Stock Code：3036

WT Microelectronics Co., Ltd.

2018 Annual Report

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Annual Report is available at
Company Website: http://www.wtmec.com
Market Observation Post System: http://mops.twse.com.tw

1. **The names, titles, telephone numbers, and e-mail addresses of the Spokesperson and Deputy spokesperson:**

   Spokesperson:
   Name: Cheryl Yang
   Title: Vice President
   Telephone:(02)8226-9088
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2. **The addresses and telephone numbers of the Headquarters, branch office, and factories:**
   Address of the Headquarters: 14th Floor, No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan(R.O.C.)
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3. **The name, address, website, and telephone number of the stock transfer agent :**
   Name: Grand Fortune Securities Co., Ltd.
   Address: 6th Floor, No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)
   Website: http://www.gfortune.com.tw
   Telephone:(02)2371-1658

4. **The names, office name, address, website, and telephone number of the verifying CPAs of the most recent financial report:**
   CPAs: Hsu, Sheng-Chung and Wu, Han-Chi
   Company: PricewaterhouseCoopers Taiwan
   Address: 27th Floor, No. 333, Sec. 1, Keelung Rd., Xinyi Dist., Taipei City 110, Taiwan(R.O.C.)
   Website: http://www.pwc.tw
   Telephone:(02)2729-6666

5. **The name of the Exchange where the overseas securities are listed and the method for querying the information of the overseas securities: None**

6. **Company website:**
   http://www.wtmec.com

Contents

I.Letter to Shareholders

Dear Shareholders:

The Group's net consolidated operating revenue in 2018 was NT$273,416.485 million, which exceeded 2017 of NT189,419.235 million by 44.34%. The net profit after tax in 2018 was NT$2,778.515 million, which was higher than that of NT$2,520.136 million in 2017, showing an increase of NT$258.379 million and growth of 10.25%. In 2018, the application of various products demonstrated a significant growth trend. The growth came from the addition of new product lines in the fields of communication, personal computers, and consumer electronics, as well as the benefits of merging Maxtek Technology. In addition, industrial products benefit from the strong demand for automation and instrumentation, and automotive electronics continue to benefit from the increase in semiconductor applications. In addition to the growth in various product applications, we will continue to improve operational efficiency, optimize operational management systems, enhance our financial management system, and strengthen human resource management, in order to enhance the Company's capability to provide added value to the semiconductor industry supply chain and thus increase the long-term return on equity.

The Group's 2018 business overview and 2019 business plan summary report are as follows:

A. 2019 Business Report

1. Business plan implementation results

Unit: NT$ thousands

Item	2017	2018	Increase (Decrease)	Rate of change %
Operating revenue	189,419,23	273,416,485	83,997,250	44.34%
Operating	3,918,170	5,253,715	1,335,545	34.09%
Net profit after tax	2,520,136	2,778,515	258,379	10.25%

2. Financial revenue and expenditure and profitability analysis

Item		2017	2018
Capital structure	Debt to asset ratio (%)	73.28	76.76
	Long-term funds to fixed Assets Ratio (%)	2,890.21	2,264.71
Solvency	Current ratio (%)	134.13	124.69
	Quick ratio (%)	70.34	58.45
Profitability	Return on total assets (%)	4.34	4.13
	Return on equity (%)	13.63	13.27
	Net profit margin (%)	1.33	1.02
	Basic earnings per share(NT$)(Note)	5.26	5.02

Note: The basic earnings per share is based on the weighted average number of outstanding shares in the current year and the calculation using the number of weighted outstanding shares increased by retroactive adjustment of convertible corporate bonds.

3. Research and development status

Due to the significant evolution of semiconductor technology and processes, the advancement of computer processing capabilities, the advent of next-generation networks, and the introduction of more diverse sensing components, the market has recently produced many smart products and related applications to meet people's modern needs, such as the advanced driver assistance system (ADAS), biometrics, Internet of Things, smart home, optical ranging sensors, and many smart component applications, which will become the highlight of the next-generation semiconductor industry. In addition to advancing key electronic components, such as high-performance RF power components for WiFi6 application, infrared lasers and infrared light-emitting diodes, MEMS components, high-performance microprocessors, high-performance power components, Multi-port 100G networking switch, high-precision Analog components, etc., the Group is involving more system integration personnel to actually develop and participate in designing and providing comprehensive solutions in order to comprehend the huge business opportunities derived from this mobile generation. For example, such efforts include multi-functional illuminator in an integrated optical reference design and power over ethernet with high isolation type reference design. To provide sufficient technology to support system design and product development in these new platforms, the Group will continue to invest and accumulate system integration knowledge and technology to enhance the technical quality of overall R&D. Furthermore, the Group will continue to cooperate with world-class chip design manufacturers to provide customers with high-quality technical services and complete solutions. The following table shows the research and development expenditures for the last three years:

Unit: NT$ thousands

Item	2016	2017	2018
Net operating revenue	144,147,461	189,419,235	273,416,485
R & D expenses	304,838	318,726	367,592
R&D expenses as a percentage of revenue	0.21%	0.17%	0.13%

B. 2019 Business Plan Summary

1. Operating strategy:

(a)"Professional integrity and sustainable management" is the Group’s business philosophy.

