution of Remuneration of Employees and Directors and Supervisors.

4.Proposed Resolutions

(1) 2017 Business Report and Financial Statements.
(2) Distribution of 2017 Earnings.

5. Discussion Items

(1) Amendment to the Articles of Incorporation.

6. Questions and Motion

7. Adjournment

Report Items

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

Proposal: 2017 Business Report.

Explanation: 2017 Business Report is attached as Annex 1 (Page 5 to Page 7).

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

Proposal: Supervisors' Review Report.

Explanation: Supervisors' Review Report is attached as Annex 2 (Page 8 to Page 9).

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

Proposal: 2017 Report on Distribution of Remuneration of Employees and Directors and Supervisors.

Explanation: According to Article 19 of Articles of Incorporation, 2017 remuneration of employees and directors and supervisors amounting to NT$28,740,000 and NT$12,000,000 respectively are distributed by cash.

Proposed Resolutions

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

Proposal: 2017 Business Report and Financial Statements.

Explanation: 1. 2017 Business Report, Consolidated Financial Statements and Parent Company Only Financial Statements of WT Microelectronics Co., Ltd. were approved by the Board of Directors and audited by CPA Hsu, Yong-Chien and CPA Hsu, Sheng-Chung from PricewaterhouseCoopers Taiwan. The financial statements mentioned in the preceding paragraph and Business Report were also reviewed by supervisors of WT Microelectronics Co., Ltd.

2. 2017 Business Report, Independent Auditors' Report, and Financial Statements are attached as Annex 1 (Page 5 to Page 7) and Annex 3 to Annex 4 (Page 10 to Page 33).

Resolution:

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

Proposal: Distribution of 2017 Earnings.

Explanation: 1. Distribution of 2017 Earnings was approved by the Board of Directors and reviewed by supervisors of WT Microelectronics Co., Ltd. Table for Distribution of Earnings is attached as Annex 5 (Page 34).

2. Cash dividends amounting to NT$1,381,422,770 were distributed, with each share worth NT$2.5. Cash dividends were rounded to the nearest whole number. The total amount of cash dividends less than NT$1 was adjusted in accordance with the total amount of cash dividends.
3. Upon the approval of General Shareholders' Meeting, the Board of Directors shall resolve the ex-dividend date, ex-rights date, base date of new share issuance through capitalization and date of issuance, and other relevant issues.
4. In the event that proposed distribution of earnings is affected by the change in the Company's common shares, the Board of Directors shall adjust cash to be distributed to each share based on the number of actual shares outstanding.

Resolution:

Discussion Item

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

Proposal: Amendment to the Articles of Incorporation.

Explanation: In order to conform to the needs of company's operation, the company hereby proposes to amend the Articles of Incorporation, as attached in Annex 6 (Page 35 to Page 36).

Resolution:

Questions and Motion

Adjournment

【Annex 1】

WT Microelectronics Co., Ltd.
Business Report

1. 2017 Business Report

(1) Business Performance:

The consolidated operating income of the Group in 2017 was NT$189,419,235,000, an increase of 31.41% compared to NT$144,147,461,000 in 2016. The net income in 2017 was NT$2,520,136,000, an increase of 48.27% (NT$820,466,000) compared to NT$1,699,670,000 in 2016. All products and applications showed significant growth in 2017 as a result of new production lines in communication, merger and acquisition of Maxtek, and high demand for industrial automation and vehicle electronics; in addition, the Company continued to improve operational efficiency, optimize operational management systems, and strengthen financial and human resources management to provide additional values for the semiconductor industry chain and further increase the return on equity.

Unit: NT$1,000

Item	2016	2017	Increase/ Decrease	Increase/ Decrease%
Operating Income	144,147,461	189,419,235	45,271,774	31.41%
Operating Profit	2,460,528	3,918,170	1,457,642	59.24%
Net Income	1,699,670	2,520,136	820,466	48.27%

(2) Financial Balance and Profitability:

Item		2016	2017
Financial Structure	Liabilities to Assets Ratio (%)	72.47	73.28
	Long-term Funds to Fixed Assets Ratio (%)	3,928.30	2,890.21
Solvency	Current Ratio (%)	133.59	134.13
	Acid-test Ratio (%)	81.43	70.34
Profitability	Return on Assets (%)	3.56	4.34
	Return on Equity (%)	10.05	13.63
	Net Profit Rate (%)	1.18	1.33
	Basic Earnings per Share (NT$) (Note)	3.61	5.26

Note: The calculation is based on the weighted average number of shares outstanding for the period adjusted by the increase of weighted average number of shares outstanding through cash capital increase.

(3) Research and Development:

With the significant advance of semiconductor technology and processes, counter processing, and sensing components, manufacturers have developed a variety of smart products and applications that meet people's needs, such as advanced driver assistance system (ADA), biometrics, IoT, smart homes, optical ranging, and various smart components, making them highlights of the semiconductor industry in the next generation. The Group has key components like high-efficiency RF power components, infrared lasers and infrared light emitting diodes, micro-electro-mechanical components, high-performance microprocessors, high-efficiency power components, high-speed network switch processers, and high-precision analog components, and invests in development and design of all-round solutions, such as the IOT gateway solution, the smart ECG solution, and the smart phone application solution, in order to grasp the vast opportunity in the mobile generation. To provide technical support for the abovementioned design and development, the Group continues to accumulate the knowledge and skills of system integration in order to improve the technical quality of overall development. In addition, the Group also cooperates with world-class chip design manufacturers in the hope of offering quality technical services and solutions. The research and development expenses in recent three years are as follows:

Unit: NT$1,000

Item	2015	2016	2017
Net Operating Income	113,598,195	144,147,461	189,419,235
Research and Development Expense	325,245	304,838	318,726
Research and Development Expense to Net Operating Income Ratio	0.29%	0.21%	0.17%

2. 2018 Business Plan

In 2018, the Company will continuously expand production lines and new applications and improve product structures and profitability based on the overall economics market condition; in addition, the Company will improve risk management and operational efficiency, optimize operational management systems, and strengthen financial and human resources management to provide additional values for the semiconductor industry chain and further increase the return on equity.

(1) Strategies:

- Introduce new product lines and new markets: Optimize portfolios by introducing new product lines that accord with the market demand and have high margin, improving the capability of product and market planning, perfecting the market layout of non-3C products, and increasing the shipments in automotive electronics, cloud data centers, renewable energy, industrial control, IOT, and medical treatment.
- Improve client penetration and expansion: Optimize management, quality of services, and product penetration for existing clients; expand quality clients from automotive electronics, industrial control, IOT, and medical treatment, improve sales of existing clients and applications of existing products, and cooperate more closely with leading vendors in every industry; provide quality technical support and all-round solutions, promote products more efficiently, and maintain a long-term relationship with new clients.

■Perfect value-added services: Help original manufacturers design through solid customer relationships and a quick response to the market; increase the additional values of products and the Company's overall profits through strong technical support for clients' development of new products.

(2) Management:

■Improve the operational risk control: Thoroughly control the inventory level, billing period, accounts receivable, exchange rate hedging, working capital, contractual risk identification, and bank credit and build the abnormality management system.

■Continuously improve operational efficiency and profitability: Improve the capability of operational management through optimizing operating procedures and strengthening an operating management system; adjust expenses to improve profitability and productivity; continuously focus on the return on working capital (ROWC) and return on equity (ROE).

■Strengthen financial control and build a solid and flexible financial system: The Group adopts the all-round risk control and management system, which allows the management to identify and measure the market risk, credit, risk, liquidity risk, and cash flow risk. With the solid internal control system and operating procedures, the Group considers economics, competitions, and market risks in a timely manner and asks sales representatives and financial supervisors to regularly follow up the collection of accounts receivable. In addition, the Group increases the flexibility in the use of funds through various channels to lower the cost and operational risk.

(3) Human Resources:

■**Improve organizational management:**

Timely adjust the organizational structure and staffing based on the changes in the market, internal operations, and future development to allow both the Company and employees to quickly respond to challenges in a changing market.

■**Perfect employees' quality:**

- Long-term reserve: Recruit outstanding young talents in accordance with the Company's long-term development strategies in order to optimize the Company's staffing and competitiveness.
- New employee training: Strengthen new employee training, which allows employees to become familiar with products and applications and provide value-added services that meet clients' needs; in addition, set up a communication channel between the management and employees to communicate the corporate cultures and philosophy.
- Potential talent development: Discover talents with high potentials and customize development plans through best job training and capacity upgrades; enhance the cultivation of administrators of all levels.

■**Strengthen performance management:**

- Emphasize employees' duties and missions and consistent implementation.
- Review operating achievements and productivity and set up a more practical and specific targets and KPI.

