

Stock Code : 3036

WT Microelectronics Co., Ltd.

Handbook of 2017 General Shareholders' Meeting [Translation]

Meeting Time : June 26, 2017

Place : 14F, 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 2017 General Shareholders' Meeting

Time: June 26, 2017 (Monday), 9 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) 2016 Business Report.
- (2) Supervisors' Review Report.
- (3) 2016 Report on Distribution of Remuneration of Employees and Directors and Supervisors.
- (4) Report on Issuance of the 5th Unsecured Convertible Corporate Bonds (Domestic).
- (5) Special Committee for Mergers and Acquisitions Report on Share Exchange with Maxtek Technology Co., Ltd.

4. Proposed Resolutions

- (1) 2016 Business Report and Financial Statements.
- (2) Distribution of 2016 Earnings.

5. Discussion Items

- (1) Acquisition of 100% shares of Maxtek Technology Co., Ltd. Using Cash as Payment Consideration.
- (2) Amendments to Procedures for Acquisition or Disposal of Asset.

6. Questions and Motions

7. Adjournment

Report Items

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

Proposal: 2016 Business Report.

Explanation: 2016 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: 2016 Report on Distribution of Remuneration of Employees and Directors and Supervisors.

Explanation: According to Article 19 of Articles of Incorporation, 2016 remuneration of employees and directors and supervisors amounting to NT\$19,380,000 and NT\$13,500,000 respectively are distributed by cash.

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

Proposal: Report on Issuance of the 5th Unsecured Convertible Corporate Bonds (Domestic).

Explanation: To repay the loans and to strengthen the financial structure, the Company issued the 5th unsecured convertible corporate bonds (domestic) totaling NT\$1.5 billion on July 7, 2016. The reason and matters in respect of corporate bonds are reported according to Article 246 of the Company Act, as attached as Annex 3 (Page 10).

Item No.5: (Proposed by the Board of Directors)

Proposal: Special Committee for Mergers and Acquisitions Report on Share Exchange with Maxtek Technology Co., Ltd.

Explanation: 1. Considering the business performance and future development of Maxtek Technology Co., Ltd. and according to the opinion on the rationality of value given by appointed CPA Kuo-Shih Huang, the consideration price per share is NT\$27, between NT\$18.94 and NT\$34.36 assessed by the above independent expert, which is deemed reasonable by Special Committee for Mergers and Acquisitions; upon review, the share exchange agreement is established in accordance with related laws and regulations and the conditions of share exchange are in line with the principle of fairness. Accordingly, all members attending the meeting assented to this proposal without objection.

2. Meeting Minutes of Special Committee for Mergers and Acquisitions is attached as Annex 4 (Page 11).

Proposed Resolutions

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

Proposal: 2016 Business Report and Financial Statements.

Explanation: 1. 2016 Parent Company Only Financial Statements and Consolidated 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. 2016 Business Report, Independent Auditors' Report, and Financial Statements are attached as Annex 1 (Page 5 to Page 7) and Annex 5 to Annex 6 (Page 12 to Page 36).

Resolution:

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

Proposal: Distribution of 2016 Earnings.

Explanation: 1. Distribution of 2016 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 7 (Page 37).

2. Cash dividends amounting to NT\$1,141,780,289 were distributed, with each share worth NT\$2.4. 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 Items

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

Proposal: Acquisition of 100% shares of Maxtek Technology Co., Ltd. Using Cash as Payment Consideration.

Explanation:

1. To integrate resources, expand the business scale, and improve industrial competitiveness, the Company plans to acquire 100% shares of Maxtek Technology Co., Ltd. (Maxtek) 's common stock issued using cash as payment consideration (the Share Exchange Project) in accordance with the Business Mergers And Acquisitions Act and related laws and regulations. After the share exchange is complete, Maxtek will become a 100%-owned subsidiary of the Company; the Share Exchange Agreement entered into between the Company and Maxtek is attached as Annex 8 (Page 38 to Page 48).
2. The consideration price per share is NT\$27. Independent Review Report on the rationality of the share exchange price is attached as Annex 9 (Page 49 to Page 53).
3. The base date of share exchange is temporarily set on October 1, 2017. Depending on the actual situation of the Share Exchange Project, the official base date will be adjusted and announced upon negotiation and the resolution of the Board of Directors of both parties.
4. The Share Exchange Project will take effect after the resolution of the Board of Directors of both parties and the approval of the competent authority are obtained and after the prerequisites of share exchange stipulated in the Share Exchange Agreement are met.
5. Unless otherwise stipulated in the Share Exchange Agreement, matters not specified are governed by the Chairman of the Company based on laws and regulations and administrative guidance.

Resolution:

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

Proposal: Amendments to Procedures for Acquisition or Disposal of Asset.

Explanation: Procedures for Acquisition or Disposal of Assets are amended in response to the amendments to the Regulations Governing the Acquisition and Disposal of Assets by Public Companies promulgated by the Financial Supervisory Commission in Order No. 1060001296 dated February 9, 2017. The comparison table is attached as Annex 10 (Page 54 to 59).

Resolution:

Questions and Motions

Adjournment

WT Microelectronics Co., Ltd. Business Report

1. 2016 Business Report

(1) Business Performance:

The consolidated operating income of the Group in 2016 was NT\$144,147,461,000, an increase of 26.89% compared to NT\$113,598,195,000 in 2015. The new income in 2016 was NT\$2,037,714,000, a decrease of 13.27% (NT\$311,853,000) compared to NT\$2,349,567,000 in 2015 due to the loss of bad debts. The scope of business includes industrial control, automotive electronics, smart phones, netcom equipment, home appliances and personal computers. In addition to the increase in the operating income, the Group continuously introduced new products, engaged in new markets, and expanded quality clients in order to increase profits. Moreover, streamlined operating procedures and an optimized operating management system benefited the management of product supply and demand as well as operational efficiency.

Unit: NT\$1,000

Item	2015	2016	Increase/ Decrease	Increase/ Decrease%
Operating Income	113,598,195	144,147,461	30,549,266	26.89%
Operating Profit	2,475,682	2,460,528	(15,154)	(0.61%)
Net Income	1,983,418	1,699,670	(283,748)	(14.31%)

(2) Financial Balance and Profitability:

Item		2015	2016
Financial Structure	Liabilities to Assets Ratio (%)	64.13	72.47
	Long-term Funds to Fixed Assets Ratio (%)	3,643.00	3,928.30
Solvency	Current Ratio (%)	153.9	133.59
	Acid-test Ratio (%)	94.33	81.43
Profitability	Return on Assets (%)	4.8	3.56
	Return on Equity (%)	12.88	10.05
	Net Profit Rate (%)	1.75	1.18
	Basic Earnings per Share (NT\$) (Note)	4.27	3.61

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 capitalization of earnings.

(3) Research and Development:

With the popularity of smart phones and cloud data services, smart products and applications have been developed, driving manufacturers to develop fiber networks and wireless networks that meet people's needs. In recent years, 4G LTE internet grows popular with lower costs, faster computer processing, and more diverse sensors, making internet of vehicles (IOV), internet of things (IOT), wearable technology, smart robots and many intelligent element highlights of the semiconductor industry in the next generation. The Group has key components like driving image processors, micro-electro-mechanical components, high-performance microprocessors, image sensors, high-speed network switch processors, 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	2014	2015	2016
Net Operating Income	107,766,685	113,598,195	144,147,461
Research and Development Expense	314,762	325,245	304,838
Research and Development Expense to Net Operating Income Ratio	0.29%	0.29%	0.21%

2. 2017 Business Plan

In 2017, the Company will continuously expand new markets and new applications and improve product structures and profitability based on the overall economics market condition; in addition, the Company will adjust expenses, streamline operating procedures and optimize operational management systems, manage supply/demand, promote operational efficiency, and improve the ability to provide additional values for the semiconductor industry chain.

(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, IOT, and wearable devices, and increasing the shipments in automotive electronics, 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 simplifying operating procedures and optimizing 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

**WT Microelectronics Co., Ltd.
Supervisors' Review Report**

The Board of Directors have prepared and submitted to us 2016 Parent Company Only Financial Statements and Consolidated Financial Statements audited by CPA Hsu, Yong-Chien and CPA Hsu, Sheng-Chung from PricewaterhouseCoopers Taiwan and 2016 Business Report,. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2017 General Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,

2017 General Shareholders' Meeting

WT Microelectronics Co., Ltd.

Supervisor: HU, HSIU-HSING

Supervisor: TANG YE INVESTMENT CO., LTD.

Representative: WU, CHIH-HSIUNG

March 23, 2017

**WT Microelectronics Co., Ltd.
Supervisors' Review Report**

The Board of Directors have prepared and submitted to us Table for Distribution of Earnings in 2016. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2017 General Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,

2017 General Shareholders' Meeting

WT Microelectronics Co., Ltd.

Supervisor: HU, HSIU-HSING

Supervisor: TANG YE INVESTMENT CO., LTD.

Representative: WU, CHIH-HSIUNG

May 9, 2017

WT Microelectronics Co., Ltd.
Issuance and Execution of Corporate Bonds

Type of Corporate Bond	The 5th Unsecured Convertible Corporate Bond (Domestic)
Date of Board Resolution	March 15, 2016
Reference No. Granted by Financial Supervisory Commission	Jin-Guan-Zheng-Fa-Zi No.1050015723 dated May 12, 2016
Date of Issuance	July 7, 2016
Denomination	NT\$100,000
Issue Price	Fully issued at par price.
Total Amount	NT\$1.5 billion
Interest Rate	Coupon rate 0%
Period	3 years; maturity date: July 7, 2019
Trustee	Trust Department, Mega International Commercial Bank Co., Ltd.
Underwriter	Grand Fortune Securities Co., Ltd.
Method of Repayment	Except that the bond holder converts the bond into the Company's common stock based on Article 11 of the Regulations, or the bond is bought back and cancelled by the securities businesses, the corporate bond will be redeemed based on the par price in a lump sum in cash upon maturity
Reason for Raise and Expected Benefits	The Company issues the corporate bond to repay the loans, reduce financial burden, and improve its solvency and financial structure for the interest of the overall business development.
Regulations of Issuance and Conversion, Dilution, and Effect on Shareholders' Equity	The Company issues convertible corporate bonds totaling NT\$1.5 billion. Based on the conversion price of NT\$40.5 upon issuance, the maximum number of the Company's convertible common stock is 37,037,000 shares. With 447,638,000 shares issued upon issuance, the dilution rate is up to 7.64%. The conversion of corporate bonds into the Company's common stock can reduce liabilities and increase shareholders' equity, further increasing the net value per share. In a long run, shareholders' equity is safeguarded.
Outstanding Principal	NT\$1,294,000,000 (as of April 28, 2017)
Number of Common Stock Converted	5,722,197 shares (as of April 28, 2017)
Latest Conversion Price	NT\$36

WT Microelectronics Co., Ltd.
Minutes of the Second Meeting of Special Committee on Mergers and Acquisitions

1. Date and Time of Meeting: at 9:00 a.m., on April 6th, 2017 (Thursday)
2. Place: 14th FL., NO.738, CHUNG CHENG RD., ZHONGHE DIST., NEW TAIPEI CITY 235
3. Attending members: KUNG, JU-CHIN, CHENG, TIEN-CHONG, JACK, YEH.
Absent members: none.
The numbers of total members are three, and total of three members attending the meeting.
Nonvoting participant(s): YANG, SHING-YU, the accounting director.
4. Chairperson: KUNG, JU-CHIN, the convener. Sectary: WANG, YEA-CHING
5. Reports: none.
6. Discussion:

Proposal I: Conducting review of proposal of share exchange between the Company and MAXTEK TECHNOLOGY CO., LTD submitted for discussion.