(b)The Group's consistent service tenet is to “support services to downstream clients by reducing their R&D pipeline and increasing their competitiveness and to assist upstream suppliers through product promotion and marketing.”

(c)Focus on performance and efficiency in order to build a solid business team.

(d)Master market trends and provide customers with technology-based services.

2. Expected sales quantity and its basis:

The Group's main sales products consist of various electronic components. Due to the wide variety of products and the large variation in unit price, adopting sales volume as a basis for measurement is not suitable. For the Group's overall sales expectations, based on the analysis of the market and macroeconomic development, the Group's sales in the coming year are expected to show a steady growth trend.

3. Important production and selling policies:

(a)Introducing new product lines and entering new application markets - According to the Company's long-term development strategy plan, introduce new product lines that meet market demand and expand the product portfolio. Strengthen product and market planning capabilities and improve the overall market positioning by expanding the penetration into the relevant automotive electronics, cloud data centers, smart Internet of Things, 5G related applications, industrial control, green energy, and medical instruments markets, among others. Strengthen the proportions of shipments of these products to continuously improve the product mix and growth rate.

(b)Exploring new customers - For the existing customer base, optimize management capabilities, improve service quality, and continuously increase the penetration rate of the Group's products. At the same time, actively expand new production lines for high-quality new customers and existing customers, as well as new application opportunities for existing products, especially in the Group’s strategic development areas of automotive electronics, cloud data centers, industrial control, and smart Internet of Things. By providing high-quality technical support and total solutions, accelerate customers’ timeliness in promoting products to the market, and develop close and long-term cooperation with leaders in various fields.

(c)Improving value-added services - Continue to create demand for vendors through solid customer relationships and rapid market responses, and increase products’ added value and the Group’s profitability while providing solid technical support to help customers develop new products.

(d)Effectively responding to changes in the macroeconomic environment - Changes in the global economic climate, exchange rate fluctuations, and government-led or related economic and financial policy changes all affect the Group's financial and business operations and management. Therefore, in order to stabilize the Group's competitiveness in the market, the management and control capabilities with regard to inventory, the customer account collection period, accounts receivable, exchange rate hedging, and cash flow must also be improved.

C. The Group’s Future Development Strategy

To cope with the global industrial division of labor, improve overall competitiveness, and continue to increase the return on working capital and the return on equity, the Group's positioning strategies in Asia Pacific and emerging markets include the following: first, focusing on the Group’s long-term development, introducing new product lines, entering new application areas in a timely manner, and adapting to industry demands and technology trends; second, strengthening the mix of customers, product lines, and market applications to reduce the risk of being affected by changes in a single factor; third, deepen the value added to upstream vendors and downstream customers; and fourth, integrate multi-resources through mergers and acquisitions in order to reduce operating costs and fully deploy such merger synergy as the economies of scale. The Group aims to become an international professional semiconductor components distributor, as well as to build a comprehensive service network in the pan-Asia Pacific region and emerging regions through a comprehensive business marketing system. While actively increasing market share and expanding revenue scale in accordance with the principles of “professional integrity and sustainable management,” we will continue to pursue the best interests of shareholders, employees, and customers with the support of all employees and shareholders.

For the support of all shareholders, I would like to express my most sincere gratitude to the shareholders on behalf of the Board of Directors and all the Group’s employees. We will uphold our consistent business philosophy, seize opportunities for industrial development, and present superior business results to share with you.

Sincerely yours,

Eric Cheng
Chairman

II.Company Profile

A.Date of establishment:
December 23, 1993

B.Company history:

1993	•	Established Serial Semiconductor Co. (currently known as WT Microelectronics Co. Ltd.) with a registered capital of NT$10 million. Its main business was the sale of electronic components.
1994	•	Purchased land and buildings in the Wanshunliao section of Shenkeng Township for office and storage use.
	•	Underwent an organizational change from Serial Semiconductor Co. to Serial Semiconductor Co., Ltd.
1995	•	Promoted and sold the semiconductor electronic components of the US-based Texas Instruments (TI).
1996	•	Awarded TI’s Fastest Growing Agent in Asia.
1997	•	Had a cash capital increase of NT$30 million, with a total capital of NT$40 million.
	•	The office was relocated to the 7th floor, No. 34, Section 3, Bade Road, Taipei, Taiwan.
	•	Established the R&D Application Engineering Department to engage in electronic-related product design and assisted design.
	•	Awarded TI's Annual of SSL Sales Reaching US$10 million and Second Place in DSP DWIN LNR Promotion.
1998	•	Had a cash capital increase of NT$40 million, with a total capital of NT$80 million.
	•	Reinvested in Wintech Microelectronics Holding Limited.
	•	Established WT Microelectronics Hong Kong Branch.
	•	Awarded TI’s Highest Sales Revenue for CBT Series Products and DSP Best Promotion in Taiwan.
	•	Awarded TI’s Gold and Bronze for DSP Solution Design and Introducing Product Sales.
	•	Awarded TI’s Sales Gold of Specific Application Products.
	•	Ranked among the top 500 in the service industry in Taiwan by China Credit Information Service Ltd.
1999	•	Promoted and sold the semiconductor electronic components of the US-based Fairchild.
	•	Had a capital increase of NT$119.2 million out of capital reserve, with a total capital of NT$199.2 million.
	•	Promoted and sold the semiconductor electronic components of the US-based SST.
	•	Had a cash capital increase of NT$50 million and a capital increase of 15 million out of earnings, with a total capital of NT$264.2 million, and retroactively handled the public issuance of shares.
	•	Promoted and sold the semiconductor electronic components of the US-based LSI.
	•	Had a cash capital increase of NT$95.8 million, with a total capital of NT$360 million.
	•	Purchased the Far East Century Plaza (about 852 pings) in Zhonghe City, Taipei County for office and warehouse use.
	•	Changed the Company’s English name from Serial Semiconductor Co., Ltd. to Wintech Microelectronics Co., Ltd.
	•	Awarded TI’s Fastest Sales Growth in High-End CMOS Logic Products.
	•	Awarded Fairchild’s Best Agent.
	•	Ranked 183rd in CommonWealth Magazine's survey of revenue growth rate and 26th in employee productivity.
2000	•	Promoted and sold the semiconductor electronic components of the France-based ST.
	•	Moved offices and warehouses to Far East Century Plaza in Zhonghe City.
	•	Promoted and sold the semiconductor electronic components of the US-based Marvell.