Chairman: CHENG, WEN-TSUNG
Manager: CHENG, WEN-TSUNG
Accounting Supervisor: YANG, HSING-YU

【Annex 2-1】

WT Microelectronics Co., Ltd.
Supervisors' Review Report

The Board of Directors have prepared and submitted to us 2017 Parent Company Only Financial Statements and Consolidated Financial Statements audited by CPA Hsu, Yong-Chien and CPA Hsu, Sheng-Chung from PricewaterhouseCoopers Taiwan and 2017 Business Report,. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2018 Regular Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,

2018 Regular Shareholders' Meeting

WT Microelectronics Co., Ltd.

Supervisor: HU, HSIU-HSING

Supervisor: TANG YE INVESTMENT CO., LTD.
Representative: WU, CHIH-HSIUNG

March 26, 2018

【Annex 2-2】

WT Microelectronics Co., Ltd.
Supervisors' Review Report

The Board of Directors have prepared and submitted to us Table for Distribution of Earnings in 2017. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2018 Regular Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,

2018 Regular Shareholders' Meeting

WT Microelectronics Co., Ltd.

Supervisor: HU, HSIU-HSING

Supervisor: TANG YE INVESTMENT CO., LTD.
Representative: WU, CHIH-HSIUNG

May 11, 2018

【Annex 3】

REPORT OF INDEPENDENT ACCOUNTANTS

To The Board of Directors and Shareholders of WT Microelectronics Co., Ltd. and Subsidiaries

Opinion

We have audited the accompanying consolidated balance sheets of WT Microelectronics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 Group as at December 31, 2017 and 2016, 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, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the Group's consolidated financial statements of the current period are stated as follows:

Recognition of supplier rebates

Description

Please refer to Note 4(11) for accounting policies on supplier rebates.

The Group is primarily engaged in sale of electronic and communication components. In line with industry practice, the Group has entered into rebate arrangements with its suppliers for various kinds and quantities of inventories. The Group calculates the amount of supplier rebates in accordance with the arrangement, and recognizes it as a deduction of accounts payable to suppliers, and also a deduction of cost of sales or inventory depending on whether the inventories have been sold. The Group pays the net purchase price, after confirmation that the rebate is granted and the credit memo from its suppliers has been received.

As the terms of different types of supplier rebates vary and changes frequently, and the calculation is complex, the Group relies on the information system to gather related transaction information, and manually matches each inventory category with its corresponding rebate term to calculate the supplier rebate that should be recognised. Since the supplier rebate is material to the financial statements, and requires more audit effort to address this audit matter, the recognition of supplier rebate has been identified as a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

A.Obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls, to verify whether major supplier rebates had been reviewed by responsible management, and the inventory cost had been correctly deducted and paid in net amount based on the credit memo approved by suppliers;

B.Performed trend analysis on the ratio of supplier rebates to corresponding transaction amount;

C.Sampled supplier rebates and tested whether the transaction quantities which were used in the calculation were consistent with its original transaction data, and obtained arrangements and calculation worksheets to ensure that the rebate recognition was consistent with the arrangements;

D.Sampled the supplier rebates which were recognised before balance sheet date but have not yet been confirmed by suppliers, and verified its consistency and reasonableness with subsequent credit memos approved by suppliers after the balance sheet date, and confirmed whether there were any material differences; and

E.Performed confirmation of selected material accounts payable, examined whether there is a significant difference between the amount of supplier rebates recognized based on the arrangements and the amount indicated in the suppliers’ confirmation, and investigated the differences, if any.

Impairment assessment of goodwill

Description

Please refer to Note 4(17) for accounting policies on goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Note 6(10) for details of goodwill impairment.

The Group acquired 100% shares of stock of target companies or electronic components distribution business by cash or through exchange of shares of stock. The purchase price was allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The goodwill which was generated from purchase price allocation was presented in “Intangible assets - goodwill”. As at December 31, 2017, the Group’s goodwill amounted to NT$1,649,256 thousand.

Relative to the aforementioned acquired company and distribution business, some distribution business were managed by other operating segments in the same district after the acquisition due to management purpose. After identifying the smallest cash generating unit which can generate independent cash flows, the Group used the expected future cash flows of each cash generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. The above expected future cash flows of each cash generating unit are based on its own financial forecast for the next 5 years. As the assumptions used in the forecast requires management judgement and involves a high degree of uncertainty that may have a material effect in determining the recoverable amount and goodwill impairment assessment, we consider the impairment assessment of goodwill a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A.Assessed the consistency of smallest cash generating unit which was identified by management and used in goodwill allocation, and the lowest level at which management monitored the goodwill;

B.Assessed management’s assessment process of each cash generating unit and determined whether the future cash flows used in valuation model for the next 5 years are consistent with the operating plan which was approved by the Board of Directors;

C.As the recoverable amount was determined by value-in–use, ascertained the reasonableness of each estimated growth rate, discount rate and other significant assumptions and performed as the following:

(a)Compared the reasonableness of estimated growth rate with historical data and economic and external industry forecast information;

(b)Compared discount rate assumptions with respect to cash generating units’ capital cost and similar return on assets; and

(c)Checked the parameters of valuation model and the setting of calculation formula.

D.Compared the higher of recoverable amount and book value of each cash generating unit to verify the appropriateness of impairment assessment.

Assessment of allowance for inventory valuation losses

<u>Description</u>

Please refer to Note 4(11) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(4) for details of inventory valuation. As at December 31, 2017, the Group's inventories and allowances for inventory valuation losses were NT$34,176,655 thousand and NT$1,062,898 thousand, respectively.

The Group is primarily engaged in sales of various kinds of electronic components. Due to rapid technology innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. For non-obsolete inventories, the net realisable value is estimated based on the estimated selling price in a certain period around balance sheet date. For aged inventories and individually determined as obsolete inventories, the net realisable value is determined based on historical experience of inventory usage and sales discount. Since the amount of inventory is material, inventory types are various, sources of information in calculating the net realisable value of each type of inventories are many, and the identification of obsolete and damaged inventory and its net realisable value are subject to management's judgement, we consider the assessment of allowance for inventory valuation losses a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

A.Obtained an understanding and evaluated the process of inventory and warehouse management, examined the annual plan and participated in stock take to assess the effectiveness of management's identification and controls on obsolete inventory;

B.Obtained an understanding of the Group's nature of business and industry and assessed whether the provision policies and procedures were applied reasonably and consistently in all the periods; and

C.Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, and tested relevant parameters, including the original data for sales and purchases and obtained supporting documents.

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WT Microelectronics Co., Ltd. as at and for the years ended December 31, 2017 and 2016.

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 International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, 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 Group'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 Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including supervisors, are responsible for overseeing the Group's financial reporting process.

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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A.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.

B.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 Group's internal control.

C.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

D.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 Group's ability to continue as a going concern. 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 Group to cease to continue as a going concern.

E.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.

F.Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group 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 the consolidated financial statements of the current period 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.

Hsu,Yung-Chien　　　　Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan

March 26, 2018

The accompanying consolidated financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying consolidated financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 2,288,075	3	$ 2,080,772	4
1125	Available-for-sale financial assets - current	6(2)	466,686	1	726,270	1
1170	Accounts receivable, net	6(3)	32,326,085	43	29,301,935	48
1200	Other receivables	6(3)	1,344,146	2	2,693,317	4
130X	Inventory	6(4)	33,113,757	44	22,133,152	36
1410	Prepayments	6(5)	347,727	-	184,376	-
1470	Other current assets	6(1) and 8	466,492	1	41,828	-
11XX	**Total current assets**		70,352,968	94	57,161,650	93
	Non-current assets					
1523	Available-for-sale financial assets, net - non-current	6(2)	642,252	1	518,909	1
1543	Financial assets carried at cost – non-current	6(6)	9,143	-	22,478	-
1550	Investments accounted for using equity method	6(7)	348,138	-	181,532	-
1600	Property, plant and equipment	6(8)	785,965	1	473,907	1
1760	Investment property - net	6(9)	105,756	-	106,570	-
1780	Intangible assets	6(10)	1,663,682	2	1,550,858	2
1840	Deferred income tax assets	6(31)	567,902	1	407,825	1
1900	Other non-current assets	6(11)(18)	690,342	1	980,652	2
15XX	**Total non-current assets**		4,813,180	6	4,242,731	7
1XXX	**Total assets**		$ 75,166,148	100	$ 61,404,381	100