Explanation:

- i. The Company is planning to sign and execute the Share Exchange Agreement, referred to attachment 1, with MAXTEK TECHNOLOGY CO., LTD. ("MAXTEK") according to the provisions prescribed in the Business Mergers and Acquisitions Act and other relevant laws and regulations, therefore, the Company may acquire all issued and outstanding common stocks of MAXTEK at the cost of NT\$27 per share (the Share Exchange Transaction), after the Share Exchange Transaction to be fulfilled and completed, MAXTEK will become a subsidiary entirely held by the Company.
- ii. The opinion on the reasonableness for the price referred to attachment 2 issued by the independent expert, i.e. certified public accountant Huang Kuo Hshi, in which the price bands of reasonable acquisition price evaluated for the Share Exchange Transaction may be from NT\$18.94 to NT\$34.36. The decided Share Exchange Transaction is NT\$27 per share, and such consideration is lies in the reasonable price bands suggested by the aforementioned independent expert.

Resolved : After consideration of MAXTEK’s future operation and business development, and the opinion on the reasonable price proposed by the independent expert - certified public accountant Huang Kuo Hshi, the Share Exchange Transaction is NT\$27 per share; which lies between the range of NT\$18.94 to NT\$34.36, which was deemed as reasonable; and the committee has reviewed the Share Exchange Agreement found that the terms and conditions of this Agreement was contemplated and made under relevant laws and regulations, such Agreement can be deemed as consistent with equitable principle; that the proposal of Share Exchange Transaction submitted be, and hereby is, approved unanimously by a total number of attending members.

7. Extraordinary motion : none.
8. Upon a motion duly made and seconded, the meeting adjourned

Signature of Chairperson: KUNG, JU-CHIN

Signature of Secretary: WANG, YEA-CHING

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 balance sheets of WT Microelectronics Co., Ltd. as at December 31, 2016 and 2015, and the related statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the parent company only financial position of the Company as at December 31, 2016 and 2015, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparations 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 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 financial statements of the current period. These matters were addressed in the context of our audit of the parent financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Recognition of supplier rebates**Description**

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

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 deduction of account payable to suppliers, and also deduction of cost of sales or inventory depending on whether the inventories have been sold. The Company pays net purchase price, after confirmation that the rebate is granted and has been received the credit memo from its suppliers.

As the types of supplier rebates terms are many and changes frequently, and the calculation is complex, the Company relies on the information system to gather related transaction information, and manually matched 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 more audit effort are required 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. We obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls, such as 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. We performed trend analysis on the ratio of supplier rebates to corresponding transaction amount;
- C. We sampled supplier rebates and tested whether the transaction quantities which was used in 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. We 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 balance sheet date, and confirmed that there was no material differences; and
- E. We 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 replied in the suppliers' confirmation, and investigated the differences, if any.

Impairment assessment of investments accounted for using equity method and goodwill

Description

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

The Company 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".

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 Company 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 involves its own financial forecast for the next 5 years, as the assumption of forecast requires management judgment 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 cash generating unit a key audit matter.

How our audit addressed the matter

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

- A. We 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. We assessed management's assessment process of each cash generating unit and compared the consistency between future cash flow of valuation model for the next 5 years and operating plan which was approved by the Board of Directors;
- C. 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 assumption included 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. We 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, 2016, the Company's inventories and allowances for inventory valuation losses were NT\$ 17,396,063 thousand and NT\$ 825,737 thousand, respectively.

The Company is primarily engaged in sales of various kinds of electronic components. Due to rapid technological 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 sale discount. Since the amount of inventory was material, inventory types are many and source information of net realisable value of each type of inventories are also many, the identification of obsolete and damaged inventory and its net realisable value are subjected to management's judgement. Thus, 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:

- A. We 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. We 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

C.We 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 of sales and purchase and obtained supporting documents.

Accounts receivable impairment valuation

Description

Please refer to Note 4(6) for accounting policy on accounts receivable impairment valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to accounts receivable impairment valuation, and Note 6(2) for details of accounts receivable. As at December 31, 2016, the balances of accounts receivable and its allowance for uncollectible accounts were NT\$ 13,346,724 thousand and NT\$ 155,528 thousand, respectively. And the consolidated balances of accounts receivable and its allowance for uncollectible accounts were NT\$ 30,441,738 thousand and NT\$ 908,998 thousand, respectively.

The Company assesses periodically whether there is objective evidence of impairment for each accounts receivable. The assessment included the overdue aging of those accounts receivable, the financial situation of customers, internal credit ranking of the Company, historical trading record, subsequent collection and obtainable credit insurance to assess the allowance for uncollectible accounts. As the assessment involves management's judgment on impairment, the factors that affected the allowance for uncollectible accounts involves a high degree of uncertainty that has a material effect on the recoverable amount of account receivable, thus we consider the assessment on allowance for significant uncollectible accounts a key audit matter.

How our audit addressed the matter

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

- A.We compared whether the provision policies and procedures were consistently applied on allowance for uncollectible accounts in the reporting period, and assessed the reasonableness of the provision policies;
- B.We obtained the overdue aging report used when management assessed the impairment of accounts receivable, assessed that the logic of data source was consistently applied, and tested its accuracy with proper documents; and
- C.We assessed the reasonableness of estimates that management applied on allowance for uncollectible accounts and obtained supporting documents, including disputed accounts, overdue accounts, subsequent collection, economic conditions that would affect sale customers, and other indications that showed the customer would be unable to repay on schedule.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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 financial statements

Our objectives are to obtain reasonable assurance about whether the 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:

- A. Identify and assess the risks of material misstatement of the 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 Company'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 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 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.
- E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the 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 financial statements 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 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.

PricewaterhouseCoopers, Taiwan

March 24, 2017

The accompanying 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 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.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016 AMOUNT	December 31, 2015 AMOUNT
Current assets			
1100	Cash and cash equivalents	6(1) \$ 562,802	\$ 157,925
1170	Accounts receivable, net	6(2) 13,191,196	7,854,835
1180	Accounts receivable - related parties	7 3,295,983	4,446,543
1200	Other receivables	6(2) 1,564,409	632,150
1210	Other receivables - related parties	7 1,740,077	710
130X	Inventory	6(3) 16,570,326	12,761,133
1410	Prepayments	6(4) 98,284	90,450
11XX	Total current assets	<u>37,023,077</u>	<u>25,943,746</u>
Non-current assets			
1543	Financial assets carried at cost – non-current	6(5) 17,875	17,875
1550	Investments accounted for using equity method	6(6) 14,708,849	13,357,648
1600	Property, plant and equipment	6(7) 435,749	462,471
1780	Intangible assets	6(8) 127,529	134,981
1840	Deferred income tax assets	6(26) 273,694	227,436
1900	Other non-current assets	6(2)(14)(29) 96,184	112,599
15XX	Total non-current assets	<u>15,659,880</u>	<u>14,313,010</u>
1XXX	Total assets	<u>\$ 52,682,957</u>	<u>\$ 40,256,756</u>

(Continued)

WT MICROELECTRONICS CO., LTD.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2016	December 31, 2015
			AMOUNT	AMOUNT
Current liabilities				
2100	Short-term borrowings	6(9)	\$ 17,414,582	\$ 11,754,542
2110	Short-term notes and bills payable	6(10)	199,986	-
2170	Accounts payable		14,256,019	8,049,504
2180	Accounts payable - related parties	7	598,309	193,272
2200	Other payables	6(11)	739,768	603,704
2220	Other payables - related parties	7	17,550	33,937
2230	Current income tax liabilities		168,963	112,918
2399	Other current liabilities	7	715,732	429,241
21XX	Total current liabilities		<u>34,110,909</u>	<u>21,177,118</u>
Non-current liabilities				
2530	Bonds payable	6(12)	1,396,535	-
2540	Long-term loans	6(13)	-	1,905,880
2570	Deferred income tax liabilities	6(26)	273,043	249,666
25XX	Total non-current liabilities		<u>1,669,578</u>	<u>2,155,546</u>
2XXX	Total liabilities		<u>35,780,487</u>	<u>23,332,664</u>
Equity				
Share capital				
3110	Share capital - common stock	6(16)	4,715,196	4,476,377
Capital surplus				
3200	Capital surplus	6(17)	6,372,059	6,278,786
Retained earnings				
3310	Legal reserve	6(18)	1,320,029	1,121,704
3350	Unappropriated retained earnings		3,315,686	3,344,755
Other equity interest				
3400	Other equity interest	6(19)	1,179,500	1,702,470
3XXX	Total equity		<u>16,902,470</u>	<u>16,924,092</u>
Commitments and contingent liabilities				
3X2X	Total liabilities and equity		<u>\$ 52,682,957</u>	<u>\$ 40,256,756</u>

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

WT MICROELECTRONICS CO., LTD.
SEPARATE STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Year ended December 31

	Items	Notes	2016		2015	
			AMOUNT		AMOUNT	
4000	Operating revenue	6(20) and 7	\$	113,704,123	\$	87,510,801
5000	Operating costs	6(3) and 7	(	110,636,804)	(	84,864,647)
5900	Net operating margin			3,067,319		2,646,154
	Operating expenses	6(24) and 7				
6100	Selling expenses		(	1,165,442)	(	1,045,332)
6200	General and administrative expenses		(	474,361)	(	383,057)
6300	Research and development expenses		(	177,248)	(	181,905)
6000	Total operating expenses		(	1,817,051)	(	1,610,294)
6900	Operating profit			1,250,268		1,035,860
	Non-operating income and expenses					
7010	Other income	6(21)		52,156		45,014
7020	Other gains and losses	6(22)	(	6,533)		16,398
7050	Finance costs	6(23)	(	344,081)	(	262,179)
7070	Share of profit of associates and joint ventures accounted for using equity method			947,643		1,335,804
7000	Total non-operating income and expenses			649,185		1,135,037
7900	Profit before income tax			1,899,453		2,170,897
7950	Income tax expense	6(26)	(	199,996)	(	187,648)
8200	Profit for the year		\$	1,699,457	\$	1,983,249
	Other comprehensive income (loss)					
	Components of other comprehensive income that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(14)	(\$	8,723)	(\$	5,836)
8330	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will not be reclassified to profit or loss	6(27)	(	993)	(	671)
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)		1,483		992
8310	Components of other comprehensive income that will not be reclassified to profit or loss		(	8,233)	(	5,515)
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	(	215,398)		381,967
8380	Share of other comprehensive income of associates and joint ventures accounted for using equity method, components of other comprehensive income that will be reclassified to profit or loss	6(27)	(	307,572)	(	106,448)
8360	Components of other comprehensive income that will be reclassified to profit or loss		(	522,970)		275,519
8300	Total other comprehensive income for the year		(\$	531,203)	\$	270,004
8500	Total comprehensive income for the year		\$	1,168,254	\$	2,253,253
	Earnings per share	6(28)				
9750	Basic earnings per share		\$	3.61	\$	4.27
9850	Diluted earnings per share		\$	3.48	\$	4.27