- Had a cash capital increase of NT$168 million and a capital increase of NT$72 million out of earnings, with a total capital of NT$600 million.
- Reinvested in Milestone Investment Co., Ltd.
- Reinvested in Nino Capital Co., Ltd.
- Stock began listed on the over-the-counter market.
- Awarded TI’s Fastest Growing Agent in Taiwan and the Best Quality App.
- Awarded Fairchild’s Best Agent in Taiwan, the New Product Promotion Excellence, and the Best Agent of the Year.
- Awarded Marvell’s Best Agent of the Year.
- Ranked 32nd among the top 100 operational performance in the manufacturing and service industry in Taiwan by CommonWealth Magazine.

2001
- Reinvested in Shanghai Well Tech Microelectronics Co., Ltd.
- Reinvested in World Motion Technology Limited.
- Had a cash capital increase of NT$100 million and a capital increase of NT$136 million out of earnings, capital reserve, and employee bonus, with a total capital of NT$836 million.
- Issued the first domestic unsecured convertible corporate bonds of NT$300 million.
- Issued the first employee stock warrants of 5,000 units.
- Awarded ST’s Agent for the Fastest Growing Sales in Asia.
- Awarded Marvell’s Best Agent of the Year.
- Awarded ST’s Agent with the Most Growth Promise in the Asia-Pacific Region.
- Ranked 496th among Business Weekly’s "Top 1000 Listed Companies in the Mainland, Taiwan, and Hong Kong."
- Ranked 98th among Business Weekly's "Top 500 Service Industry Survey" and 16th in the information, communication, and IC channels.

2002
- Issued the second domestic unsecured convertible corporate bonds of NT$800 million.
- Convertible corporate bonds were converted to a share capital of NT$44.74 million, with a total capital of NT$880.74 million.
- Awarded the "2001 Top 500 Outstanding Exporters/Importers" certificate issued by the Bureau of Foreign Trade, MOEA.
- The Company’s stock were from over-the-counter to listed.
- Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd.
- Had a capital increase of NT$60.04 million out of earnings, capital reserve, and employee bonuses, and convertible corporate bonds were converted to a share capital of NT$57.24 million, with a total capital of NT$998.01 million.
- Reinvested in Lintek Singapore Ltd., and changed its company name in English to Wintech Microelectronics Singapore Pte. Ltd.
- Convertible corporate bonds were converted to a share capital of NT$4.23 million, with a total capital of NT$1,002.24 million.
- Issued the second employee stock warrants of 2,240 units.
- Purchased treasury shares of the Company for the first time for a total of 153 thousand shares.
- Awarded TI’s for being the Outstanding Distributor Team.
- Awarded ST's Most Steady Growth Supplier in the Past Three Years.
- Ranked among the top 100 companies in CommonWealth Magazine’s Top 500 Service Industry Surveys in terms of revenue.
- Ranked 373rd among Business Weekly’s "Top 1000 Listed Companies in the Mainland, Taiwan, and Hong Kong" and 13th in the information, communication, and IC channels.

2003
- Convertible corporate bonds were converted to a share capital of NT$940 thousand, with a total capital of NT$1.00319 billion.
- Convertible corporate bonds were converted to a share capital of NT$9.33 million, with a total capital of NT$1.01251 billion.
- Reinvested in Wintech Microelectronics Korea Co., Ltd.
- Reinvested in Wintech Microelectronics (Malaysia) Sdn., Bhd.

- Convertible corporate bonds were converted to a share capital of NT$15.39 million, with a total capital of NT$1.02791 billion.
- Had a capital increase of NT$71.55 million out of earnings and employee bonuses, and convertible corporate bonds were converted to a share capital of NT$73.10 million, with a total capital was NT$1.17256 billion.
- Issued the third domestic unsecured convertible corporate bonds of NT$800 million.
- Issued the third employee stock warrants of 2,800 units.
- Convertible corporate bonds were converted to a share capital of NT$32.93 million, with a total capital of NT$1.20549 billion.
- Awarded ST’s Best Apac Power Business Unit Best Application Support Manufacturer.
- Ranked 119th in revenue and 82nd in service industry performance in the large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2003.