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2017 AMOUNT	%	December 31, 2016 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(12)	$ 24,362,972	32	$ 22,013,337	36
2110	Short-term notes and bills payable	6(13)	1,499,017	2	299,901	-
2120	Financial liabilities at fair value through profit or loss - current	6(14)	7,777	-	-	-
2170	Accounts payable		24,462,653	33	18,656,748	30
2200	Other payables	6(15)	1,418,610	2	1,293,757	2
2230	Current income tax liabilities		537,108	1	305,790	1
2399	Other current liabilities		161,941	-	218,372	-
21XX	**Total current liabilities**		52,450,078	70	42,787,905	69
	Non-current liabilities					
2530	Bonds payable	6(16)	1,216,527	2	1,396,535	2
2540	Long-term loans	6(17)	982,120	1	-	-
2570	Deferred income tax liabilities	6(31)	352,924	-	284,605	1
2600	Other non-current liabilities	6(18)	82,931	-	32,226	-
25XX	**Total non-current liabilities**		2,634,502	3	1,713,366	3
2XXX	**Total liabilities**		55,084,580	73	44,501,271	72
	Equity attributable to owners of parent					
	Share capital	6(20)				
3110	Share capital - common stock		5,522,227	7	4,715,196	8
3130	Certificates of entitlement to new shares from convertible bonds		392	-	-	-
	Capital surplus	6(19)(21)				
3200	Capital surplus		8,660,739	12	6,372,059	10
	Retained earnings	6(22)				
3310	Legal reserve		1,489,975	2	1,320,029	2
3350	Unappropriated retained earnings		4,516,703	6	3,315,686	6
	Other equity interest	6(23)				
3400	Other equity interest		(109,102)	-	1,179,500	2
31XX	**Equity attributable to owners of the parent**		20,080,934	27	16,902,470	28
36XX	**Non-controlling interest**	6(24)	634	-	640	-
3XXX	**Total equity**		20,081,568	27	16,903,110	28
	Commitments and contingent liabilities	9				
3X2X	**Total liabilities and equity**		$ 75,166,148	100	$ 61,404,381	100

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(25)	$ 189,419,235	100	$ 144,147,461	100
5000	**Operating costs**	6(4)	(180,997,653)	(96)	(137,222,456)	(95)
5900	**Net operating margin**		8,421,582	4	6,925,005	5
	Operating expenses	6(29)				
6100	Selling expenses		(3,160,726)	(2)	(2,782,329)	(2)
6200	General and administrative expenses		(1,023,960)	-	(1,377,310)	(1)
6300	Research and development expenses		(318,726)	-	(304,838)	-
6000	**Total operating expenses**		(4,503,412)	(2)	(4,464,477)	(3)
6900	**Operating profit**		3,918,170	2	2,460,528	2
	Non-operating income and expenses					
7010	Other income	6(26)	43,859	-	98,654	-
7020	Other gains and losses	6(27)	200,822	-	60,692	-
7050	Finance costs	6(28)	(962,791)	-	(478,728)	(1)
7060	Share of loss of associates and joint ventures accounted for using equity method	6(7)	(95,170)	-	(103,432)	-
7000	**Total non-operating income and expenses**		(813,280)	-	(422,814)	(1)
7900	**Profit before income tax**		3,104,890	2	2,037,714	1
7950	Income tax expense	6(31)	(584,754)	-	(338,044)	-
8200	**Profit for the year**		$ 2,520,136	2	$ 1,699,670	1

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31 2017 AMOUNT	2017 %	2016 AMOUNT	2016 %
	Other comprehensive income (loss)					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(18)	($ 8,620)	-	($ 9,919)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,466	-	1,686	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(7,154)	-	(8,233)	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss	6(23)				
8361	Financial statements translation differences of foreign operations		(1,139,887)	(1)	(379,441)	-
8362	Unrealised loss on valuation of available-for-sale financial assets		(151,466)	-	(144,963)	-
8370	Share of other comprehensive income of associates and joint ventures accounted for using equity method	6(7)	806	-	1,416	-
8399	Income tax related to components of other comprehensive income	6(31)	1,872	-	-	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(1,288,675)	(1)	(522,988)	-
8300	**Total other comprehensive loss for the year**		($ 1,295,829)	(1)	($ 531,221)	-
8500	**Total comprehensive income for the year**		$ 1,224,307	1	$ 1,168,449	1
	Profit attributable to:					
8610	Owners of the parent		$ 2,519,897	2	$ 1,699,457	1
8620	Non-controlling interest		239	-	213	-
			$ 2,520,136	2	$ 1,699,670	1
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 1,224,141	1	$ 1,168,254	1
8720	Non-controlling interest		166	-	195	-
			$ 1,224,307	1	$ 1,168,449	1
	Earnings per share(in dollars)	6(32)				
9750	**Basic earnings per share**		$	5.26	$	3.61
9850	**Diluted earnings per share**		$	4.89	$	3.48

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent												
		Capital		Capital Reserves				Retained Earnings		Other equity interest				
	Notes	Share capital - common stock	Certificates of bond-to-stock conversion	Additional paid-in capital	Treasury stock transactions	Change in net equity of associates and joint ventures accounted for using equity method	Stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
2016														
Balance at January 1, 2016		$ 4,476,377	$ -	$ 6,229,364	$ 40,742	$ 8,680	$ -	$ 1,121,704	$ 3,344,755	$ 540,091	$ 1,162,379	$ 16,924,092	$ 583	$ 16,924,675
Appropriations of 2015 earnings:	6(22)													
Legal reserve		-	-	-	-	-	-	198,325	(198,325)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,298,149)	-	-	(1,298,149)	-	(1,298,149)
Stock dividends		223,819	-	-	-	-	-	-	(223,819)	-	-	-	-	-
Due to recognition of equity component of convertible bonds issued		-	-	-	-	-	56,362	-	-	-	-	56,362	-	56,362
Conversion of convertible bonds	6(20)	15,000	-	38,941	-	-	(2,030)	-	-	-	-	51,911	-	51,911
Consolidated net income		-	-	-	-	-	-	-	1,699,457	-	-	1,699,457	213	1,699,670
Other comprehensive loss	6(23)	-	-	-	-	-	-	-	(8,233)	(378,007)	(144,963)	(531,203)	(18)	(531,221)
Changes in non-controlling interest	6(24)	-	-	-	-	-	-	-	-	-	-	-	(138)	(138)
Balance at December 31, 2016		$ 4,715,196	$ -	$ 6,268,305	$ 40,742	$ 8,680	$ 54,332	$ 1,320,029	$ 3,315,686	$ 162,084	$ 1,017,416	$ 16,902,470	$ 640	$ 16,903,110
2017														
Balance at January 1, 2017		$ 4,715,196	$ -	$ 6,268,305	$ 40,742	$ 8,680	$ 54,332	$ 1,320,029	$ 3,315,686	$ 162,084	$ 1,017,416	$ 16,902,470	$ 640	$ 16,903,110
Issuance of common stock for cash	6(20)	750,000	-	2,100,000	-	-	-	-	-	-	-	2,850,000	-	2,850,000
Share-based payments	6(19)	-	-	49,037	-	-	-	-	-	-	-	49,037	-	49,037
Appropriations of 2016 earnings:	6(22)													
Legal reserve		-	-	-	-	-	-	169,946	(169,946)	-	-	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,141,780)	-	-	(1,141,780)	-	(1,141,780)
Conversion of convertible bonds	6(20)	57,031	392	147,821	-	-	(7,657)	-	-	-	-	197,587	-	197,587
Consolidated net income		-	-	-	-	-	-	-	2,519,897	-	-	2,519,897	239	2,520,136
Other comprehensive loss	6(23)	-	-	-	-	-	-	-	(7,154)	(1,137,136)	(151,466)	(1,295,756)	(73)	(1,295,829)
Changes in equity of associates accounted for using equity method		-	-	-	-	(521)	-	-	-	-	-	(521)	-	(521)
Changes in non-controlling interest	6(24)	-	-	-	-	-	-	-	-	-	-	-	(172)	(172)
Balance at December 31, 2017		$ 5,522,227	$ 392	$ 8,565,163	$ 40,742	$ 8,159	$ 46,675	$ 1,489,975	$ 4,516,703	($ 975,052)	$ 865,950	$ 20,080,934	$ 634	$ 20,081,568

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,104,890	$ 2,037,714
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(29)	62,882	61,272
Amortization	6(29)	10,874	12,824
Provision for doubtful accounts	12(2)	199,421	616,826
Unrealised loss on financial liabilities at fair value through profit or loss	6(27)	6,862	-
Impairment loss on financial assets carried at cost	6(6)	7,694	-
Other current liabilities transferred to revenue	6(26)	(2,888)	(70,714)
Share-based payments	6(19)	49,037	-
Share of loss of associates and joint ventures accounted for using equity method	6(7)	95,170	103,432
Loss (Gain) on disposal of property, plant and equipment, net	6(27)	425	(8,139)
Gain on disposal of investments	6(27)	(243,817)	(108,170)
Interest expense	6(28)	549,716	291,244
Interest income	6(26)	(9,217)	(4,872)
Dividend income	6(26)	(8,250)	(4,995)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(28,859)	(7,834,401)
Other receivables		1,309,985	(1,549,190)
Inventories		(11,299,814)	(5,841,855)
Prepayments		(118,821)	(90,125)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		915	-
Accounts payable		6,242,518	7,861,145
Other payables		162,811	197,117
Other current liabilities		(59,713)	145,292
Accrued pension liabilities		(5,228)	(9,206)
Cash inflow (outflow) generated from operations		26,593	(4,194,801)
Interest received		9,217	4,872
Dividend received		8,250	4,995
Interest paid		(527,359)	(264,598)
Income taxes paid		(487,302)	(361,628)
Net cash flows used in operating activities		(970,601)	(4,811,160)