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

WT MICROELECTRONICS CO., LTD.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Notes	Capital Reserves					Retained Earnings		Other equity interest		Total
	Share capital - common stock	Additional paid-in capital	Treasury stock transaction	Change in net equity of associates and joint ventures accounted for under equity method	Stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets	
Year 2015										
Balance at January 1, 2015	\$ 3,544,434	\$ 4,738,336	\$ 40,742	\$ 8,680	\$ -	\$ 937,984	\$ 3,178,514	\$ 274,815	\$ 1,152,136	\$ 13,875,641
Issuance of common stock for cash	6(16) 525,000	1,470,000	-	-	-	-	-	-	-	1,995,000
Share-based payments	6(15) -	21,028	-	-	-	-	-	-	-	21,028
Appropriations of 2014 earnings:	6(18)									
Legal reserve	-	-	-	-	-	183,720	(183,720)	-	-	-
Cash dividends	-	-	-	-	-	-	(1,220,830)	-	-	(1,220,830)
Stock dividends	406,943	-	-	-	-	-	(406,943)	-	-	-
Profit for the year	-	-	-	-	-	-	1,983,249	-	-	1,983,249
Other comprehensive income (loss) for the year	6(14)(19)(27) -	-	-	-	-	-	(5,515)	265,276	10,243	270,004
Balance at December 31, 2015	<u>\$ 4,476,377</u>	<u>\$ 6,229,364</u>	<u>\$ 40,742</u>	<u>\$ 8,680</u>	<u>\$ -</u>	<u>\$ 1,121,704</u>	<u>\$ 3,344,755</u>	<u>\$ 540,091</u>	<u>\$ 1,162,379</u>	<u>\$ 16,924,092</u>
Year 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 2015 earnings:	6(18)									
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(12) -	-	-	-	56,362	-	-	-	-	56,362
Conversion of convertible bonds	6(16) 15,000	38,941	-	-	(2,030)	-	-	-	-	51,911
Profit for the year	-	-	-	-	-	-	1,699,457	-	-	1,699,457
Other comprehensive income loss for the year	6(14)(19)(27) -	-	-	-	-	-	(8,233)	(378,007)	(144,963)	(531,203)
Balance at December 31, 2016	<u>\$ 4,715,196</u>	<u>\$ 6,268,305</u>	<u>\$ 40,742</u>	<u>\$ 8,680</u>	<u>\$ 54,332</u>	<u>\$ 1,320,029</u>	<u>\$ 3,315,686</u>	<u>\$ 162,084</u>	<u>\$ 1,017,416</u>	<u>\$ 16,902,470</u>

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 financial statements.

WT MICROELECTRONICS CO., LTD.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 1,899,453	\$ 2,170,897
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	45,124	47,293
Amortization	6(24)	12,203	16,041
Provision for doubtful accounts	12(2)	97,920	3,476
Reversal of provision for other current liabilities	6(21)	(42,335)	-
Share-based payments	6(15)	-	21,028
Investment income from the excess of the carrying amount over the capital reduction of financial assets carried at cost		(947,643)	(1,335,804)
Gain on disposal of property, plan and equipment		(704)	-
Interest expense	6(23)	215,692	159,300
Interest income	6(21)	(7,423)	(11,195)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(5,434,298)	(3,733,901)
Accounts receivable - related parties		1,150,560	(1,844,455)
Other receivables		(939,985)	4,095,064
Inventories		(3,809,193)	(941,258)
Prepayments		(7,834)	180,663
Changes in operating liabilities			
Accounts payable		6,206,515	(836,609)
Accounts payable - related parties		405,037	(56,885)
Other payables		121,446	(21,025)
Other current liabilities		328,826	204,066
Accrued pension liabilities		(6,531)	(7,896)
Cash outflow generated from operations		(713,170)	(1,891,200)
Interest received		7,423	11,195
Dividends received		747,671	514,938
Interest paid		(196,353)	(159,905)
Income taxes paid		(165,349)	(159,916)
Net cash flows used in operating activities		(319,778)	(1,684,888)

(Continued)

WT MICROELECTRONICS CO., LTD.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	Notes	2016	2015
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Other receivables - related parties	7	(\$ 1,731,641)	\$ -
Acquisition of investments accounted for using equity method	6(30)	(1,649,650)	(503,404)
Acquisition of property, plant and equipment	6(7)	(18,812)	(44,549)
Proceeds from disposal of property, plant and equipment		1,114	-
Acquisition of intangible assets	6(8)	(4,751)	(17,359)
Increase in other non-current assets		14,241	(3,626)
Net cash flows used in investing activities		(3,389,499)	(568,938)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		5,660,040	3,488,127
Increase in short-term notes and bills payable	6(10)	199,986	-
Other payables - related parties	7	(11,300)	(385,075)
Decrease in long-term loans		(1,905,880)	(1,709,060)
Proceeds from issuing convertible bonds		1,495,000	-
Cash dividends paid	6(18)	(1,298,149)	(1,220,830)
Issuance of common stock for cash	6(16)	-	1,995,000
Net cash flows from financing activities		4,139,697	2,168,162
Net effect of changes in foreign currency exchange rates		(25,543)	40,053
Net increase (decrease) in cash and cash equivalents		404,877	(45,611)
Cash and cash equivalents at beginning of year		157,925	203,536
Cash and cash equivalents at end of year		\$ 562,802	\$ 157,925

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 consolidated balance sheets of WT Microelectronics Co., Ltd. and its subsidiaries (the “Group”) as at December 31, 2016 and 2015, 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, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the “Regulations Governing the Preparations 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.

Recognition of supplier rebatesDescription

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

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 deduction of account payable to suppliers, and also deduction of cost of sales or inventory depending on whether the inventories have been sold. The Group pays net purchase price, after confirmation that the rebate is granted and the credit memo from its suppliers has been received.

As the types of supplier rebates terms are many and changes frequently, and the calculation is

complex, the Group relies on the information system to gather related transaction information, and manually matched 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 more audit effort are required 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. We obtained an understanding and assessed the internal controls related to supplier rebates, and tested the effectiveness of relevant internal controls, such as 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. We performed trend analysis on the ratio of supplier rebates to corresponding transaction amount;
- C. We sampled supplier rebates and tested whether the transaction quantities which was used in 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. We 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 balance sheet date, and confirmed that there was no material differences; and
- E. We 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 replied 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, 2016, the Group's goodwill amounted to NT\$ 1,536,991 thousand.

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 involves its own financial forecast for the next 5 years, as the assumption of 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 goodwill impairment assessment. Thus, we consider the goodwill impairment valuation of each cash generating unit a key audit matter.

How our audit addressed the matter

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

- A. We 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. We assessed management's assessment process of each cash generating unit and compared the consistence between future cash flow of valuation model for the next 5 years and operating plan which was approved by the Board of Directors;
- C. 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 assumption included the following:
 - (a) Compared for 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. We 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(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, 2016, the Group's inventories and allowances for inventory valuation losses were NT\$ 22,133,152 thousand and NT\$ 936,776 thousand, respectively.

The Group is primarily engaged in sales of various kinds of electronic components. Due to rapid technological 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 sale discount. Since the amount of inventory was material, inventory types are various and source information of net realisable value of each type of inventories are also many, the identification of obsolete and damaged inventory and its net realisable value are subjected to management's judgement. Thus, 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:

- A. We 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. We 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.We 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 of sales and purchase and obtained supporting documents.

Accounts receivable impairment valuation

Description

Please refer to Note 4(8) for accounting policy on accounts receivable impairment valuation, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to accounts receivable impairment valuation, and Note 6(3) for details of accounts receivable. As at December 31, 2016, the balances of accounts receivable and its allowance for uncollectible accounts were NT\$ 30,441,738 thousand and NT\$ 908,998 thousand, respectively.

The Group assesses periodically whether there is objective evidence of impairment for each accounts receivable. The assessment included the overdue aging of those accounts receivable, the financial situation of customers, internal credit ranking of the Group, historical trading record, subsequent collection and obtainable credit insurance to assess the allowance for uncollectible accounts. As the assessment involves management's judgment on impairment, the factors that affected the allowance for uncollectible accounts involves a high degree of uncertainty that has a material effect on the recoverable amount of account receivable, thus we consider the assessment on allowance for significant uncollectible accounts a key audit matter.

How our audit addressed the matter

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

- A.We compared whether the provision policies and procedures were consistently applied on allowance for uncollectible accounts in the reporting period, and assessed the reasonableness of the provision policies;
- B.We obtained the overdue aging report used when management assessed the impairment of accounts receivable, assessed that the logic of data source was consistently applied, and tested its accuracy with proper documents; and
- C.We assessed the reasonableness of estimates that management applied on allowance for uncollectible accounts and obtained supporting documents, including disputed accounts, overdue accounts, subsequent collection, economic conditions that would affect sale customers, and other indications that showed the customer would be unable to repay on schedule.

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, 2016 and 2015.

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 Preparations 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.

PricewaterhouseCoopers, Taiwan

March 24, 2017

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.

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. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Assets	Notes	December 31, 2016 AMOUNT	December 31, 2015 AMOUNT
Current assets			
1100	Cash and cash equivalents	\$ 2,080,772	\$ 1,579,320
1125	Available-for-sale financial assets		
	- current	726,270	871,809
1170	Accounts receivable, net	29,301,935	22,805,921
1200	Other receivables	2,693,317	1,154,578
130X	Inventory	22,133,152	16,551,947
1410	Prepayments	184,376	164,999
1470	Other current assets	41,828	60,156
11XX	Total current assets	<u>57,161,650</u>	<u>43,188,730</u>
Non-current assets			
1523	Available-for-sale financial assets,		
	net - non-current	518,909	533,896
1543	Financial assets carried at cost –		
	non-current	22,478	32,893
1550	Investments accounted for using		
	equity method	181,532	223,150
1600	Property, plant and equipment	473,907	524,676
1760	Investment property - net	106,570	107,384
1780	Intangible assets	1,550,858	1,576,655
1840	Deferred income tax assets	407,825	280,951
1900	Other non-current assets	980,652	708,497
15XX	Total non-current assets	<u>4,242,731</u>	<u>3,988,102</u>
1XXX	Total assets	<u>\$ 61,404,381</u>	<u>\$ 47,176,832</u>