2004

- Convertible corporate bonds were converted to a share capital of NT$8.95 million, and employee stock warrants were converted into a share capital of NT$400 thousand, with a total capital of NT$1.21484 billion.
- Purchased treasury shares of the Company for the second time for a total of 3 million shares.
- Convertible corporate bonds were converted to a share capital of NT$20.29 million, and employee stock warrants were converted into a share capital of NT$940 thousand, with a total capital of NT$1.23607 billion.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2004: ranked 67th in service industry revenue, 120th in service industry performance, and 7th in the electronic component wholesale industry.
- Reinvested in Wintech Microelectronics (Thailand) Ltd.
- The employee stock warrants were converted into a share capital of NT$1.2 million, with a total capital of NT$1.23727 billion.
- Reinvested in Lintek Electronics Co., Ltd.
- Reinvested in Sin Yie Investment Co., Ltd.
- Had a capital increase of NT$90.20 million out of earnings and employee bonuses, with a total capital of NT$1.32748 billion.
- Convertible corporate bonds were converted to a share capital of NT$660 thousand, with a total capital of NT$1.32813 billion.
- The subsidiary, Lintek Electronics Co., Ltd., merged with Nuvision Technology Inc.
- Reinvested in NuVision Technology (Samoa) Inc.
- Reinvested in Ahead Success Co., Ltd.
- Reinvested in Nuvision Technology (Shenzhen) Co., Ltd.

2005

- Promoted and sold the semiconductor electronic components of SyChip.
- Promoted and sold the semiconductor electronic components of EXAR.
- Ranked 48th among Business Weekly's "Top 500 Service Industry Survey in Taiwan."
- Convertible corporate bonds were converted to a share capital of NT$750 thousand, with a total capital of NT$1.32888 billion.
- Convertible corporate bonds were converted to a share capital of NT$2.1 million, with a total capital of NT$1.33098 billion.
- Promoted and sold the semiconductor electronic components of the US-based CaMD.
- Promoted and sold the semiconductor electronic components of the US-based ALTERA.
- Had a capital increase of NT$267.4 million out of capital reserve and employee bonuses, with a total capital of NT$1.59839 billion.
- Reinvested in Wintech Microelectronics (Shanghai) Co., Ltd., setting up a share capital of US$1 million.
- Promoted and sold the semiconductor electronic components of ESMT.
- Canceled the treasury shares of the first time purchase to reduce share capital by NT$1.53 million, with a total capital of NT$1.59686 billion.
- Promoted and sold the semiconductor electronic components of Audiocodes.

- Awarded ST’s Best Performance Growth in Asia Pacific.
- Ranked among Digital Age Biweekly’s 2005 Top 100 Technological Companies in Taiwan.
- Awarded by Ambarella in recognition of contribution to delivering A1 chip, the world's first HD H. 264/AVC hybrid camera SoC.
- Awarded ST’s 2005 Best Performance Growth Agent – MPG Team.
- Awarded TI’s 2005 Asia Pacific HPA Outstanding New EE Development Agent and Asset Management Performance.
- Awarded TI's 2005 Outstanding Agent Platinum (200M$ Club).
- Awarded the Silver Award of TI's 2005 Highest SLL Thrust Product Excellence Agent Retail Performance.
- Awarded ADI’s 2005 Best Team in the Notebook Computer Division.

2006
- Ranked 84th among revenue in Business Weekly's 2005 Top 1000 Listed Companies and 116th among the Top 150 Listed Companies Revenue Growth.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2006: ranked 6th in the electronic component wholesale industry, 46th in service industry net revenue, 136th in the mixed list of public and private businesses, and 360th in service industry performance.
- Purchased treasury shares of the Company for the fourth time for a total of 3.616 million shares.
- Purchased treasury shares of the Company for the fifth time for a total of 845 thousand shares.
- Reinvested in Wintech Logistics Limited.
- Purchased treasury shares of the Company for the sixth times for a total of 1.5 million shares.
- Awarded the “2005 Top 500 for Outstanding Exporters/Importers” certificated issued by the Bureau of Foreign Trade, MOEA.
- Convertible corporate bonds were converted to a share capital of NT$550 thousand, and employee stock warrants were converted into a share capital of NT$2.98 million, with a total capital of NT$1.60039 billion.
- Had a capital increase of NT$85.67 million out of earnings and employee bonuses, with a total capital of NT$1.68606 billion.
- Awarded ASUSTeK Computer’s 2006 Excellent Supplier.
- Awarded TI’s Outstanding Agent in the Asia-Pacific region.
- Awarded Fairchild's 2006 Excellent Supplier.
- Ranked among Digital Age Biweekly’s 2006 Top 100 Technological Companies in Taiwan.