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of available-for-sale financial assets – current		$ 255,168	$ 112,952
(Increase) decrease in other financial assets		(8,293)	17,451
Acquisition of financial assets carried at cost		-	(3,766)
Proceeds from capital reduction of financial assets carried at cost		5,700	-
Acquisition of investments accounted for using equity method		(237,685)	(64,500)
Acquisition of property, plant and equipment	6(34)	(98,431)	(39,668)
Proceeds from disposal of property, plant and equipment		1,976	35,269
Acquisition of intangible assets	6(10)	(4,810)	(4,751)
Net cash payments for business combination	6(34)	(609,641)	-
Increase in other non-current assets		(114,337)	(95,020)
Net cash flows used in investing activities		(810,353)	(42,033)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(1,764,589)	6,781,754
Increase in short-term notes and bills payable		1,199,116	299,901
Increase (decrease) in long-term loans		982,120	(1,905,880)
Proceeds from issuing convertible bonds	6(16)	-	1,495,000
(Decrease) increase in other non-current liabilities		(197)	10,260
Cash dividends paid	6(22)	(1,141,780)	(1,298,149)
Issuance of common stock for cash	6(20)	2,850,000	-
Changes in non-controlling interest	6(24)	(172)	(138)
Net cash flows from financing activities		2,124,498	5,382,748
Net effect of changes in foreign currency exchange rates		(136,241)	(28,103)
Net increase in cash and cash equivalents		207,303	501,452
Cash and cash equivalents at beginning of year		2,080,772	1,579,320
Cash and cash equivalents at end of year		$ 2,288,075	$ 2,080,772

【Annex 4】

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

To The Board of Directors and Shareholders of WT Microelectronics Co., Ltd.

Opinion

We have audited the accompanying parent company only balance sheets of WT Microelectronics Co., Ltd. (the “Company”) as at December 31, 2017 and 2016, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and 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 parent company only financial position of the Company as at December 31, 2017 and 2016, and its parent company only financial performance and its parent company only 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 audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor’s 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 Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. 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 of the current period. 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, we do not provide a separate opinion on these matters.

Key audit matters for the Company financial statements of the current period are stated as follows:

Recognition of supplier rebates

Description

Please refer to Note 4(9) for accounting policies on supplier rebates.

The Company is primarily engaged in sale of electronic and communication components. In line with industry practice, the Company has entered into rebate arrangements with its suppliers for various kinds and quantities of inventories. The Company calculates the amount of supplier rebates in accordance with the arrangement, and recognizes it as a deduction of accounts payable to suppliers, and also a deduction of cost of sales or inventory depending on whether the inventories have been sold. The Company pays the net purchase price, after confirmation that the rebate is granted and the credit memo from its suppliers has been received.

As the terms of different types of supplier rebates vary and changes frequently, and the calculation is complex, the Company relies on the information system to gather related transaction information, and manually matches each inventory category with its corresponding rebate term to calculate the supplier rebate that should be recognised. Since the supplier rebate is material to the parent company only financial statements, and requires more audit effort to address this audit matter, the recognition of supplier rebate has been identified as a key audit matter.

<u>How our audit addressed the matter</u>

We performed the following audit procedures on the above key audit matter:

F.Obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls, to verify whether major supplier rebates had been reviewed by responsible management, and the inventory cost had been correctly deducted and paid in net amount based on the credit memo approved by suppliers;

G.Performed trend analysis on the ratio of supplier rebates to corresponding transaction amount;

H.Sampled supplier rebates and tested whether the transaction quantities which were used in the calculation were consistent with its original transaction data, and obtained arrangements and calculation worksheets to ensure that the rebate recognition was consistent with the arrangements;

I.Sampled the supplier rebates which were recognised before balance sheet date but have not yet been confirmed by suppliers, and verified its consistency and reasonableness with subsequent credit memos approved by suppliers after the balance sheet date, and confirmed that there was no material differences; and

J.Performed confirmation of selected material accounts payable, examined whether there is a significant difference between the amount of supplier rebates recognized based on the arrangements and the amount indicated in the suppliers' confirmation, and investigated the differences, if any.

Impairment assessment of investments accounted for using equity method and goodwill

<u>Description</u>

Please refer to Note 4(10) and Note 4(14) for accounting policies on investments accounted for using equity method and goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Note 6(6) and Notes 6(8) for details of investments accounted for using equity method and goodwill impairment.

The Company and its subsidiaries (the "Group") acquired 100% shares of stock of target companies or electronic components distribution business by cash or through exchange of shares of stock. The purchase price was allocated to the net identifiable assets acquired at fair value in accordance with the accounting policies on business combinations. The goodwill which was generated from purchase price allocation was presented in "Investments accounted for under equity method" and "Intangible assets - goodwill".

Relative to the aforementioned acquired company and distribution business, some distribution business were managed by other operating segments in the same district after the acquisition due to management purpose. After identifying the smallest cash generating unit which can generate independent cash flow, the Group used the expected future cash flows of each cash generating unit and proper discount rate to determine recoverable amount of goodwill, and assesses whether goodwill may be impaired. The above expected future cash flow of each cash generating unit are based on its own financial forecast for the next 5 years. As the assumptions used in the forecast requires management judgement and involves a high degree of uncertainty that has a material effect on measured result of recoverable amount and affected the investments accounted for under equity method and goodwill impairment assessment. Thus, we consider the goodwill impairment valuation of each generating unit a key matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

E. Assessed the consistency of smallest cash generating unit which was identified by management and used in goodwill allocation, and the lowest level at which management monitored the goodwill;

F. Assessed management's assessment process of each cash generating unit and compared the consistency between future cash flows used in valuation model for the next 5 years and operating plan which was approved by the Board of Directors;

G. As the recoverable amount was determined by value-in–use, the evaluation process of the reasonableness of each estimated growth rate, discount rate and other significant assumptions included the following:

(d) Compared the reasonableness of estimated growth rate with historical data and economic and external industry forecast information;

(e) Compared discount rate assumptions with respect to cash generating units' capital cost and similar return on assets; and

(f) Checked the parameters of valuation model and the setting of calculation formula.

H. Compared the higher of recoverable amount and book value of each cash generating unit to verify the appropriateness of impairment assessment.

Assessment of allowance for inventory valuation losses

Description

Please refer to Note 4(9) for accounting policies on inventory valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to inventory valuation, and Note 6(3) for details of inventory valuation. As at December 31, 2017, the Company's inventories and allowances for inventory valuation losses were NT$22,098,277 thousand and NT$840,973 thousand, respectively.

The Company is primarily engaged in sales of various kinds of electronic components. Due to rapid technology innovations, short lifespan of electronic products and fluctuations in market prices, there is a higher risk of inventory losses due from market value decline or obsolescence. For non-obsolete inventories, the net realisable value is estimated based on the estimated selling price in a certain period around balance sheet date. For aged inventories and individually determined as obsolete inventories, the net realisable value is determined based on historical experience of inventory usage and sales discount. Since the amount of inventory is material, inventory types are various, sources of information in calculating the net realisable value of each type of inventories are many, and the identification of obsolete and damaged inventory and its net realisable value are subject to management's judgement, we consider the assessment of allowance for inventory valuation losses a key audit matter.

How our audit addressed the matter

We performed the following audit procedures on the above key audit matter:

D. Obtained an understanding and evaluated the process of inventory and warehouse management, examined the annual plan and participated in stock take to assess the effectiveness of management's identification and controls on obsolete inventory;

E. Obtained an understanding of the Company's nature of business and industry and assessed whether the provision policies and procedures were applied reasonably and consistently in all the periods; and

F. Obtained the net realisable value statement of each inventory, assessed whether the estimation policy was consistently applied, and tested relevant parameters, including the original data for sales and purchases and obtained supporting documents.

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 supervisors, are responsible for overseeing the Company's financial reporting process.

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 ROC GAAS 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 ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

G.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.

H.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.

I.Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

J.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 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.

K.Evaluate the overall presentation, structure and content of the 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.

L.Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the parent company only financial statement to express an opinion on the 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 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 the parent company only financial statements of the current period 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.

Hsu,Yung-Chien	Hsu, Sheng-Chung

For and on behalf of PricewaterhouseCoopers, Taiwan
March 26, 2018

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying parent company only financial statements and report of independent accountants are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice.