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	December 31, 2016	December 31, 2015
			AMOUNT	AMOUNT
Current liabilities				
2100	Short-term borrowings	6(12)	\$ 22,013,337	\$ 15,261,376
2110	Short-term notes and bills payable	6(13)	299,901	-
2170	Accounts payable		18,656,748	11,249,387
2200	Other payables	6(15)	1,293,757	1,171,192
2230	Current income tax liabilities		305,790	232,963
2399	Other current liabilities		218,372	147,948
21XX	Total current liabilities		<u>42,787,905</u>	<u>28,062,866</u>
Non-current liabilities				
2530	Bonds payable	6(16)	1,396,535	-
2540	Long-term loans	6(17)	-	1,905,880
2570	Deferred income tax liabilities	6(31)	284,605	259,997
2600	Other non-current liabilities	6(18)	32,226	23,414
25XX	Total non-current liabilities		<u>1,713,366</u>	<u>2,189,291</u>
2XXX	Total liabilities		<u>44,501,271</u>	<u>30,252,157</u>
Equity attributable to owners of parent				
Share capital				
3110	Share capital - common stock	6(20)	4,715,196	4,476,377
Capital surplus				
3200	Capital surplus	6(21)	6,372,059	6,278,786
Retained earnings				
3310	Legal reserve	6(22)	1,320,029	1,121,704
3350	Unappropriated retained earnings		3,315,686	3,344,755
Other equity interest				
3400	Other equity interest	6(23)	1,179,500	1,702,470
31XX	Equity attributable to owners of the parent		<u>16,902,470</u>	<u>16,924,092</u>
36XX	Non-controlling interest	6(24)	640	583
3XXX	Total equity		<u>16,903,110</u>	<u>16,924,675</u>
Commitments and contingent liabilities				
3X2X	Total liabilities and equity	9	<u>\$ 61,404,381</u>	<u>\$ 47,176,832</u>

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31	
		2016	2015
		AMOUNT	AMOUNT
4000 Operating revenue	6(25)	\$ 144,147,461	\$ 113,598,195
5000 Operating costs	6(4)	(137,222,456)	(107,207,896)
5900 Net operating margin		6,925,005	6,390,299
Operating expenses	6(29)		
6100 Selling expenses		(2,782,329)	(2,787,050)
6200 General and administrative expenses		(1,377,310)	(802,322)
6300 Research and development expenses		(304,838)	(325,245)
6000 Total operating expenses		(4,464,477)	(3,914,617)
6900 Operating profit		2,460,528	2,475,682
Non-operating income and expenses			
7010 Other income	6(26)	98,654	65,912
7020 Other gains and losses	6(27)	60,692	297,236
7050 Finance costs	6(28)	(478,728)	(370,322)
7060 Share of loss of associates and joint ventures accounted for using equity method	6(7)	(103,432)	(118,941)
7000 Total non-operating income and expenses		(422,814)	(126,115)
7900 Profit before income tax		2,037,714	2,349,567
7950 Income tax expense	6(31)	(338,044)	(366,149)
8200 Profit for the year		\$ 1,699,670	\$ 1,983,418

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

Items	Notes	Year ended December 31	
		2016 AMOUNT	2015 AMOUNT
Other comprehensive income (loss)			
Components of other comprehensive income that will not be reclassified to profit or loss			
8311 Losses on remeasurements of defined benefit plans	6(18)	(\$ 9,919)	(\$ 6,644)
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(31)	1,686	1,129
8310 Components of other comprehensive income that will not be reclassified to profit or loss		(8,233)	(5,515)
Components of other comprehensive income that will be reclassified to profit or loss	6(23)(24)		
8361 Financial statements translation differences of foreign operations		(379,441)	282,581
8362 Unrealised gains (losses) on valuation of available-for-sale financial assets		(144,963)	10,243
8370 Share of other comprehensive loss of associates and joint ventures accounted for using equity method		1,416	(17,267)
8360 Components of other comprehensive income that will be reclassified to profit or loss		(522,988)	275,557
8300 Total other comprehensive (loss) income for the year		(\$ 531,221)	\$ 270,042
8500 Total comprehensive income for the year		\$ 1,168,449	\$ 2,253,460
Profit attributable to:			
8610 Owners of the parent		\$ 1,699,457	\$ 1,983,249
8620 Non-controlling interest		213	169
		\$ 1,699,670	\$ 1,983,418
Comprehensive income attributable to:			
8710 Owners of the parent		\$ 1,168,254	\$ 2,253,253
8720 Non-controlling interest		195	207
		\$ 1,168,449	\$ 2,253,460
Earnings per share	6(32)		
9750 Basic earnings per share		\$ 3.61	\$ 4.27
9850 Diluted earnings per share		\$ 3.48	\$ 4.27

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

Equity attributable to owners of the parent													
Notes	Capital Reserves					Retained Earnings		Other equity interest			Total	Non-controlling interest	Total equity
	Share capital - common stock	Additional paid-in capital	Treasury stock transactions	Change in net equity of associates and joint ventures accounted for under equity method	Stock warrants	Legal reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain or loss on available-for-sale financial assets				
Year 2015													
	Balance at January 1, 2015	\$ 3,544,434	\$ 4,738,336	\$ 40,742	\$ 8,680	\$ -	\$ 937,984	\$ 3,178,514	\$ 274,815	\$ 1,152,136	\$ 13,875,641	\$ 532	\$ 13,876,173
6(20)	Issuance of common stock for cash	525,000	1,470,000	-	-	-	-	-	-	-	1,995,000	-	1,995,000
6(19)	Share-based payments	-	21,028	-	-	-	-	-	-	-	21,028	-	21,028
6(22)	Appropriations of 2014 earnings:												
6(20)	Legal reserve	-	-	-	-	-	183,720	(183,720)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(1,220,830)	-	-	(1,220,830)	-	(1,220,830)
	Stock dividends	406,943	-	-	-	-	-	(406,943)	-	-	-	-	-
	Consolidated net income for 2015	-	-	-	-	-	-	1,983,249	-	-	1,983,249	169	1,983,418
6(23)	Other comprehensive income (loss) for 2015	-	-	-	-	-	-	(5,515)	265,276	10,243	270,004	38	270,042
6(24)	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(156)	(156)
	Balance at December 31, 2015	<u>\$ 4,476,377</u>	<u>\$ 6,229,364</u>	<u>\$ 40,742</u>	<u>\$ 8,680</u>	<u>\$ -</u>	<u>\$ 1,121,704</u>	<u>\$ 3,344,755</u>	<u>\$ 540,091</u>	<u>\$ 1,162,379</u>	<u>\$ 16,924,092</u>	<u>\$ 583</u>	<u>\$ 16,924,675</u>
Year 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
6(22)	Appropriations of 2015 earnings:												
	Legal reserve	-	-	-	-	-	198,325	(198,325)	-	-	-	-	-
	Cash dividends	-	-	-	-	-	-	(1,298,149)	-	-	(1,298,149)	-	(1,298,149)
	Stock dividends	223,819	-	-	-	-	-	(223,819)	-	-	-	-	-
6(16)	Due to recognition of equity component of convertible bonds issued	-	-	-	-	56,362	-	-	-	-	56,362	-	56,362
6(20)	Conversion of convertible bonds	15,000	38,941	-	-	(2,030)	-	-	-	-	51,911	-	51,911
	Consolidated net income for 2016	-	-	-	-	-	-	1,699,457	-	-	1,699,457	213	1,699,670
6(23)	Other comprehensive loss for 2016	-	-	-	-	-	-	(8,233)	(378,007)	(144,963)	(531,203)	(18)	(531,221)
6(24)	Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	(138)	(138)
	Balance at December 31, 2016	<u>\$ 4,715,196</u>	<u>\$ 6,268,305</u>	<u>\$ 40,742</u>	<u>\$ 8,680</u>	<u>\$ 54,332</u>	<u>\$ 1,320,029</u>	<u>\$ 3,315,686</u>	<u>\$ 162,084</u>	<u>\$ 1,017,416</u>	<u>\$ 16,902,470</u>	<u>\$ 640</u>	<u>\$ 16,903,110</u>

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, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 2,037,714	\$ 2,349,567
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(29)	61,272	65,773
Amortization	6(29)	12,824	20,082
Provision for doubtful accounts	12(2)	616,826	25,154
Reversal of provision for other current liabilities	6(26)	(70,714)	-
Share-based payments	6(19)	-	21,028
Gain on reversal of contingent consideration in business combination	6(27)	(108,170)	(176,488)
Share of loss of associates and joint ventures accounted for using equity method	6(7)	103,432	118,941
Gain on disposal of property, plant and equipment, net	6(27)	(8,139)	(124,627)
Interest expense	6(28)	291,244	199,929
Interest income	6(26)	(4,872)	(4,467)
Dividend income	6(26)	(4,995)	(12,173)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(7,834,401)	(8,898,958)
Other receivables		(1,549,190)	5,933,980
Inventories		(5,841,855)	(777,613)
Prepayments		(90,125)	294,760
Changes in operating liabilities			
Accounts payable		7,861,145	(1,656,049)
Other payables		197,117	19,115
Other current liabilities		145,292	19,503
Accrued pension liabilities		(9,206)	(9,055)
Cash outflow generated from operations		(4,194,801)	(2,591,598)
Dividends received		4,995	12,173
Interest received		4,872	4,467
Interest paid		(264,598)	(196,793)
Income taxes paid		(361,628)	(339,741)
Net cash flows used in operating activities		(4,811,160)	(3,111,492)

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(Expressed in thousands of New Taiwan dollars)

	<u>Notes</u>	<u>2016</u>	<u>2015</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Proceeds from disposal of available-for-sale financial assets – current		\$ 112,952	\$ 181,975
Decrease (increase) in other financial assets		17,451	(42,050)
Acquisition of financial assets at cost		(3,766)	-
Acquisition of investments accounted for using equity method		(64,500)	(222,740)
Acquisition of property, plant and equipment	6(8)	(39,668)	(63,142)
Proceeds from disposal of property, plant and equipment		35,269	239,388
Acquisition of intangible assets	6(10)	(4,751)	(17,359)
Increase in other non-current assets	6(11)	(95,020)	(517,291)
Net cash flows used in investing activities		(42,033)	(441,219)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Increase in short-term borrowings		6,781,754	4,510,383
Increase in short-term notes and bills payable		299,901	-
Decrease in long-term loans		(1,905,880)	(1,709,060)
Proceeds from issuing convertible bonds	6(16)	1,495,000	-
Increase in other non-current liabilities		10,260	698
Issuance of common stock for cash	6(20)	-	1,995,000
Cash dividends paid	6(22)	(1,298,149)	(1,220,830)
Changes in non-controlling interest	6(24)	(138)	(156)
Net cash flows from financing activities		5,382,748	3,576,035
		(28,103)	4,159
Net increase in cash and cash equivalents		501,452	27,483
Cash and cash equivalents at beginning of year		1,579,320	1,551,837
Cash and cash equivalents at end of year		\$ 2,080,772	\$ 1,579,320

**WT Microelectronics Co., Ltd.
Table for Distribution of Earnings
2016**

Unit: NT\$

Undistributed earnings at the beginning of the period	\$ 1,624,461,501
Add: Adjustment on actuarial gains or losses in 2016	(8,232,650)
Adjusted undistributed earnings	<u>1,616,228,851</u>
Add: Net income after tax in 2016	\$ 1,699,457,324
Less: Legal reserve (10%)	<u>(169,945,732)</u>
Total distributable earnings in 2016	<u>1,529,511,592</u>
Accumulated distributable earnings at the end of the period	3,145,740,443
Less: Distribution items	
Cash dividends (NT\$2.4 per share)	<u>(1,141,780,289)</u>
Total distribution items Undistributed earnings at the end of the period	<u>\$ 2,003,960,154</u>

Note 1: Earnings in 2016 are distributed first.