2007
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2007: ranked 6th in the electronic component wholesale industry, 52nd in service industry net revenue, and 134th in the mixed list of public and private businesses.
- Issued the fourth domestic unsecured convertible corporate bonds of NT$400 million.
- The employee stock warrants were converted into a share capital of NT$27.27 million, with a total capital of NT$1.71233 billion.
- Singapore-based Serial System Limited was dismissed as the Director and Supervisor in accordance with the law due to transferring more than one-half of the shares it held at the time of its selection as the Director and Supervisor.
- The employee stock warrants were converted into a share capital of NT$3.09 million, with a total capital of NT$1.71642 billion.
- The Company’s English name was changed from Wintech Microelectronics Co., Ltd. to WT Microelectronics Co., Ltd.
- The employee stock warrants were converted into a share capital of NT$3.21 million, with a total capital of NT$1.71963 billion.
- Reinvested in WT Technology Pte. Ltd.
- Ranked 4th in the information channel industry in CommonWealth Magazine's 2007

selection of Benchmark Enterprise Survey.

- Had a capital increase of NT$84.7 million out of earnings and employee bonuses, with a total capital of NT$1.80433 billion.
- Convertible corporate bonds were converted to a share capital of NT$18.91 million, and employee stock warrants were converted into a share capital of NT$4.47 million, with a total capital of NT$1.82771 million.
- Awarded Altera's Asia Pacific Outstanding Performance for the third quarter of 2007.
- Awarded the 2006 Outstanding Exporters/Importers certificated issued by the Bureau of Foreign Trade, MOEA.
- Had a cash capital increase of NT$250 million, with a total capital of NT$2.07771 billion.
- Issued the first employee stock warrants of 5,000 units for the year of 2007.

2008

- Convertible corporate bonds were converted to a share capital of NT$2.57 million, and employee stock warrants were converted into a share capital of NT$4.92 million, with a total capital of NT$2.08520 billion.
- Awarded ST’s 2007 Fastest Growing Agent .
- Ranked 124th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2008; ranked 6th in the electronic component wholesale industry and 48th in service industry net revenue.
- WT and its 100% indirectly held subsidiary, Promising Investment Limited, acquired all shares of the semiconductor parts distribution business of Solomon Co. Ltd. and the Hong Kong subsidiary Solomon QCE Limited of Solomon in cash.
- The employee stock warrants were converted into a share capital of NT$1.76 million, with a total capital of NT$2.08696 billion.
- Awarded the 2007 Outstanding Exporters/Importers certificated issued by the Bureau of Foreign Trade, MOEA.
- Convertible corporate bonds were converted to a share capital of NT$240 thousand, and employee stock warrants were converted into a share capital of NT$11.78 million, with a total capital of NT$2.09898 billion.
- Had a capital increase of NT$173.36 million out of earnings and employee bonus, with a total capital of NT$2.27234 billion.
- The employee stock warrants were converted into a share capital of NT$750 thousand, with a total capital of NT$2.27309 billion.
- Ranked 5th in the information channel industry in CommonWealth Magazine's 2008 selection of Benchmark Enterprise Survey.
- Purchased treasury shares of the Company for the seventh time for a total of 2.577 million shares.
- Purchased treasury shares of the Company for the eighth time for a total of 393 thousand shares.
- Awarded ST’s 2008 Global Second Agent.
- Awarded Pegatron & Unihan’s 2008 Excellent Supplier.
- Awarded Foxconn Technology Group’s 2008 Excellent Supplier in JIT Promotion.
- Awarded ASUSTeK Computer’s 2008 Excellent Supplier.
- Reinvested in Shanghai Welltech Microelectronics Co., Ltd. and changed its english name to Shanghai WT Microelectronics Co., Ltd.
- Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd. and changed its chinese name to WT Microelectronics (Shenzhen) Co., Ltd.

2009

- The employee stock warrants were converted into a share capital of NT$2.68 million, with a total capital of NT$2.27577 billion.
- Ranked 114th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2009; ranked 5th in the electronic component wholesale industry and 52nd in service industry net revenue.
- Reinvested in Shanghai WT Microelectronics Co., Ltd. and changed its chinese name to WT Microelectronics (Shanghai) Co., Ltd.

- Reinvested in Shanghai Welltech Microelectronics Co., Ltd. and changed its chinese name to Shanghai WT Microelectronics Co., Ltd.
- Reinvested in Welltech Microelectronics (Shenzhen) Co., Ltd. and changed its english name to WT Microelectronics (Shenzhen) Co., Ltd.
- Canceled the treasury shares of the fifth purchase to reduce share capital by NT$6.48 million, with a total capital of NT$2.26929 billion.
- Canceled the treasury shares of the sixth purchase to reduce share capital by NT$12.78 million, with a total capital of NT$2.25651 million.
- Purchased treasury shares of the Company for the tenth time for a total of 7.12 million shares.
- The Company acquired all shares of Morrihan International Corp. to increase capital by NT$ 209.8 million by share conversion, with a total capital of NT$ 2.46559 billion.
- Had a capital increase of NT$36.88 million out of earnings and employee bonuses, with a total capital of NT$2.50247 billion.
- Awarded ST's 2009 Global First Agent.
- Awarded Pegatron & Unihan's Excellent Supplier.
- Ranked 5th in the information channel industry in CommonWealth Magazine's 2009 selection of Benchmark Enterprise Reputation Survey.
- Promoted and sold the semiconductor electronic components of APL.
- Awarded Moxa Technology's 2009 Excellent Supplier.