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31,2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2017 AMOUNT	December 31, 2016 AMOUNT
	Current assets			
1100	Cash and cash equivalents	6(1)	$ 398,883	$ 562,802
1170	Accounts receivable, net	6(2)	9,541,275	13,191,196
1180	Accounts receivable, net - related parties	7	4,281,760	3,295,983
1200	Other receivables	6(2)	608,035	1,564,409
1210	Other receivables - related parties		4,715	1,740,077
130X	Inventory	6(3)	21,257,304	16,570,326
1410	Prepayments	6(4)	128,824	98,284
11XX	**Total current assets**		36,220,796	37,023,077
	Non-current assets			
1543	Financial assets carried at cost - non-current	6(5)	12,175	17,875
1550	Investments accounted for using equity method	6(6)	18,031,583	14,708,849
1600	Property, plant and equipment	6(7)	428,680	435,749
1780	Intangible assets	6(8)	61,338	127,529
1840	Deferred income tax assets	6(27)	367,186	273,694
1900	Other non-current assets	6(15)(30)	87,282	96,184
15XX	**Total non-current assets**		18,988,244	15,659,880
1XXX	**Total assets**		$ 55,209,040	$ 52,682,957

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
YEARS ENDED DECEMBER 31,2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2017 AMOUNT	December 31, 2016 AMOUNT
	Current liabilities			
2100	Short-term borrowings	6(9)	$ 12,451,991	$ 17,414,582
2110	Short-term notes and bills payable	6(10)	1,149,289	199,986
2120	Financial liabilities at fair value through profit or loss - current	6(11)	7,777	-
2170	Accounts payable		16,097,844	14,256,019
2180	Accounts payable - related parties	7	1,469,396	598,309
2200	Other payables	6(12)	700,121	739,768
2220	Other payables - related parties	7	7,121	17,550
2230	Current income tax liabilities		315,707	168,963
2399	Other current liabilities	7	439,261	715,732
21XX	**Total current liabilities**		32,638,507	34,110,909
	Non-current liabilities			
2530	Bonds payable	6(13)	1,216,527	1,396,535
2540	Long-term loans	6(14)	982,120	-
2570	Deferred income tax liabilities	6(27)	276,261	273,043
2600	Other non-current liabilities	6(15)	14,691	-
25XX	**Total non-current liabilities**		2,489,599	1,669,578
2XXX	**Total Liabilities**		35,128,106	35,780,487
	Equity			
	Share capital	6(17)		
3110	Share capital - common stock		5,522,227	4,715,196
3130	Certificates of entitlement to new shares from convertible bonds		392	-
	Capital surplus	6(18)		
3200	Capital surplus		8,660,739	6,372,059
	Retained earnings	6(19)		
3310	Legal reserve		1,489,975	1,320,029
3350	Unappropriated retained earnings		4,516,703	3,315,686
	Other equity interest	6(20)		
3400	Other equity interest		(109,102)	1,179,500
3XXX	**Total equity**		20,080,934	16,902,470
	Commitments and contingent liabilities	9		
3X2X	**Total liabilities and equity**		$ 55,209,040	$ 52,682,957

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31	
			2017	2016
	Items	Notes	AMOUNT	AMOUNT
4000	**Operating revenue**	6(21) and 7	$ 146,986,637	$ 113,704,123
5000	**Operating costs**	6(3) and 7	(142,930,078)	(110,636,804)
5900	**Net operating margin**		4,056,559	3,067,319
	Operating expenses	6(25) and 7		
6100	Selling expenses		(1,346,283)	(1,165,442)
6200	General and administrative expenses		(428,874)	(474,361)
6300	Research and development expenses		(183,318)	(177,248)
6000	**Total operating expenses**		(1,958,475)	(1,817,051)
6900	**Operating profit**		2,098,084	1,250,268
	Non-operating income and expenses			
7010	Other income	6(22)	16,852	52,156
7020	Other gains and losses	6(23)	(42,231)	(6,533)
7050	Finance costs	6(24)	(662,788)	(344,081)
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		1,423,027	947,643
7000	**Total non-operating income and expenses**		734,860	649,185
7900	**Profit before income tax**		2,832,944	1,899,453
7950	Income tax expense	6(27)	(313,047)	(199,996)
8200	**Profit for the year**		$ 2,519,897	$ 1,699,457
	Other comprehensive income (loss)			
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss			
8311	Losses on remeasurements of defined benefit plans	6(15)	($ 18,897)	($ 8,723)
8330	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(28)	8,530	(993)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(27)	3,213	1,483
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(7,154)	(8,233)
	Components of other comprehensive (loss) income that will be reclassified to profit or loss			
8361	Financial statements translation differences of foreign operations	6(20)	(1,074,520)	(215,398)
8380	Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method	6(28)	(214,082)	(307,572)
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(1,288,602)	(522,970)
8300	**Total other comprehensive loss for the year**		($ 1,295,756)	($ 531,203)
8500	**Total comprehensive income for the year**		$ 1,224,141	$ 1,168,254
	Earnings per share (in dollars)	6(29)		
9750	**Basic earnings per share**		$ 5.26	$ 3.61
9850	**Diluted earnings per share**		$ 4.89	$ 3.48

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Capital		Capital Reserves				Retained Earnings		Other equity interest		
	Notes	Share capital - common stock	Certificates of bond-to-stock conversion	Additional paid-in capital	Treasury stock transactions	Change in net equity of associates and joint ventures accounted for using equity method	Stock warrants	Legal reserve	Total unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gain or loss on available-for-sale financial assets	Total
2016												
Balance at January 1, 2016		$ 4,476,377	$ -	$ 6,229,364	$ 40,742	$ 8,680	$ -	$ 1,121,704	$ 3,344,755	$ 540,091	$ 1,162,379	$ 16,924,092
Appropriations of 2016 earnings:	6(19)											
Legal reserve		-	-	-	-	-	-	198,325	(198,325)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,298,149)	-	-	(1,298,149)
Stock dividends		223,819	-	-	-	-	-	-	(223,819)	-	-	-
Due to recognition of equity component of convertible bonds issued	6(13)	-	-	-	-	-	56,362	-	-	-	-	56,362
Conversion of convertible bonds	6(17)	15,000	-	38,941	-	-	(2,030)	-	-	-	-	51,911
Profit for the year		-	-	-	-	-	-	-	1,699,457	-	-	1,699,457
Other comprehensive loss	6(15)(20)(27)	-	-	-	-	-	-	-	(8,233)	(378,007)	(144,963)	(531,203)
Balance at December 31, 2016		$ 4,715,196	$ -	$ 6,268,305	$ 40,742	$ 8,680	$ 54,332	$ 1,320,029	$ 3,315,686	$ 162,084	$ 1,017,416	$ 16,902,470
2017												
Balance at January 1, 2017		$ 4,715,196	$ -	$ 6,268,305	$ 40,742	$ 8,680	$ 54,332	$ 1,320,029	$ 3,315,686	$ 162,084	$ 1,017,416	$ 16,902,470
Issuance of common stock for cash	6(17)	750,000	-	2,100,000	-	-	-	-	-	-	-	2,850,000
Share-based payments		-	-	49,037	-	-	-	-	-	-	-	49,037
Appropriations of 2017 earnings:	6(19)											
Legal reserve		-	-	-	-	-	-	169,946	(169,946)	-	-	-
Cash dividends		-	-	-	-	-	-	-	(1,141,780)	-	-	(1,141,780)
Conversion of convertible bonds	6(17)	57,031	392	147,821	-	-	(7,657)	-	-	-	-	197,587
Profit for the year		-	-	-	-	-	-	-	2,519,897	-	-	2,519,897
Other comprehensive loss	6(15)(20)(27)	-	-	-	-	-	-	-	(7,154)	(1,137,136)	(151,466)	(1,295,756)
Changes in equity of associates accounted for using equity method		-	-	-	-	(521)	-	-	-	-	-	(521)
Balance at December 31, 2017		$ 5,522,227	$ 392	$ 8,565,163	$ 40,742	$ 8,159	$ 46,675	$ 1,489,975	$ 4,516,703	($ 975,052)	$ 865,950	$ 20,080,934

Note: Directors' and supervisors' remuneration amounting to $8,000 and employees' bonus amounting to $70,000 had been deducted from the Statements of Income.