Note 2: Distribution of dividend is based on 475,741,787 shares issued upon resolution of the Board of Directors on May 9, 2017.

Chairman: CHENG, WEN-TSUNG

Manager: CHENG, WEN-TSUNG

Accounting Supervisor: YANG, HSING-YU

Share Exchange Agreement

The share exchange agreement (hereinafter referred to as “Agreement”) is made and entered into as of April 6, 2017 by and between

- (1) WT MICROELECTRONICS CO., LTD. (“WT”) a company organized and existing under the laws of R.O.C. having principle office at 14TH FL., NO.738, CHUNG CHENG RD., ZHONGHE DIST., NEW TAIPEI CITY 235, TAIWAN, R.O.C.; and
- (2) MAXTEK TECHNOLOGY CO., LTD. (“MAXTEK”) a company organized and existing under the laws of R.O.C. having principle office at 5F,NO.13-20,SEC.6,MIN CHIUAN E. RD.,NEI HU,TAIPEI 114,TAIWAN,R.O.C.

Preamble

Whereas, in view of integrating resources, promoting operational efficiency and enhancing competitiveness, the Parties wish to undertake share exchange according to the provisions stipulated in *Business Mergers and Acquisitions Act* and the conditions of the Agreement, WT shall be subject to the preceding agreement to pay MAXTEK in cash as consideration to acquire total number of issued shares of MAXTEK, after such share exchange (“Transaction”) fulfilled and completed, MAXTEK will become a subsidiary company entirely held by WT.

NOW, THEREFORE, for the purpose of the terms and conditions of Business Mergers and Acquisitions Act and in consideration of the foregoing premises and covenants set forth herein, the Parties agree as follows:

Article 1 Share exchange

In precondition of the condition precedent as provided in Article 6 hereof to have been done or have immunized, WT and MAXTEK shall conduct share exchange on the reference date of share exchange (as defined in Article 2), thereupon, (1) WT to acquire total number of issued shares of MAXTEK, MAXTEK will become a subsidiary company entirely held by WT, and (2) shareholders of MAXTEK will gain the amount of cash set forth in Article 4 from WT as consideration.

Article 2 Reference Date of Share exchange

2.1 In order to resolve the recommended transaction, the Parties shall submit such motion to be adopted and approved by the shareholders’ meeting, and the said shareholders’ meeting shall be convened on tentative date of June 26, 2017 subject to relevant acts and regulations, or any other date designated by board of directors of both Parties, if applicable.

2.2 In the event that the condition precedent stipulated in Article 6 (1), (2) hereof which have been fully done or immunized, the Parties shall, no less than fifteen business days after that such condition precedent to have been done or immunized, commonly determine reference date of share exchange (“Reference Date”), so as to fulfill and complete the contemplated Transaction. The Reference Date of Transaction has been provisionally determined to be October 1, 2017.

“Business Day” used in the Agreement means a day on which Taiwan Securities Exchange Corporation (“TWSE”) and banks are open for business.

2.3 With the aim of acquiring the license of competent authority specified in Article 6 (2) hereof, and the listed permission issued by TWSE to MAXTEK required in Article 6 (3) as soon as possible, upon the Transaction that adopted and approved by board of directors of both Parties, the Parties shall mutually coordinate to submit relevant documents required and implement such application thereof.

Article 3 Capital of MAXTEK prior to share exchange

On the date of execution of the Agreement, MAXTEK has an authorized share capital of NT\$800,000,000, comprising 80,000,000 shares of common stock at the par value of NT\$10 per share, of which 70,281,331 shares of common stock have been issued and outstanding. As of the date of execution hereof, MAXTEK did not publicly offer, issue any other equity-type securities, and buy back none of any share as treasury stock.

Article 4 Amount of Cash Consideration Per Share

4.1 The Parties hereby agree that the consideration of acquiring shares by WT from MAXTEK is at the price of NT\$27 per share of common stock (“Cash Consideration Per Share”), WT desires to pay NT\$1,897,595,937 as a total amount of cash consideration to acquire the total number of common stocks of MAXTEK, 70,281,331 shares in aggregate, provided that any price adjustment in accordance with Article 5 herein, if any, then the Cash Consideration Per Share shall be the price adjusted accordingly, and the designated total amount of cash consideration payable by WT shall be recomputed according to such Cash Consideration Per Share which have been adjusted thereto.

4.2 In precondition of the condition precedent as provided in Article 6 hereof to have been done or have immunized, WT shall pay, on the Reference Date, the cash consideration to MAXTEK’s shareholders registered in the shareholders’ roster of MAXTEK (withholding any and all taxes to be deducted under acts and regulations) on the Reference Date. Provide, however, that actual total amount payable of cash consideration by WT shall subtract that MAXTEK buys back the number of shares owned by the shareholder(s) expressing his/her objection from that the total number of issued shares owned by MAXTEK as of the Reference Date, and the delivery shall base on the said actual amount payable of cash consideration rounded each share to “Yuan” (under below Yuan rounded off).

Article 5 Adjustment to Cash Consideration Per Share

5.1 Within the term of Starting from the data of execution of the Agreement to and till the Reference Date, if any of the following should occur, the Parties agree to adjust Cash Consideration Per Share subject to the conditions of this Article:

5.1.1 In case MAXTEK should distribute any cash dividend, then Cash Consideration Per Share shall be adjusted according to the formula below:

Post-adjusted Cash Consideration Per Share = Pre-adjusted Cash Consideration Per Share —
the amount of Cash Consideration Per Share distributed by MAXTEK

5.1.2 In case MAXTEK should distribute any cash dividend or delivery of bonus share, then Cash Consideration Per Share shall be adjusted according to the formula below:

Post-adjusted Cash Consideration Per Share = Pre-adjusted Cash Consideration Per Share x N / (N + n)

N = the total number of issued shares of common stock of MAXTEK

n = the number of shares distributed by MAXTEK due to stock dividend or delivery of bonus share

5.1.3 If any of the following should occur, the Parties shall amicably negotiate for adjustment of Cash Consideration Per Share agreed under Article 4 hereof, and shall determine the adjustment of Cash Consideration Per Share within twenty (20) business days after each event occurred or in the extended period agreed in writing through the resolution of both Parties' board of directors; in the event that the Parties fail to enter into an amicably mutual agreement on adjustment of Cash Consideration Per Share within twenty (20) business days (or the agreed extended period in writing by and between the Parties), subject to the following events set forth in paragraph (1) or paragraph (2), WT is entitled to terminate the Agreement upon a written notice to MAXGEEK; subject to the following event set forth in paragraph (3), either Party is entitled to terminate the Agreement upon a written notice to the other Party:

- (1) In the event that the disposal of company's assets which has had a significant adverse impact on the financial status or business of the company;
- (2) Occurrence of any kind or nature of events (in any event its occurrence due to engagement in normal business activities) which has caused a significant adverse impact on finance, revenues, business, operation, assets, status of compliance with acts and regulations, profitability and shareholders' equity of MAXTEK and its individual subsidiaries, however, any event beyond the reasonable control of MAXTEK which will be excluded therefrom, e.g.: (a) any changes, variation of situation or event conforming to overall financial or securities market or economical situation; (b) any changes, variation of situation or event in line with the development of MAXTEK's industry; (c) any interest rate, exchange rate or commodity price movement related ; (d) any normally seasonal changes resulting from conformity with normal business activities; (e) any change as a result of public announcement of execution hereof or any allowance hereunder; or
- (3) Adjustment to cash consideration as may be as required in compliance with other applicable acts and regulations, instructions made by competent authority or successfully acquiring competent authority' license.

5.1.4 The term "significant adverse impact" used in the Agreement means any of the following (whichever earlier) :

- (1) The circumstances or degree has generated or reasonably expected to generate adverse impact on MAXTEK, which will individually or aggregately lead to the net value of MAXTEK on the Reference Date to be under below the net value presented in the consolidated financial statements that was audited and certified by certified public accountant as of December 31, 2016 ("Audited Financial Statements"), and such balance reaches ten percent (10%) or more of the net value described in Audited Financial Statement; or

- (2) The circumstances or degree has generated or reasonably expected to generate adverse impact to MAXTEK, and such affected amount in individual or in aggregate will reach thirty percent (30%) of the net value described in Audited Financial Statements.

Article 6 Condition Precedent

Any and all obligations to be fulfilled by both Parties hereunder, which shall be in precondition of condition precedent to have fully been done or to have been conferred immunity by the Party who is entitled to, such conditions precedent as follows:

- (1) The Transaction and the Agreement have submitted to and approved by resolutions of board of directors and shareholders' meeting in compliance with applicable acts and regulations;
- (2) For the purpose of the Transaction, the Parties has acquired any and all required permission, license and authorized reporting from government competent authority concerned under applicable acts and regulations;
- (3) Delisting permission to be issued to MAXTEK by TWSE concerning the Transaction;
- (4) Starting from the date of execution hereof to and till the Reference Date, the representations and warranties made by both Parties under the Agreement that are true and accurate, and contains no false or omitted information in all material respects; and
- (5) Neither Party has committed any violation of or non-compliance with its undertakings or obligations herein.

Article 7 Representations and Warranties of MAXTEK

7.1 MAXTEK hereby represents and warrants to WT that representations and warranties as follows are true and accurate during the term from the date of execution hereof to and till the Reference Date:

- 7.1.1 Company's duly incorporation and validly existence: MAXTEK is duly incorporated and validly existing under the R.O.C. laws. MAXTEK has obtained all required licenses, permissions, authorizations and other certifications to engage in business items registered in compliance with applicable acts and regulations. MAXTEK has neither adopted a resolution to dissolution or liquidation at shareholders' meeting, filed any bankruptcy, settlement or reorganization by itself or against it by any third party, permission of settlement or reorganization or bankruptcy of declaration in compliance with decision or order of court or under applicable acts and regulations, nor received any disposition issued by competent authority relating to suspending business privileges, dissolution of company, canceling or nullifying incorporated permission or registration.
- 7.1.2 Capital of company: the authorized capital, paid-in capital and issued shares of MAXTEK are as provided in Article 3 hereof. On or prior to the date of execution hereof, all the issued shares of MAXTEK have been duly and rightfully authorized and issued and paid up in whole, and MAXTEK has not issued any other equity-type securities, and has not issued or executed or

entered into any other share subscription right, option, or convertible securities, preferential right of purchase, or validated undertakings to enable third party acquiring MAXTEK's stocks, and has not made any undertakings or provided any interests to participate or the like to enable third party acquiring any equity which is equal to common stock of MAXTEK. Unless otherwise provided in Article 12, MAXTEK is not responsible for acquirement of its shares by way of redemption, buyback or otherwise.