2010

- Awarded ASUSTeK Computer's 2010 Excellent Supplier.
- Ranked 4th in the information channel industry in CommonWealth Magazine's 2010 selection of Benchmark Enterprise Reputation Survey.
- Ranked 85th among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2010; ranked 5th in the electronic component wholesale industry and 45th in service industry net revenue.
- Awarded ASUSTeK Computer's 2010 Best Partner.
- Awarded ASUSTeK Computer's 2010 Best Sales.
- Awarded IR's 2010 Taiwan Best Demand Creation.
- Awarded Ublox's 2010 Outstanding Distributor in Taiwan.
- Awarded ST's 2010 Special for the Support of PWM within the Computer Segment.
- Awarded ST's 2010 Best Performance for MSH Products.
- Awarded ST's 2010 A Profound Team Partner of 1B$ in GC & SA Region.
- Awarded TI's Platinum in Recognition of Outstanding Resale Performance in the 2010 Asia Distributors Conference.
- Acquired all shares of BSI Semiconductor Pte. Ltd. and its subsidiaries in cash.
- Awarded Moxa Technology's 2010 Excellent Supplier.

2011

- Increased investment in the subsidiary, Wintech Microelectronics Holding Limited, by US$20 million, and acquired all shares of NSU Semiconductor Co., Ltd. in cash through its indirectly held subsidiary, Wintech Investment Co., Ltd.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2011: ranked 73rd in the mixed list of public and private businesses, 95th in service industry performance, 21st in service industry net revenue, and 3rd in electronic component wholesale.
- Ranked 21st among the service industry and 3rd in the information, communication, and IC channel category in CommonWealth Magazine's 2011 Top 1000 Business Survey.
- The employee stock warrants were converted into a share capital of NT$16.7 million, with a total capital of NT$2.51917 billion.
- The employee stock warrants were converted into a share capital of NT$4.04 million, with a total capital of NT$2.52321 billion.
- Had a capital increase of NT$49.88 million out of earnings, with a total capital of NT$2.57309 billion.
- Had a cash capital increase of NT$300 million, with a total capital of NT$2.87309 billion.

- The employee stock warrants were converted into a share capital of NT$2.73 million, with a total capital of NT$2.87582 billion.
- The employee stock warrants were converted into a share capital of NT$6.42 million, with a total capital of NT$2.88224 billion.
- Ranked among Business Next Biweekly’s 2011 Top 100 Technological Companies in Taiwan and Asia.
- Awarded the 2011 Best Innovation, ST Microelectronics GC & SA Region, Distribution Sales Convention, Sept. 18~22, 2011, Sanya, China.
- Awarded the 2011 Best Performance, ST Microelectronics GC & SA Region, Distribution Sales Convention, Sept. 18~22, 2011, Sanya, China.
- Awarded Etasis Electronics Corp.’s 2011 Best Partner of the Year.
- Awarded Orient Semiconductor Electronics Limited’s 2011 Excellent Supplier.

2012

- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2012: ranked 67th in the mixed list of public and private businesses, 88th in service industry performance, 21st in service industry net revenue, and 4th in electronic component wholesale.
- The Company acquired all shares of Techmosa International Incorporaton to increase capital by NT$ 404.5 million by share conversion, with a total capital of NT$ 3.28674 billion.
- The employee stock warrants were converted into a share capital of NT$5.3 million, with a total capital of NT$3.29204 billion.
- The employee stock warrants were converted into a share capital of NT$1.46 million, with a total capital of NT$3.2935 billion.
- Canceled the treasury shares of the tenth purchase to reduce share capital by NT$26.2 million, had a capital increase of NT$98 million out of earnings, with a total capital of NT$3.3653 billion.
- The employee stock warrants were converted into a share capital of NT$6.46 million, with a total capital of NT$3.37176 billion.
- Awarded Freescale’s 2012 Asia Distribution Distinction for the Highest Customer Count Growth Regional Distributor.
- Awarded TI’s Outstanding Resale Performance, Platinum.
- Ranked 21st in the service industry and 3rd in the information, communication, and IC channel category in CommonWealth Magazine’s 2012 Top 1000 Business Survey.

2013

- The employee stock warrants were converted into a share capital of NT$3.89 million, with a total capital of NT$3.37565 billion.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2013: ranked 65th in the mixed list of public and private businesses, 19th in service industry net revenue, and 2nd in electronic component wholesale.
- Awarded EXAR’s Best Continuing Grow-Up On BIZ Revenues and Demand Creation’s Performances in the Past Six Quarters.
- Awarded ASUSTeK Computer’s Excellence Supplier.
- The Company acquired all shares of MSD Holdings Pte. Ltd. in cash.
- Reinvested in NSU Semiconductor Co., Ltd. and changed its english name to WT Technology Korea Co., Ltd.
- Awarded the Best Demand Creation (Industrial & Power Group) 2013, ST Microelectronics GC&SA, Annual Distribution Sales Convention, 2-6 September 2013,
- Macau.
  Awarded FSP Technology Inc’s 2013 Excellent Supplier.

2014

- Had a capital increase of NT$168.78 million out of earnings, with a total capital of NT$3.54443 billion.
- Reinvested in Anius Enterprise Co., Ltd.
- Reinvested in Mega Source Co., Ltd.

- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2014: ranked 61st in the mixed list of public and private businesses, 17th in service industry net revenue, and 1st in electronic component wholesale.
- Ranked 20th in the service industry and 3rd in the information, communication, and IC channel category, in CommonWealth Magazine’s 2013 Top 2000 Business Survey.
- Awarded the “2014 Top 500 for Outstanding Exporters/Importers” certificated issued by the Bureau of Foreign Trade, MOEA (ranked 292nd).
- Awarded TI’s in Recognition of Achieving $1B Milestone.
- Awarded Freescale’s 2013 Asia Distribution Distinction for Best Performing Regional Distributor in the Greater China.
- Awarded Orient Semiconductor Electronics Limited’s 2013 Excellent Supplier.
- Awarded Whetron Electronics Co., Ltd.’s 2013 Supplier Excellence.
- Donated NT$30 million to establish the WT Education Foundation.

2015

- Had a cash capital increase of NT$525 million, with a total capital of NT$4.06943 billion.
- Ranked 4th in Asia Pacific and 4th in the world in Gartner's 2014 Semiconductor Channel Distributors Market Survey.
- Ranked 67th among CommonWealth Magazine’s 2014 Top 2000 Business Survey, 18th in the service industry, and 3rd in the information, communication, and IC channel category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2015: ranked 52nd in the mixed list of public and private businesses, 14th in service industry net revenue, and 1st in electronic component wholesale.
- Received ST’s 2014 Best Demand Creation for Memory, Microcontrollers, & Secure Microcontrollers Division.
- Awarded Fairchild Distributor of the Year 2014.
- Awarded Freescale's 2014 Outstanding Reference Design Team.
- Awarded Orient Semiconductor Electronics Limited's 2014 Excellent Supplier.
- Awarded the UK-based Quixant’s 2014 Best Partner.
- Had a capital increase of NT$406.94 million out of earnings, with a total capital of NT$4.47638 billion.
- The Company obtained the ISO 9001:2008 Quality Management System Certificate and the 14001:2004 Environmental Management System Certificate.
- The subsidiary, WT Microelectronics (Shanghai) Co., Ltd., obtained real estate for business in Shanghai.

2016

- The subsidiary, WT Technology Korea Co., Ltd., absorbed the subsidiary BSI Semiconductor (Korea) Co., Ltd.
- Awarded Texas Instruments in Recognition of Year 2015 for Outstanding MM Growth WT Taiwan, Outstanding MM Growth WT China, Outstanding MM Growth WT Asia, and Excellent Distributor Partner WT Asia.
- Awarded Freescale’s 2015 Outstanding Performance Award in Market Penetration.
- Ranked 16th in the service industry in CommonWealth Magazine’s 2015 Business Survey and 2nd inthe information, communication, and IC channel category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2016: ranked 49th in revenue among companies in mixed industries, 14th in service industry net revenue, and 2nd in the electronic component wholesale industry.
- Awarded ST’s 2015 Best Demand Creation－Digital Product Group, Best Partnership－China, and Best Performance-Gold.
- Ranked among the top 21%~35% bracket of the 2nd Corporate Governance Evaluation in 2015.
- The Company invested US$20 million in the capital of Wintech Microelectronics Holding

Limited, an important subsidiary, and subsequently reinvested the same amount to the subsidiaries Promising Investment Limited and Rich Web Ltd. and the Mainland subsidiary WT Microelectronics (Shenzhen) Co., Ltd.

- Issued the fifth domestic unsecured convertible corporate bonds for NT$1.5 billion.
- Had a capital increase of NT$223.82 million out of earnings, with a total capital of NT$4.7002 billion.
- Convertible corporate bonds were converted to a share capital of NT$15 million, with a total capital of NT$4.7152 billion.
- Invested cash capital of NT$1 billion in the subsidiary, Morrihan International Corp.

2017

- Awarded Texas Instruments's in Recognition of Year 2016 (NonCF) 1B Milestone Achievement.
- Awarded ST's 2016 Best Agent in Taiwan.
- Awarded ON Semiconductor's 2016 Best Distributor Award in Taiwan.
- Awarded Foxconn's 2016 Outstanding Supplier Award.
- Ranked 12th in the service industry in CommonWealth Magazine's 2017 Top 2000 Business Survey, 3rd in the information, communication, and IC channel category, 36th in the service industry's fastest growing category, and 36th in the service industry's most profitable companies category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2017: ranked first in the electronic component wholesale industry, 10th in service industry revenue, 41st in the revenue among companies in mixed industries, and 151st in service industry performance.
- Convertible corporate bonds were converted to a share capital of NT$57.03 million, with a total capital of NT$4.77223 billion.
- Ranked among the top 6%~20% bracket of the 3rd Corporate Governance Evaluation in 2016.
- Awarded ST's Asia Pacific Best Agent.
- Awarded ST's Asia Pacific Best Agent for Memory Products.
- Awarded Foxconn (Wuhan) Technology Group's 2017 Best Cooperative Agent.
- Awarded Foxconn CESBG's 2017 Best Partner.
- The Company acquired 100% of all shares of Maxtek Technology Co., Ltd. converted by cash consideration.
- Invested cash capital of NT$1.6 billion in the subsidiary, Morrihan International Corp.
- Awarded first place in Qisda's 2017 H2 supplier evaluation.