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 2,832,944	$ 1,899,453
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(25)	38,108	45,124
Amortization	6(25)	7,162	12,203
Provision for doubtful accounts	12(2)	50,741	97,920
Other current liabilities transferred to revenue	6(22)	-	(42,335)
Share-based payments	6(16)	49,037	-
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(1,423,027)	(947,643)
Loss (gain) on disposal of property, plant and equipment, net		187	(704)
Interest expense	6(24)	353,953	215,692
Interest income	6(22)	(10,815)	(7,423)
Dividend income	6(20)	(440)	-
Unrealised loss on financial liabilities at fair value through profit or loss	6(23)	6,862	-
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		3,601,939	(5,434,298)
Accounts receivable - related parties		(985,777)	1,150,560
Other receivables		960,095	(939,985)
Inventories		(4,686,978)	(3,809,193)
Prepayments		(30,540)	(7,834)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		915	-
Accounts payable		1,841,825	6,206,515
Accounts payable - related parties		871,087	405,037
Other payables		15,165	121,446
Other current liabilities		(276,471)	328,826
Accrued pension liabilities		(1,650)	(6,531)
Cash inflow (outflow) generated from operations		3,214,322	(713,170)
Interest received		10,815	7,423
Dividend received		750,335	747,671
Interest paid		(337,775)	(196,353)
Income taxes paid		(253,364)	(165,349)
Net cash flows from (used in) operating activities		3,384,333	(319,778)

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Other receivables - related parties	7	$ 1,731,641	($ 1,731,641)
Proceeds from capital reduction of financial assets carried at cost		5,700	-
Acquisition of investments accounted for using equity method		(3,495,949)	(1,649,650)
Proceeds from capital reduction of subsidiaries		1,380	-
Acquisition of property, plant and equipment	6(7)	(31,254)	(18,812)
Proceeds from disposal of property, plant and equipment		28	1,114
Acquisition of intangible assets	6(8)	(4,810)	(4,751)
Decrease in other non-current assets		3,587	14,241
Net cash flows used in investing activities		(1,789,677)	(3,389,499)
CASH FLOWS FROM FINANCING ACTIVITIES			
(Decrease) increase in short-term borrowings		(4,962,591)	5,660,040
Increase in short-term notes amd bills payable	6(10)	949,303	199,986
Decrease in other payables - related parties	7	-	(11,300)
Increase (decrease) in long-term loans		982,120	(1,905,880)
Proceeds from issuing convertible bonds		-	1,495,000
Issuance of common stock for cash	6(17)	2,850,000	-
Cash dividends paid	6(19)	(1,141,780)	(1,298,149)
Net cash flows (used in) from financing activities		(1,322,948)	4,139,697
		(435,627)	(25,543)
Net (decrease) increase in cash and cash equivalents		(163,919)	404,877
Cash and cash equivalents at beginning of year		562,802	157,925
Cash and cash equivalents at end of year		$ 398,883	$ 562,802

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

【Annex 5】

WT Microelectronics Co., Ltd.
Table for Distribution of Earnings
2017

Unit: NT$

Undistributed earnings at the beginning of the period		**$ 2,003,960,154**
Less: Adjustment on retained earnings in 2017		(7,154,700)
Adjusted undistributed earnings		1,996,805,454
Add: Net income after tax in 2017	$ 2,519,897,246	
Less: Legal reserve (10%)	(251,989,725)	
Less: Special reserve	(109,102,321)	
Total distributable earnings in 2017		**2,158,805,200**
Accumulated distributable earnings at the end of the period		**4,155,610,654**
Less: Distribution items		
Cash dividends (NT$2.5 per share)		(1,381,422,770)
Total distribution items Undistributed earnings at the end of the period		**$ 2,774,187,884**

Note 1: Earnings in 2017 are distributed first.

Note 2: Distribution of dividend is based on 552,569,108 shares issued upon resolution of the Board of Directors on May 11, 2018.

Chairman: CHENG, WEN-TSUNG

Manager: CHENG, WEN-TSUNG

Accounting Supervisor: YANG, HSING-YU

【Annex 6】

WT Microelectronics Co., Ltd.
Comparison Table for Amendment to the Articles of Incorporation

Amended Article	Existing Article	Description
Article 5: The authorized capital of the Company is NT$10 billion, consisting of 1 billion shares, with a par value of NT$10 per share. The board of directors is authorized to issue the shares in separate installments as required. The total capital mentioned in the preceding paragraph shall reserve NT$8.2 billion, consisting of 82 million shares, with a par value of NT$10 per share, for stock options, preferred stock with warrants, or corporate bonds with warrants.	Article 5: The authorized capital of the Company is NT$10 billion, consisting of 1 billion shares, with a par value of NT$10 per share. The board of directors is authorized to issue the shares in separate installments as required. The total capital mentioned in the preceding paragraph shall reserve NT$1.9 billion, consisting of 19 million shares, with a face value of NT$10 per share, for stock options, preferred stock with warrants, or corporate bonds with warrants.	Amended in accordance with the Company's operations.
Article 7-2: When the Company transfers the shares to employees based on an average price lower than the actual repurchase price, or issues the employee stock options based on the price lower than the closing price of the Company's common shares on the date of issuance, the resolution shall be adopted by the consent of shareholders present with a majority of the total issued shares and two-thirds of the votes represented by those in attendance at the meeting.	Article 7-2: When the Company transfers the shares to employees based on an average price lower than the actual repurchase price, or issues the employee stock options based on the price lower than the closing price of common shares on the date of issuance, the resolution shall be adopted by the consent of shareholders present with a majority of the total issued shares and two-thirds of the votes represented by those in attendance at the meeting.	Expressions are slightly amended.
Article 8: All changes in the shareholders register shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.	Article 8: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.	Expressions are slightly amended.
Article 10: For any shareholders' meeting, a shareholder who may not attend the meeting due to certain reasons shall appoint a proxy in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.	Article 10: For any shareholders' meeting, a shareholder who may not attend the meeting due to certain reasons may appoint a proxy in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.	Expressions are slightly amended.

Amended Article	Existing Article	Description
Article 22: The Articles of Incorporation were formulated on December 20, 1993. The 1st amendment was made on May 23, 1994. The 2ed amendment was made on August 5, 1994. The 3rd amendment was made on November 11, 1994. The 4th amendment was made on January 13, 1997. The 5th amendment was made on March 17, 1997. The 6th amendment was made on June 8, 1998. The 7th amendment was made on March 30, 1999. The 8th amendment was made on May 31, 1999. The 9th amendment was made on September 15, 1999. The 10th amendment was made on April 6, 2000. The 11th amendment was made on May 2, 2001. The 12th amendment was made on November 6, 2001. The 13th amendment was made on June 17, 2002. The 14th amendment was made on June 15, 2004. The 15th amendment was made on May 25, 2005. The 16th amendment was made on May 25, 2005. The 17th amendment was made on June 14, 2006. The 18th amendment was made on June 15, 2007. The 19th amendment was made on June 16, 2009. The 20th amendment was made on June 15, 2010 The 21st amendment was made on June 15, 2011. The 22ed amendment was made on June 13, 2012. The 23rd amendment was made on June 10, 2015. The 24th amendment was made on June 3, 2016. <u>The 25th amendment was made on June 28, 2018.</u>	Article 22: The Articles of Incorporation were formulated on December 20, 1993. The 1st amendment was made on May 23, 1994. The 2ed amendment was made on August 5, 1994. The 3rd amendment was made on November 11, 1994. The 4th amendment was made on January 13, 1997. The 5th amendment was made on March 17, 1997. The 6th amendment was made on June 8, 1998. The 7th amendment was made on March 30, 1999. The 8th amendment was made on May 31, 1999. The 9th amendment was made on September 15, 1999. The 10th amendment was made on April 6, 2000. The 11th amendment was made on May 2, 2001. The 12th amendment was made on November 6, 2001. The 13th amendment was made on June 17, 2002. The 14th amendment was made on June 15, 2004. The 15th amendment was made on May 25, 2005. The 16th amendment was made on May 25, 2005. The 17th amendment was made on June 14, 2006. The 18th amendment was made on June 15, 2007. The 19th amendment was made on June 16, 2009. The 20th amendment was made on June 15, 2010 The 21st amendment was made on June 15, 2011. The 22ed amendment was made on June 13, 2012. The 23rd amendment was made on June 10, 2015. The 24th amendment was made on June 3, 2016.	Number and date of amendments are added.

【Appendix 1】

WT Microelectronics Co., Ltd.
Rules of Procedure for Shareholder Meetings

Article 1: Meetings of shareholders shall be acted upon in accordance with these Rules. Matters not provided in these Rules shall be handled in accordance with Company Act and relevant laws and regulations.

Article 2: Shareholders mentioned in these Rules refer to shareholders themselves and proxies attending the meeting on behalf of shareholders.

Article 3: Shareholders or proxies present may turn in their attendance cards to sign in, who will be recognized as present. The Company is not responsible for the recognition of attendance.

Article 4: The total attendance and vote shall be calculated based on shares in accordance with the attendance cards turned in at the meeting plus ballets or electronic votes. If shareholders propose to count the attendance, the chairperson may not proceed. In the resolution, if the attendance has reached the statutory quota, the proposal is considered approved.

When a corporate is authorized to attend the shareholders' meeting, only one representative shall be appointed by the corporate.

When corporate shareholders appoint two or more representatives to attend the shareholders' meeting, only one representative has the right to speak for the same proposal.