- 7.1.3 Resolution and authorization of board of directors: the board of directors of MAXTEK has adopted and approved the Transaction, and authorized to execute and implement the Agreement.
- 7.1.4 Legality and validity of the Agreement: (1) execution and implementation of the Agreement does not exist any violation or non-compliance of applicable acts and regulations or decisions, orders or dispositions made by court or relevant competent authorities, charter or resolutions of board of directors or shareholders' meeting of MAXTEK, or any contract or undertakings or obligation in which MAXTEK shall be bound; and (2) MAXTEK has all requisite corporate power and authority to execute and implement the Agreement, after execution hereof shall constitute a legal, valid, binding and enforceable obligation of MAXTEK.
- 7.1.5 Financial statements and financial data: The financial statements provided to WT by MAXTEK are prepared in accordance with Regulations Governing the Preparation of Financial Reports by Securities Issuers, International Financial Reporting Standards (IFRS) as endorsed by the FSC, and its contents and other financial data are true and accurate containing no false, omitted or misleading information in all respects.
- 7.1.6 Tax declaration and payment: The tax should be declared by MAXTEK which has been filed tax return in faithful and paid in whole in the statutory period under applicable acts and regulations, and there is no any belated-reporting, non-reporting, under reporting, non-levying, under levying, tax evasion or other violations of relevant applicable tax laws, orders or explanation letter thereof.
- 7.1.7 Actions and non-contentious business: There is no any actions, non-contentious business, administrative proceeding, government investigations, or any violations, deficiencies disposed by competent authorities against MAXTEK which is sufficient to object or seek prevention, prohibition, change or delay of execution and implementation hereof, or of which results is sufficient to dissolve MAXTEK, or change the organization, capital, business plan or financial situation of MAXTEK, or cause lockout of MAXTEK or any significant adverse impact on MAXTEK's business or finance.
- 7.1.8 Assets and liabilities: All the assets and liabilities owned by MAXTEK have been expressly described in the financial statements provided to WT, and MAXTEK is rightfully entitled to all of the assets set forth above, the use, usufruct and disposition thereof are free from any binding or restriction, except as otherwise disclosed in the financial statements of MAXTEK.
- 7.1.9 Contingent liability: Except as otherwise disclosed in financial statements of MAXTEK, MAXTEK has no any contingent liabilities which may or will cause any significant adverse impact on business or finance of MAXTEK.
- 7.1.10 Agreements and undertakings: up to present, any material agreement, covenant,

representation, warranty, guarantees, commitment, term or other responsibility in any form executed, agreed or committed by MAXTEK, which have been totally provided with or notified to WT without any false, omitted or misleading information therein.

- 7.1.11 Labor disputes: Except as otherwise disclosed in writing by MAXTEK to WT, up to present, MAXTEK has not experienced any of labor disputes or any disposition made by labor competent authority due to any violation of labor acts or under regulations related.
 - 7.1.12 Any and all documents provided by MAXTEK to WT, including but not limited to the financial statements which are true, accurate and free of unreality, false, omission, misleading therein.
 - 7.1.13 Other events: MAXTEK has not experienced any material event which are false, misleading, violation of applicable acts and regulations, lost-creditworthiness or otherwise sufficiently affects sustainable operation of company.
- 7.2 On and after execution of the Agreement, in case of any mistake, omission, or any unreality or inaccuracy or any changes existed in the representations and warranties or those disclosed related under the Agreement at the time where signed the Agreement by MAXTEK, MAXTEK shall immediately inform WT in writing or by way of e-mail and to correct data concerned which are originally provided or to update those items which have disclosed. Correction or updating thereof shall not affect any and all rights and titles that WT to be entitled to under applicable acts and regulations.

Article 8 Representations and Warranties of WT

- 8.1 WT hereby represents and warrants to MAXTEK that representations and warranties as follows are true and accurate during the term of from the date of execution hereof to and till the Reference Date:
- 8.1.1 Company's duly incorporation and validly existence: WT is duly incorporated and validly existing under the R.O.C. laws. WT has obtained all required licenses, permissions, authorizations and other certifications to engage in business items registered in compliance with applicable acts and regulations.
 - 8.1.2 Resolution and authorization of board of directors: the board of directors of WT has adopted and approved the Transaction, and authorized to execute and implement the Agreement.
 - 8.1.3 Legality and validity of the Agreement: (1) execution and implementation of the Agreement does not exist any violation or non-compliance of applicable acts and regulations or decisions, orders or dispositions made by court or relevant competent authorities, charter or resolutions of board of directors or shareholders' meeting of WT, or any contract or undertaking or obligation in which WT shall be bound; and (2) WT has all requisite corporate power and authority to execute and implement the Agreement, after execution hereof shall constitute a legal, valid, binding and enforceable obligation of WT.
- 8.2 On and after execution of the Agreement, in case of any and all mistakes, omission, or any unreality or inaccuracy or any changes existed in the representations and warranties or those disclosed related under the Agreement at the time where signed the Agreement by WT, WT shall immediately inform MAXTEK in writing or by way of e-mail and to correct data concerned

originally provided or update of those items which had disclosed. Correction or updating thereof shall not affect any and all rights and titles that MAXTEK to be entitled to under applicable acts and regulations.

Article 9 Undertakings

9.1 MAXTEK hereby commits itself to that it shall not conduct as follows without prior written consent of WT during the term of starting from execution of the Agreement to and till the Reference Date:

9.1.1 Amendment to charter;

9.1.2 Changes in capital or organizational structure or considerably hiring employee;

9.1.3 Resolution or implementation of capital increase for issuance of new shares, or issuance or buyback of employee share subscription warrant, convertible corporate bonds, corporate bonds with warrants, preferred shares with warrants or other securities with equity;

9.1.4 Conducting any Financial Derivatives Business trading;

9.1.5 Resolution or implementation of distribution of cash dividends, stock dividends or employee bonus;

9.1.6 In acquiring or disposing or transferring of personal property, real estate or financial assets, of which value equal to or over NT dollars fifty million (\$50,000,000) or foreign currency of the same, except as otherwise to the extent of the range of normal operation and in consistent with company's established operation practices;

9.1.7 In acquiring or disposing or transferring of assets or business, of which value equal to or over NT dollars fifty million (\$50,000,000) or foreign currency of the same, except as otherwise to the extent of the range of normal operation and in consistent with company's established operation practices;

9.1.8 In conducting substantial investment or capital expenditure, of which value equal to or over NT dollars fifty million (\$50,000,000) or foreign currency of the same;

9.1.9 In increasing of liability (contingent liability inclusively), of which value equal to or over NT dollars fifty million (\$50,000,000) or foreign currency of the same, except as otherwise to the extent of the range of normal operation and in consistent with company's established operation practices;

9.1.10 To enter into any contract with any third party which is relating to (1) consolidation and merger, share exchange, acquisition (in compliance with such meanings prescribed in Business Merger and Acquisition Act); (2) enter into, amend, or terminate any contract for lease of the company's business in whole, or for entrusted business, or for regular joint operation with others; (3) transfer the whole or any essential part of its business or assets to any third party; (4) accept the transfer of another's whole business or assets, (5) covenants, agreements or other undertakings concerning strategic alliance, joint venture or investment in any other company or profit organization; or (6) any transaction having a similar effect as

set forth in the foregoing provisions (1) to (5);

9.1.11 Adjustment in duties and powers or remuneration (including job level, job position, wages or bonus, etc.) of directors, supervisors, management or employees, or amendment made to relevant rules. However, annual promotion and raising wage to be conducted under the established employee promotion and wage system, which may be made in accordance with established operations practices, provided that shall give WT a prior notice in writing;

9.1.12 Surrender, waiver, abandonment or negligence of claim against any rights or interests remaining in full force up to present, which may or will materially affect operation, financial status, shareholders' equity or price of securities; or

9.1.13 Any conduct that may adversely affect continuous operation of company, acquirement or renewal of license related, ability of finance, business, profit, status of compliance with acts and regulations, or acquiring permission of the Transaction issued by government competent authority.

9.2 MAXTEK hereby undertakes, unless otherwise prescribed in acts and regulations or requirements by TWSE, not to publicly announce any information in respect to the Transaction without WT's prior written consent within the term starting from execution hereof to and till the Reference Date. Prior to any disclosure of information required under acts or regulations or TWSE, MAXTEK shall do its best efforts to confirm information related with WT before any such disclosure.

9.3 MAXTEK undertakes, during the term starting from the date of execution hereof to and till the Reference Date, to carry out business in accordance with normal business practices and in the same manner as previous business practices, and will keep and accord with the usual way to maintain assets in good condition, including but not limited to maintaining completeness of business and organization, and will do its best efforts to remain any and all important contracts' effectiveness of business available.

9.4 MAXTEK shall forthwith inform WT, during the term starting from the date of execution hereof to and till the Reference Date, if MAXTEK is aware of any material actions, claims, litigations or investigations submitted or to be submitted against WT as a defendant,.

Article 10 Charter, directors and supervisors

10.1 After the Reference Date, the charter of MAXTEK will be made required amendment in response to as being a non public company.

10.2 After the Reference Date, The number of directors and supervisors of MAXTEK will change to three directors and one supervisor, which will be designated by WT. In case that the term of the present directors and supervisors of MAXTEK is not expired yet as of the Reference Date, MAXTEK shall prompt such directors and supervisors to provide, prior to the Reference Date, with their resignation letter that will be effective exactly on the Reference Date.

Article 11 Employee of MAXTEK

After the Reference Date, employee equity related matters of MAXTEK shall be processed

according to relevant acts and regulations.

Article 12 Handling of shareholder having objection

In case that any shareholder of MAXTEK who expresses an objection against the Transaction subject to laws and requests company to buy back, MAXTEK shall buy back the shares held by such shareholder having objection under acts and regulations. Any shares received under the article shall be handled in light of relevant acts and regulations.

Article 13 Share of taxes and expenses

All taxes or expenses arising out of execution or performance of the Agreement which may be required to pay or collect shall be the account of the Parties respectively, except as otherwise provided in the Agreement.

Article 14 Breach of the Agreement

The Parties hereto shall perform in good faith any and all of rights and obligations hereunder, in the event of any breach of the Agreement, the breaching Party shall indemnify the other Party the damages and losses incurred thereby.

Article 15 Cancellation of Agreement

15.1 Unless otherwise provide in the Agreement, the Parties agree, prior to the Reference Date, in addition that the Agreement may be canceled by and upon a mutual agreement of both Parties, or if either Party has materially breached any of representation, warranty, undertaking or substantial agreement under the Agreement, and such breach cannot be or is not cured within 30 days after being notified in writing of the same, the other Party is entitled to cancel the Agreement upon a written notice to the breaching Party.

15.2 In the event of cancellation of the Agreement due to any of the above breaches committed by either Party, the breaching Party shall indemnify the non-breaching Party the damages and losses incurred thereby.

15.3 After cancellation of the Agreement, either party may demand the other party to return any documents, materials, archives, objects, plans, trade secrets and other tangible information of the company obtained in accordance with the provisions of the Agreement within 7 days after cancellation of this contract.

Article 16 Confidential obligation

Unless otherwise provided in acts and regulations or in the Agreement, any documents, materials, archives, objects, plans, trade secrets and other information in tangible or intangible delivered by or obtained from the other Party for the purpose of the Transaction prior to the Reference Date, the Parties shall keep and maintain such information in strict confidence and shall not deliver or disclose in any manner to any third party. The confidential obligation in this Article shall survive the fulfillment and completion of the Transaction, the cancellation, of the termination withdrawal of the Agreement, and of the dissolution hereof for any reason.

Article 17 Miscellaneous

- 17.1 If any provision of this Agreement shall be deemed invalid for its/their conflict with the applicable laws, such provision(s) shall be invalid only to the extent of invalidity due to such conflict, and all other provisions of this Agreement shall remain in full force and effect. Except as otherwise stipulated in the acts and regulations, the board of directors of both Parties shall agree as soon as possible on a legally acceptable modification to such invalid provisions without requiring approval of shareholders' meeting, provided that shall provide the modification with effect to the original agreed intent of the Parties contemplated herein.
- 17.2 If subject to instructions of competent authorities or any administrative guidance, any provisions of this Agreement should be amend required or have any matters not specified herein, which shall be undertaken under related instructions of competent authorities or contents of administrative guidance, or enable the amendment or resolution otherwise to be adopted by board of directors of both Parties in light of instructions of competent authorities or contents of administrative guidance. The approval of shareholders' meeting and amendment criteria stipulated in preceding paragraph shall apply mutatis mutandis.
- 17.3 This Agreement sets forth the entire understandings of the Parties hereto with respect to the Transaction hereof and supersedes all prior agreements, covenants, arrangements to the Transaction, whether oral or written by both Parties.
- 17.4 Supplement, amendment or modification to this Agreement may be made after a written instrument signed by both Parties.
- 17.5 Neither Party hereto is entitled to assign or transfer any of rights or obligations under this Agreement to any third party without the prior written consent of the other Party.
- 17.6 Neither Party shall be liable for any failure or delay in performance hereof to the other Party due to causes beyond either party's reasonable control, such as decisions or orders of court, orders or dispositions of relevant competent authority, war, hostility, blockade, riot, revolution, strike, shutdown, fire, typhoon, tsunami or flood. If any of the above Act of God events should occur, either party shall notify the other party within three days after its knowledge thereof, provided that the preceding requirements do not exempt the parties from fulfilling its obligations hereunder as soon as practicable upon cease of such act of God. Regardless of the above, either Party shall be entitled to cancel the Agreement after a notice in writing delivered to the other Party prior to the Reference Date, if the Act of God event would continue for a period of more than three (3) months.
- 17.7 Unless otherwise agreed in the Agreement, all notices hereunder shall be deemed given when received by registered mail, recognized overnight courier or personal delivery to the Parties at the following address:

WT MICROELECTRONICS CO., LTD.
14TH FL., NO.738, CHUNG CHENG RD., ZHONGHE DIST., NEW TAIPEI CITY

MAXTEK TECHNOLOGY CO., LTD.
5F,NO.13-20,SEC.6,MIN CHIUAN E. RD.,NEI HU,TAIPEI

Any change to the above address of either Party, such Party shall give a written notice stating new address to the other party, or such change shall not be binding upon the other Party.

17.8 This Agreement shall be governed by and construed and performed in accordance with the ROC laws.

17.9 Any disputes between the parties arising from executing of the Agreement shall be settled through friendly negotiation. In case friendly settlement cannot be reached within thirty (30) days after submission in writing of requesting negotiation and is required to claim actions, the Parties hereby consent to the Taiwan Taipei District Court as first instance jurisdiction.

17.10 The headings used in the Agreement is only for convenience and reference which shall not be taken into in consideration in the interpretation hereof.

17.11 This contract is made out in two originals and one copy for each Party.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their duly authorized representatives as of the date first mentioned.

Stipulator
WT MICROELECTRONICS CO., LTD.
By:
Name of representative: Cheng, Wen Tsung
Title: Chairman

Stipulator
MAXTEK TECHNOLOGY CO., LTD.
By:
Name of Representative: Gao, Jin Rong
Title: Chairman

Opinions on the Justifiability of the Ordinary Share Price for Equity Transfer Between WT Microelectronics And Maxtek Technology Co., Ltd.

WT Microelectronics(refer to “WT” hereafter) was approved by Ministry of Economic Affairs to be registered as a company operating electronic component sales channels on December 23, 1993. Electronic components it deals with are applied in fields such as communications, computers and peripherals, consumer electronics, industrial control, internet of things, and automotive. Maxtek Technology Co., Ltd. (refers to “Maxtek”) was approved by Ministry of Economic Affairs to be registered as a company operating electronic component sales channels in May of 1992. Electronic components it deals with are applied in fields such as computer, mobile phone, TV, LCD panel, server, set-top box, power network, network storage.

To effectively integrate the application of resources, reduce operating costs, expand the business territory, and improve the international market competitiveness, both Parties agree to transfer the shares according to relevant provisions of Merger and Acquisition: All of the issued shares of Maxtek shall be transferred to WT based with cash consideration. After the transfer, Maxtek shall be the subsidiary company of WT. Both Parties agree that WT shall purchase all 70,281,331 shares issued by Maxtek, NT\$27 per share, with NT\$1,897,595,937. Maxtek agree to adjust the share price according to the contract before the transaction has completed by filing EXCLUDE DIVIDEND/EXCLUDE RIGHT propels. Here shows the evaluation of the fairness of the purchase price :

1. Consolidated financial information of Maxtek

Items \ Company	2014	2015	2016
Consolidated business income	9,184,564	8,981,222	11,816,258
Consolidated net profit or loss	143,670	69,421	100,685
Total amount of consolidated assets	4,569,866	4,872,739	6,344,517
Consolidated liabilities	2,853,676	3,171,401	4,693,664
Shareholders' equity	1,716,190	1,701,338	1,650,853
Paid share capital	702,813	702,813	702,813
Basic earnings per share (Yuan)	2.04	0.99	1.43
Net value per share (Yuan)(Note 1)	24.42	24.21	23.49

Source : Maxtek’s Consolidated Financial Report approved accountant.

Note1: The Net value per share in 2014, 2015, and 2016 are calculated based with the daily paid share capital of the current balance sheet .

2. Evaluation method

Varieties of evaluation methods have been adopted, such as calculated based with the daily paid share capital of the current balance sheet and market competitiveness, both Parties agree to transfer the shares according to relevant provisions of Merger and Acquisitions of the company's future operation with selected discount rate), and "market comparison method" (figure out the reference range of the company value by considering the financial situation of the company and figuring out a value multiplier based on transaction amount of similar companies). Among all these methods, "cash flow discount method" has more uncertainty, because the factors involved in future operations are hypothetical. Therefore, in practice, considering efficiency and applicability, both Parties shall figure out an acceptable valuation standard first, calculate a reference range for the purchase price, and decide the final price taking other reasonable factors in consideration.

In this case, the share price of Mextech shall be calculated in reference with the net price ratio of other IC dealers in this industry (such as WPG Holdings (refers to WPG hereafter), Promate Electronic Co., Ltd (refers to Promate hereafter), and Zenitron Corporation (refers to Zenitron hereafter)). Considering the compensation paid to the terminated company for the transfer of the management right, transfer premium shall be granted to Maxtek for the reasonable assessment of its purchase price per share. Such premium rate is set as 10% in reference to market situation in recent years.

In summary, the acquisition price of the M & A case is based on the average net price ratio and the average profit/loss ratio of other companies in this industry (adding appropriate management right transfer premium), and in reference with the operating status, market positions, future developments, and other key factors of both Parties. Related equity purchase price evaluation methods shall be showed as below:

(1) Net price ratio method

Currency: NTD

Company	Maxtek
Items	
Net value per share on 2016/12/31(A)	23.49
The average net share price of other companies in this industry(B)(Note)	1.33
Calculate the share price of the acquired company according to reference information of other companies in this industry. (C)=(A)x(B)	31.24
Management right transfer premium(D)(assumed as 10%)	10%
Adjusted share price(E)=(C)x(1+D)	34.36

Source : Consolidated financial report of Maxtek in 2016 (audited by accountant)

Note : This value is calculated based on the published average net share price (within 30 days before 2017/03/23) of other similar companies (such as WPG, Promate, and Zenitron) in this industry.

(2) Price-earnings ratio method

Currency: NTD

Items	Company	Maxtek
Basic earnings per share in 2016(A)		1.43
The average price-earning ratio of other companies in this industry(B)(Note)		12.04
Calculate the share price of the acquired company according to reference information of other companies in this industry. (C)=(A)x(B)		17.22
Management right transfer premium (D)(assumed as 10%)		10%
Management right transfer premium (E)=(C)x(1+D)		18.94

Source : Consolidated financial report of Maxtek in 2016 (audited by accountant)

Note : This value is calculated based on the published average price-earnings Ratio (within 30 days before 2017/03/23) of other similar companies (such as WPG, Promate, and Zenitron) in this industry.

3. Share price

Based with the reference range of the equity purchase price of Maxtek and assumed management right transfer premium as 10%, the price per share shall be NT\$18.94-34.36. Considering the key factors such as the operating status of both Parties and the future profitability, the final share price WT shall pay for acquiring all Maxtek's issued shares shall be NT\$27 per share. Such price falls within the reference range.

4. Comments and conclusions

In summary, the calculation of the share price paid by WT to Maxtek in cash for acquiring all Maxtek's issued shares is based on the practically applied methods such as "Net price ratio method" and "Price-earnings ratio method", and with consideration of the key factors (such as the operating status of both Parties and the future profitability) and the assumed management right transfer premium. So, the final share price, NT\$27 per share, paid by WT to Maxtek for acquiring all Maxtek's issued shares is reasonable.

Assessor: Huang Kuo Hshi, signature:
2017.03.28



Declaration of Independence

I am hereby entrusted to provide opinions about the justifiability of the share price WT shall paid to Maxtek for equity transfer.

For the performance of the operation mentioned above, I hereby declare that none of the situation below exists:

1. I or my spouse is now employed by the entrustor's company or its securities underwriter for routine works based on regular pays.
2. I or my spouse has resigned from the entrustor's company or its securities underwrite for less than 2 years.
3. The companies I or my spouse works for and the entrustor's company or its securities underwrite are related persons.
4. I am the spouse, or relative within the second degree of kinship, of the representative person or the manager of the entrustor's company or its securities underwrite.
5. I have investment or profit sharing relationship with the entrustor's company or its securities underwrite.
6. I am the incumbent director or supervisor of Taiwan Stock Exchange, or a spouse, relative within the second degree of kinship
7. The company I or my spouse works for has business relationship with the entrustor's company or its securities underwrite.

For related issues of the equity transfer between WT and Maxtek, I provide the professional opinions based on an attitude of rigor and impartiality and a detached and independent viewpoint.

Assessor: Huang Kuo Hshi, signature:
2017.03.28

The image shows a handwritten signature in black ink that reads "黃國師" (Huang Kuo Hshi). To the right of the signature is a red square seal impression. The seal contains the characters "會計師" (Certified Public Accountant) in a stylized font, with "黃國師" (Huang Kuo Hshi) written vertically on the right side of the seal.

Resume of the Independent Assessor

Name : Huang Kuo Hshi

Date of birth : 1964/06/08

Native place : Tainan County, Taiwan

Accountant license number : Taicaizhengliuzidi2560

Education background and occupational experiences :

Master of Accounting, National Taiwan University

Department of Accounting, National Taiwan University

Pass the Accountant National Exam.