Article 5: The venue of shareholders' meeting shall be at the Company or a convenient and suitable location. The shareholders' meeting shall be held during 9 a.m. and 3 p.m.

Article 6: If a shareholders' meeting is convened by the board, the chairman of the board shall be the chairman presiding at the meeting. If the chairman of the board is on leave or cannot perform his duties for some reason, the chairman shall designate one director to act on his behalf. If the chairman has not appointed a proxy, the meeting chair shall be elected from among the directors present.

If the meeting is convened by any other person besides the board of directors who is entitled to convene the meeting, such person shall be the chairman to preside at the meeting. If there are more than two persons convening the meeting, then shall be the one elected by the other.

Article 7: The chairman shall call the meeting to order at the time scheduled for the meeting, provided, however, that if during postpone the shareholders' meeting to a later time, provided, however, that the maximum number of times a shareholder meeting may be postponed shall be two and total time of postponement shall not exceed one hour. If after two postponements no quorum can yet be constituted, the chairman may announce the dissolution. When the shareholders present at the meeting represent more than one third of the total outstanding shares, tentative resolutions may be made in accordance with Section 1 of Article 175 of the Company Act. Shareholders shall be informed of such tentative resolutions and the shareholders' meeting will be convened within one months.

If before the end of the meeting and at enough shares become present to constitute a quorum, the chairman may then re-submit the tentative resolutions to the meeting for approval, in accordance with Article 174 of the Company Act.

Article 8: The agenda for the shareholders' meetings shall be set by the Board of Directors if the meeting is convened by the Board of Directors. The meeting shall be conducted in accordance with the agenda, which may not be altered without a resolution adopted at the shareholders' meeting.

The preceding provisions of this Article apply mutatis mutandis to cases where shareholders' meetings are convened by any person(s), other than the Board of Directors, entitled to convene the meeting.

Unless otherwise resolved at the shareholders' meeting, the chairman may not announce adjournment of the meeting unless the scheduled agenda items (including Questions and Motions) set forth in the preceding provisions of this Article are concluded, or in case of disorder of other matters that make the meeting hard to proceed normally. If the chairman announces adjournment of the meeting and violates these rules of procedure, the meeting may be continued after electing one of the attendees to be the meeting chainman in accordance to the approval of the majority of the votes represented by the attending shareholders. After the meeting is adjourned, shareholders may not separately elect a chair and resume the meeting at the original or another venue.

Article 9: When a shareholder attending the meeting wishes to speak, he or she shall first fill out a speaker's card, specifying therein the major points of his or her speech, account number (or number appeared on attendance pass) and account name. The chairman shall determine sequence of shareholders' speeches.

A shareholder in attendance who submits a speaker's slip but does not speak shall be deemed to have not spoken. In the case where the contents of a shareholder's speech differ from those specified on the speaker's card, the contents of the actual speech shall prevail.

When shareholders' authorization is limited by proxies in the power of attorney or through other methods, proxies' speech or votes shall prevail, regardless of the Company's awareness.

Article 10: A shareholder may not speak more than twice on the same resolution without the chairman's consent, with five minutes maximum for each speech.

The chairman may stop any shareholder who violates the above rules or exceeds the scope of the agenda item.

Unless otherwise permitted by the chairman and speaking shareholder, no shareholder shall interrupt the speech of the speaking shareholder; the chairman shall stop any such interruptions.

Shareholders not obeying the chairman regarding the situations mentioned in preceding two paragraphs shall be handled in accordance with Paragraph 4 of Article 18.

Article 11: The chairman may respond or designate other persons to respond after an attending shareholder's speech.

Article 12: Discussions or votes shall be carried out only for proposals. When the chairman considers that the discussion for a motion has reached the extent for making a resolution, he may announce discontinuance of the discussion and submit the motion for resolution. For such motions which are announced by the chairman to be determined by votes, ballets may be casted for several motions at the same time but shall be voted separately.

Article 13: Unless otherwise specified in the Company Act and the Articles of Incorporation, resolutions shall be adopted by a majority of the votes represented by the attending shareholders.

The resolution by electronic votes shall be deemed adopted and shall have the same effect as if it was voted by casting ballots if no objection is voiced after inquiry by the chairman.

In case of objection, a ballet shall be cast for a vote by each motion or by each proposal (including election) to be determined by the chairman. Votes shall be counted separately.

If there is an amendment or replacement proposal to the original proposal, the chairman shall decide the sequence of voting for such proposals, provided that if any one of the proposals has been approved, other matters shall be deemed vetoed and no further voting is required.

Article 14: Shareholders of the Company have one vote per share, except for those limited to vote or having no vote in accordance with Paragraph 2, Article 179 of Company Act.

According to Article 177-1 of Company Act, shareholders exercising their votes through ballets or electronic votes are deemed present in the shareholders' meeting. However, such shareholders shall waive their votes for questions and motions and the amendments or alternatives of the original proposals in the shareholders' meeting.

Article 15: The persons for supervising the casting of votes and the counting thereof for resolutions shall be designated by the chairman, provided, however, that the person supervising the casting of votes shall be a shareholder.

The vote counting process of the voting and election shall be announced at the venue of the meeting once completed, including the weights. And the result of the vote counting process shall be recorded.

Article 16: The Company may appoint designated attorneys, certified public accounts or other relevant persons to attend shareholders' meetings.

Article 17: The recording mentioned in the preceding paragraph shall be kept for at least one year. The litigations brought by shareholders in accordance with Article 189 of Company Act shall be recorded until closed.

Article 18: The staff members who take charge of the shareholders' meeting affairs shall wear identification certificates or armbands.

The chairman may direct disciplinary officers or security personnel to maintain the order of the Meeting. For identification purposes, they shall wear a badge bearing the words of "disciplinary officer."

If a public-address system is available at the venue, the chairman may stop the shareholder's speech using equipment outside the Company's setting. Persons that violate the Rules or interfere with the procedures of the shareholders' meeting and disobey the chairman's correction will be asked by disciplinary officers or security personnel to leave the venue.

Article 19: During the process of the meeting, the chairman may announce a recess at an appropriate time. In case of irresistible circumstances, the chairman may suspend the shareholders' meeting and announce the time of continuance of the meeting. If the shareholders' meeting cannot be held at the venue before the scheduled procedures (including Questions and Motions) of the meeting agenda are ended, the shareholders' meeting may be proceeded at another venue.

Article 20: These Rules and procedures shall be effective after ratification at the shareholders' meetings. The same applies to modifications.

These Rules were formulated on May 31, 1999.

The 1st amendment was made on April 6, 2000.

The 2ed amendment was made on June 17, 2002.

The 3rd amendment was made on May 25, 2005.

The 4th amendment was made on June 10, 2015.

【Appendix 2】

WT Microelectronics Co., Ltd.
Articles of Incorporation

Chapter 1 General Provisions

Article 1: The Company, organized under the Company Act, shall be named WT Microelectronics Co., Ltd.

Article 2: The Company's scope of business includes:

1. Processing, manufacturing, research and development, trade, and import and export of various electronic components and finished products
2. Manufacturing, trade, and import and export of various telephone equipment and components.
3. General import/export trade (except futures)
4. Agency of quotations and tenders for domestic and foreign vendors
5. I301010 Software Design Services
6. F218010 Retail Sale of Computer Software
7. F118010 Wholesale of Computer Software
8. G801010 Warehousing and Storage
9. F113070 Wholesale of Telecom Instruments
10. ZZ99999 All business items that are not prohibited or restricted by law, except those that are subject to special approval.

Article 3: The Company is headquartered in New Taipei City and when necessary may establish branches at home and abroad according to resolutions by the Board of Directors.

Article 4: Any and all public announcement s to be made by the Company shall be in accordance with Article 28 of Company Act.

Chapter 2 Shares

Article 5: The authorized capital of the Company is NT$10 billion, consisting of 1 billion shares, with a par value of NT$10 per share. The board of directors is authorized to issue the shares in separate installments as required.

The total capital mentioned in the preceding paragraph shall reserve NT$1.9 billion, consisting of 19 million shares, with a par value of NT$10 per share, for stock options, preferred stock with warrants, or corporate bonds with warrants.

Article 6: The Company can invest other companies and become their shareholders. The amount of investment is not limited by 40% of paid-up share capital stipulated in Article 13 of Company Act.

Article 7: The share certificates of the Company shall without exception be in registered form, signed by, or affixed with the seals of three directors, and authenticated by the competent governmental authority upon issuance. Shares issued by the Company and registered with centralized securities depository enterprises need not be in certificate form.

Article 7-1: Unless otherwise stipulated, shareholder services of the Company shall be handled in accordance with Regulations Governing the Administration of Shareholder Services of Public Companies.

Article 7-2: When the Company transfers the shares to employees based on an average price lower than the actual repurchase price, or issues the employee stock options based on the price lower than the closing price of common shares on the date of issuance, the resolution shall be adopted by the consent of shareholders present with a majority of the total issued shares and two-thirds of the votes represented by those in attendance at the meeting.