Public Accountant of PwC Taiwan

Public Accountant of Baker Tilly Clock & Co

Currently : Public Accountant of Come True

**WT Microelectronics Co., Ltd.
Comparison Table for Amendments to Procedures for Acquisition or
Disposal of Assets**

Amended Article	Existing Article	Description
<p>Article 9: Real Property or Equipment In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>agency</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1.~4. (Omitted).</p>	<p>Article 9: Real Property or Equipment In acquiring or disposing of real property or equipment where the transaction amount reaches 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company, unless transacting with a government <u>organization</u>, engaging others to build on its own land, engaging others to build on rented land, or acquiring or disposing of equipment for business use, shall obtain an appraisal report prior to the date of occurrence of the event from a professional appraiser and shall further comply with the following provisions: 1.~4. (Omitted).</p>	<p>Amended in accordance with Article 9 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies</p>
<p>Article 10: Securities The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the following</p>	<p>Article 10: Securities The Company acquiring or disposing of securities shall, prior to the date of occurrence of the event, obtain financial statements of the issuing company for the most recent period, certified or reviewed by a certified public accountant, for reference in appraising the transaction price. If the dollar amount of the transaction is 20 percent of the Company's paid-in capital or NT\$300 million or more, the Company shall additionally engage a certified public accountant prior to the date of occurrence of the event to provide an opinion regarding the reasonableness of the transaction price. If the CPA needs to use the report of an expert as evidence, the CPA shall do so in accordance with the provisions of Statement of Auditing Standards No. 20 published by the ARDF. This requirement does not apply, however, to publicly quoted prices of securities that have an active market, or where otherwise provided by the following regulations of</p>	<p>1. Amended in accordance with Article 10 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies. 2. Section number is revised</p>

Amended Article	Existing Article	Description
<p>regulations of the Financial Supervisory Commission (FSC).</p> <p>1. Securities acquired through cash contribution in an incorporation by promotion or by public offering <u>in accordance with the Company Act, with the right manifested by the securities acquired proportional to the cash contribution.</u></p> <p>2. Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.</p> <p>3. Securities issued by an investee company wholly invested by the Company that is carrying out a cash capital increase, with the Company as a sponsor of the issue.</p> <p>4. Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>5. Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>6. <u>Domestic or overseas public offering funds.</u></p> <p>7. TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>8. Securities acquired through the Company's sponsorship of a cash capital increase by a public company <u>or corporate bonds acquired domestically,</u> when the securities acquired are not privately placed.</p> <p>9. Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act, <u>or subscription and repurchase of domestic private placement funds, provided that the trust agreement for the fund specifies</u></p>	<p>the Financial Supervisory Commission (FSC).</p> <p>(1) Securities acquired through cash contribution in an incorporation by promotion or by public offering.</p> <p>(2) Securities issued at face value by an issuing company carrying out a cash capital increase in accordance with relevant laws and regulations, with the Company as a sponsor of the issue.</p> <p>(3) Securities issued by an investee company wholly invested by the Company that is carrying out a cash capital increase, with the Company as a sponsor of the issue.</p> <p>(4) Securities listed and traded on the Taiwan Stock Exchange (TWSE) or on the GreTai Securities Market (GTSM) and emerging stocks.</p> <p>(5) Government bonds or bonds in repurchase or reverse purchase agreements.</p> <p>(6) Domestic funds or overseas funds.</p> <p>(7) TWSE or GTSM listed securities acquired or disposed of in accordance with the TWSE or GTSM rules governing the purchase of listed securities by reverse auction or rules governing the auction of listed securities.</p> <p>(8) Securities <u>acquired</u> through the Company's sponsorship of a cash capital increase by a public company, when the securities acquired are not privately placed.</p> <p>(9) Subscription to fund shares before the establishment of a fund in accordance with Article 11, paragraph 1 of the Securities Investment Trust and Consulting Act <u>and the Financial Supervisory Commission's 1 November 2004 Order No. Financial-Supervisory-Securities-IV-0930005249.</u></p> <p>(10) Subscription <u>or</u> repurchase of domestic private placement funds, provided that the trust agreement for the fund specifies an investment strategy in which, aside from</p>	

Amended Article	Existing Article	Description
<p>an investment strategy in which, aside from securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p>	<p>securities margin transactions and open positions held in securities-related products, the investment scope of the remaining portion is the same as that of a publicly offered fund.</p>	
<p>Article 11: Memberships or Intangible Assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>agency</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Article 11: Memberships or Intangible Assets Where the Company acquires or disposes of memberships or intangible assets and the transaction amount reaches 20 percent or more of paid-in capital or NT\$300 million or more, except in transactions with a government <u>organization</u>, the Company shall engage a certified public accountant prior to the date of occurrence of the event to render an opinion on the reasonableness of the transaction price; the CPA shall comply with the provisions of Statement of Auditing Standards No. 20 published by the ARDF.</p>	<p>Amended as Article 9.</p>
<p>Article 14: Submission to the Board of Directors and Supervisors When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises</u>, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: 1.~7. (Omitted). (The following is omitted).</p>	<p>Article 14: Submission to the Board of Directors and Supervisors When the Company intends to acquire or dispose of real property from or to a related party, or when it intends to acquire or dispose of assets other than real property from or to a related party and the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more, except in trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of money market funds, the company may not proceed to enter into a transaction contract or make a payment until the following matters have been approved by the board of directors and recognized by the supervisors: 1.~7. (Omitted). (The following is omitted).</p>	<p>Amended in accordance with Article 14 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 23: Experts' Opinion</p>	<p>Article 23: Experts' Opinion</p>	<p>Amended in</p>

Amended Article	Existing Article	Description
<p>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage. <u>However, the requirement of obtaining an aforesaid opinion on reasonableness issued by an expert may be exempted in the case of a merger by the Company of a subsidiary in which it directly or indirectly holds 100 percent of the issued shares or authorized capital, and in the case of a merger between subsidiaries in which the Company directly or indirectly holds 100 percent of the respective subsidiaries' issued shares or authorized capital.</u></p>	<p>The Company that conducts a merger, demerger, acquisition, or transfer of shares, prior to convening the board of directors to resolve on the matter, shall engage a CPA, attorney, or securities underwriter to give an opinion on the reasonableness of the share exchange ratio, acquisition price, or distribution of cash or other property to shareholders, and submit it to the board of directors for deliberation and passage.</p>	<p>accordance with Article 22 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>
<p>Article 29: Standards for Announcement and Reporting Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust</u> 	<p>Article 29: Standards for Announcement and Reporting Under any of the following circumstances, the Company acquiring or disposing of assets shall publicly announce and report the relevant information on the FSC's designated website in the appropriate format as prescribed by regulations within 2 days counting inclusively from the date of occurrence of the event:</p> <ol style="list-style-type: none"> 1. Acquisition or disposal of real property from or to a related party, or acquisition or disposal of assets other than real property from or to a related party where the transaction amount reaches 20 percent or more of paid-in capital, 10 percent or more of the Company's total assets, or NT\$300 million or more; provided, this shall not apply to trading of government bonds or bonds under repurchase and resale agreements, or subscription or <u>redemption</u> of money market fund. 	<p>Amended in accordance with Article 30 of the Regulations Governing the Acquisition and Disposal of Assets by Public Companies.</p>

Amended Article	Existing Article	Description
<p><u>enterprises.</u></p> <p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Acquisition or disposal by the Company of real property for business use, where the trading counterparty is not a related party, and the transaction amount reaches NT\$500 million.</p> <p>5. Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction reaches NT\$500 million.</p> <p>6. Where an asset transaction other than any of those referred to in the preceding <u>five</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or <u>repurchase</u> of money market funds <u>issued by domestic securities investment trust enterprises.</u></p> <p>The amount of transactions above shall</p>	<p>2. Merger, demerger, acquisition, or transfer of shares.</p> <p>3. Losses from derivatives trading reaching the limits on aggregate losses or losses on individual contracts set out in the procedures adopted by the company.</p> <p>4. Where an asset transaction other than any of those referred to in the preceding <u>three</u> subparagraphs, a disposal of receivables by a financial institution, or an investment in the mainland China area reaches 20 percent or more of paid-in capital or NT\$300 million; provided, this shall not apply to the following circumstances:</p> <p>(1) Trading of government bonds.</p> <p>(2) Trading of bonds under repurchase/resale agreements, or subscription or <u>redemption</u> of money market funds.</p> <p>(3) Acquisition or disposal by the Company of real property for business use, where the trading counterparty is not a related party, and the transaction amount <u>does not reach</u> NT\$500 million.</p> <p>(4) Where land is acquired under an arrangement on engaging others to build on the Company's own land, engaging others to build on rented land, joint construction and allocation of housing units, joint construction and allocation of ownership percentages, or joint construction and separate sale, and the amount the Company expects to invest in the transaction <u>does not reach</u> NT\$500 million.</p> <p>The amount of transactions above shall be calculated as follows:</p> <p>(1)~(4) (Omitted).</p> <p>"Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these</p>	

Amended Article	Existing Article	Description
<p>be calculated as follows: (1)~(4) (Omitted). "Within the preceding year" as used in the preceding paragraph refers to the year preceding the date of occurrence of the current transaction. Items duly announced in accordance with these Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety <u>within two days counting inclusively from the date of knowing of such error or omission.</u> (The following is omitted).</p>	<p>Regulations need not be counted toward the transaction amount. The Company shall compile monthly reports on the status of derivatives trading engaged in up to the end of the preceding month by itself and any subsidiaries that are not domestic public companies and enter the information in the prescribed format into the information reporting website designated by the FSC by the 10th day of each month. When the Company at the time of public announcement makes an error or omission in an item required by regulations to be publicly announced and so is required to correct it, all the items shall be again publicly announced and reported in their entirety. (The following is omitted).</p>	

**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 ballots 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 chairman 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, ballots 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 ballot 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 ballots 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 amenders was made on June 17, 2002.

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

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

**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 announcements 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 2^{ed} 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 January 3, 1997.
The 6th amendment was made on March 17, 1997.
The 7th amendment was made on June 8, 1998.
The 8th amendment was made on March 30, 1999.
The 9th amendment was made on May 31, 1999.
The 10th amendment was made on September 15, 1999.
The 11th amendment was made on April 6, 2000.
The 12th amendment was made on May 2, 2001.
The 13th amendment was made on November 6, 2001.
The 14th amendment was made on June 17, 2002.
The 15th amendment was made on June 15, 2004.
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 22^{ed} 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.

WT Microelectronics Co., Ltd.

Chairman CHENG, WEN-TSUNG

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 16,000,000 and that held by all supervisors of the Company shall be 1,600,000.
2. As of the date of transfer termination (April 28, 2017), 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 (%) (Note)
Chairman	CHENG, WEN-TSUNG	26,177,112	5.50
Director	HSU, WEN-HUNG	8,356,543	1.76
Director	KAO, HSIN-MING	4,002,645	0.84
Director	SUN, CHI-WEN	0	0
Director	CHENG, KEN-YI	0	0
Independent Director	CHENG, TIEN-CHONG	0	0
Independent Director	KUNG, JU-CHIN	0	0
Total		38,536,300	8.10
Supervisor	HU, HSIU-HSING	0	0
Supervisor	TANG YE INVESTMENT CO., LTD. Representative: WU, CHIH-HSIUNG	3,361,677	0.71
Total		3,361,677	0.71

Note: The total number of shares issued is 475,741,787.

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