Article 8: All entries in the shareholders register due to share transfers shall be suspended for 60 days prior to an ordinary shareholders meeting, or for 30 days prior to an extraordinary shareholders meeting, or for 5 days prior to the record date fixed for distributing dividends, bonus, or any other benefit.

Chapter 3 Shareholders' Meeting

Article 9: Shareholders' meetings of the Company are of two kinds: regular shareholders meetings and extraordinary shareholders meetings. The regular shareholders' meeting is called once per year within six months of the close of the fiscal year. Extraordinary shareholders meetings may be called in accordance with applicable laws and regulations whenever necessary.

Article 10: For any shareholders' meeting, a shareholder who may not attend the meeting due to certain reasons may appoint a proxy in accordance with Regulations Governing the Use of Proxies for Attendance at Shareholder Meetings of Public Companies and related laws and regulations.

Article 11: Each shareholder of the Company is entitled to one vote per share, unless otherwise stipulated or limited.

Article 11-1: (Deleted).

Article 12: Unless otherwise provided by applicable laws and Articles of Incorporation of the Company, a resolution of the shareholders' meeting shall be in accordance with the Rules of Procedure for Shareholder Meetings stipulated by the Company.

Chapter 4 Directors and Supervisors

Article 13: The Company shall have five to nine directors, including at least 2 independent directors, 1/5 of total directors, and 2 supervisors.

Pursuant to Article 192-1 and Article 216-1 of Company act, the election of directors and supervisors shall be based on a candidate nomination system. Directors and supervisors of the Company shall be selected from the list of candidates in the shareholders' meeting. The term of office shall be three years, and they may continue in office if re-elected. The election of directors and independent directors shall be held at the same time and voted separately. The aggregate shareholding percentages of the entire bodies of directors and supervisors shall comply with the regulations prescribed by the securities supervisory authorities.

Article 14: The board of directors shall consist of the directors of the Company; the chairman of the board of directors shall be elected from among the directors by a majority of directors in attendance at a meeting attended by at least two-thirds of the directors. The chairman shall represent the Company. The chairman and directors shall perform their duties in accordance with the resolutions and instructions made by the board of directors.

Article 14-1: Unless otherwise provided for by applicable law or regulation, a resolution of the board of directors shall be adopted by the consent of a majority of the votes represented by those the majority in attendance at the board of directors meeting.

Article 14-2: Unless otherwise stipulated in Company Act, meetings of the board of directors shall be convened by the chairman of the board of directors.

Directors and supervisors shall be informed of the convocation of the meeting of the board of directors and the subject of the meeting in writing or by fax or email seven days before the meeting; though in emergency situations, a meeting may be called whenever necessary.

A directors may authorize a director to attend the meeting of the board of directors on behalf of them with the power of attorney stating the scope of authorization.

Article 15: If the chairman of the board is on leave or cannot perform his duties for some reason, the board of directors shall designate one proxy in accordance with Article 208 of Company Act.

Article 16: The remuneration of directors and supervisors shall be proposed by Remuneration Committee considering the participation in the Company’s operations and contributions and referring to the Company’s business performance and the normal standards in the same trade, and submitted to the board of directors for resolution.

Article 16-1: The Company may buy liability insurance for directors in order to reduce the risk of accusation by shareholders or other interested parties due to the performance of duties in accordance with applicable laws and regulations.

The same applies to supervisors of the Company.

Chapter 5 Managers

Article 17: The Company may appoint several managers, whose commissioning, decommissioning and pay rate shall be decided in accordance with Article 29 of Company Act.

Chapter 6 Finance

Article 18: According to Article 228 of Company Act, after the close of each fiscal year, the following reports shall be prepared by the board of directors and submitted to the supervisors for review. Supervisors shall prepare the review report accordingly and submit it to the general shareholders’ meeting for reviewing and for ratification:

1. Business Report
2. Financial Statements
3. Proposal Concerning Appropriation of Net Profits or Recovering of Losses

Article 19: If the Company makes profits (which mean profits before tax without deducting the remuneration of employees and directors and supervisors), more than 1% of such profits shall be distributed to employees and up to 1% to directors and supervisors as their remuneration. If the Company has accumulated losses, the reserve shall be appropriated to offset such losses.

The remuneration mentioned in the preceding paragraph shall be distributed by stock or cash to eligible employees, while the remuneration of directors and supervisors shall be distributed by cash only.

The board of directors shall resolve on the matters mentioned in two preceding paragraphs and report in the General Shareholders' Meeting.

Article 20: If the Company has earnings, such earnings shall be appropriated to offset accumulated losses; then, 10% of such remaining earnings shall be appropriated as the legal reserve, unless the legal reserve has reached the total paid-in capital. If necessary, the special reserve shall be recognized or reversed in accordance with the Order or regulations of competent authorities. Such remaining earnings and the undistributed earnings in the beginning of the year amount to distributable earnings, which shall be held or distributed in accordance with the Company's dividend policy. The amount of distributable earnings and the method of distribution shall be proposed by the board of directors and resolved in General Shareholders' Meeting.

Chapter 7 Supplementary Provisions

Article 20-1: The Company's dividend policy is based on the following guidelines:

The Company's dividend policy is determined by the board of directors based on the business plan, investments, capital budgets, and changes in the environment. As the Company is currently in a growth stage, the earnings shall be held to respond to funds required for operational growth and investments. Currently, the Company adopts the minimum cash dividends plus additional dividends. The earnings are distributed as follows:

The distribution of earnings shall be at least based on 40% of distributable earnings for the period. Considering the future profits and capital demands, the distribution of cash dividends shall be at least 10% of total dividends distributed for the period, if total distributed earnings exceed 30% of paid-in capital before distribution, cash dividends shall be at least 20% of total dividends distributed for the period.

Article 20-2: (Deleted).

Article 21: According to Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the Company may provide endorsements and guarantees and act as a guarantor. Any matters not sufficiently provided for in these Articles of Incorporation shall be handled in accordance with other applicable laws or regulations.

Article 22: The Articles of Incorporation were formulated on December 20, 1993.

The 1st amendment was made on May 23, 1994.

The 2ed amendment was made on August 5, 1994.

The 3rd amendment was made on November 11, 1994.

The 4th amendment was made on January 13, 1997.

The 5^{th} amendment was made on January 3, 1997.
The 6^{th} amendment was made on March 17, 1997.
The 7^{th} amendment was made on June 8, 1998.
The 8^{th} amendment was made on March 30, 1999.
The 9^{th} amendment was made on May 31, 1999.
The 10^{th} amendment was made on September 15, 1999.
The 11^{th} amendment was made on April 6, 2000.
The 12^{th} amendment was made on May2, 2001.
The 13^{th} amendment was made on November 6, 2001.
The 14^{th} amendment was made on June 17, 2002.
The 15^{th} amendment was made on June 15, 2004.
The 16^{th} amendment was made on May 25, 2005.
The 17^{th} amendment was made on June 14, 2006.
The 18^{th} amendment was made on June 15, 2007.
The 19^{th} amendment was made on June 16, 2009.
The 20^{th} amendment was made on June 15, 2010.
The 21^{st} amendment was made on June 15, 2011.
The 22ed amendment was made on June 13, 2012.
The 23^{rd} amendment was made on June 10, 2015.
The 24th amendment was made on June 3, 2016.

WT Microelectronics Co., Ltd.

Chairman CHENG, WEN-TSUNG

【Appendix 3】

WT Microelectronics Co., Ltd.
Current Shareholding of Directors and Supervisors

1. According to Article 26 of Securities and Exchange Act and Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies, the minimum number of shares held by all directors of the Company shall be 17,682,211 and that held by all supervisors of the Company shall be 1,768,221.

2. As of the date of transfer termination (April 30, 2018), the respective and current shareholding of directors and supervisors recorded in the shareholder register is as follows:

Title	Name	Number of Shares Held	Percentage of Shareholding to Total Shares Issued (%) (Note1)
Chairman	CHENG, WEN-TSUNG	28,177,112	5.10
Director	HSU, WEN-HUNG	8,356,543	1.51
Director	KAO, HSIN-MING	4,474,434	0.81
Director	CHENG, KEN-YI	0	0
Independent Director	CHENG, TIEN-CHONG	0	0
Independent Director	KUNG,JU-CHIN	0	0
Total		**41,008,089**	**7.42**
Supervisor	HU, HSIU-HSING	0	0
Supervisor	TANG YE INVESTMENT CO., LTD. Representative: WU,CHIH-HSIUNG	3,361,677	0.61
Total		**3,361,677**	**0.61**

Note1: The total number of shares issued is 552,569,108.
Note2: A seat of the company's board of directors is temporarily vacancy.

3. The shareholding of directors and supervisors of the Company has reached the statutory standard.