2018

- Awarded INVENTEC's 2017 Best Supplier.
- Awarded ON Semiconductor Corporation's 2017 Top Distribution Partner in APAC.
- Had a cash capital increase of NT$750 million, with a total capital of NT$5.52223 billion.
- Convertible corporate bonds were converted to a share capital of NT$3.22 million, with a total capital of NT$5.52545 billion.
- Ranked among the top 6%~20% bracket of the 4th Corporate Governance Evaluation in 2017.
- Ranked 10th in the service industry in CommonWealth Magazine's 2017 Top 2000 Business Survey, 3rd in the information, communication and IC channel category, 28th in the service industry's fastest growing category, and 27th in the service industry's most profitable companies category.
- Ranked among the Top 5000 large-scale enterprises surveys in Taiwan conducted by the China Credit Information Service in 2018: ranked first in the electronic component wholesale industry, 6th in service industry revenue, and 33rd in revenue among companies in mixed industries.
- Awarded ST's 2018 Best Partnership (Taiwan), Best Growth STD Products Award and Best Performance (Gold Award).
- Awarded GIGABYTE's 2018 Best Agent.
- First release of the Chinese version of the 2017 Corporate Social Responsibility Report.

- Awarded the 2018 Great support to Dell NB Business.

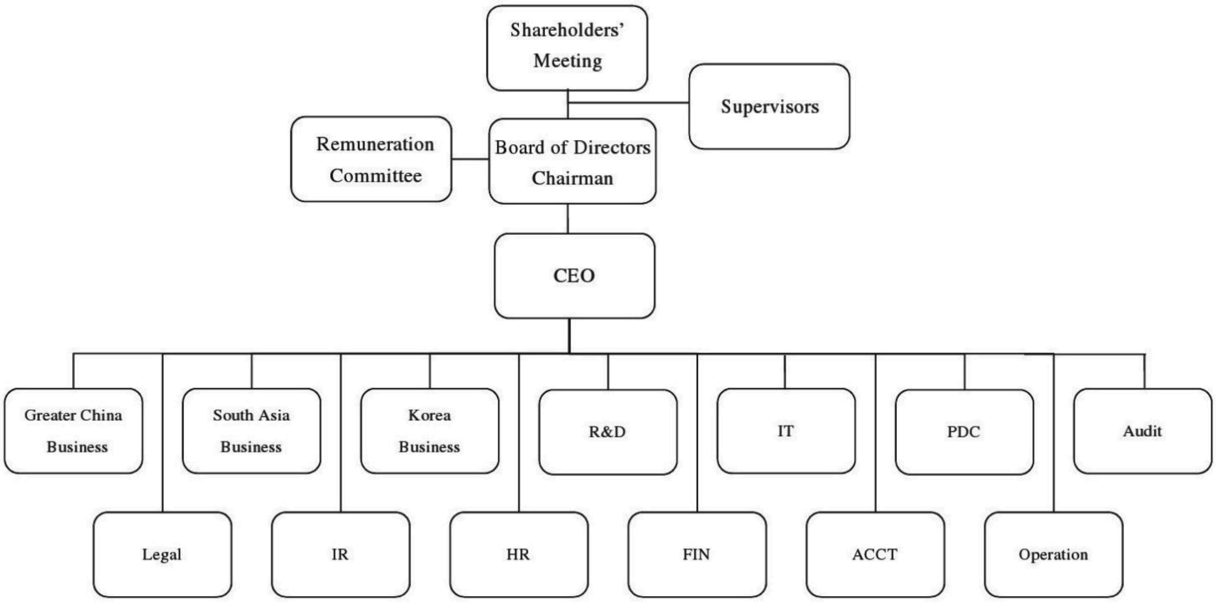
2019

- Convertible corporate bonds were converted to a share capital of NT$50.66 million, with a total capital of NT$5.57611 billion.
- First release of the English version of the 2017 Corporate Social Responsibility Report.
- Ranked among the top 6%~20% bracket of the 5th Corporate Governance Evaluation in 2018.
- Ranked 6th in the service industry in CommonWealth Magazine’s 2018 Top 2000 Business Survey, 3rd in the information, communication and IC channel category, 28th in the service industry's fastest growing category, and 27th in the service industry's most profitable companies category.

III.Corporate Governance Report

A.Company organization:

1.Organization chart



2.Business operations of major departments

Major departments	Responsible Businesses
Business	Responsible for the sales of goods, with different locations in Greater China, South Asia and Korea.
R&D	Responsible for research and development of new products and technologies
IT	Responsible for the construction, integration and control of information systems
PDC	With Warehouse Department and Shipping Department
Auditing Office	Responsible for business implementation assessments, audits, supervision and improvement recommendations of various departments
Legal	Responsible for the management of corporate legal, litigation and business contracts
IR	Responsible for the service matters of legal persons and public relations
HR	Responsible for the management of human resources
FIN	Responsible for capital management and bank transactions
ACCT	Responsible for accounting summaries of company transactions and tax return filings and planning
Operation	With GA Department, VSR Department, and CSR Department

B.Information about Directors, Supervisors, President, Vice President, Assistant Vice President, and heads of departments and branch offices

1.Information about Directors and Supervisors:

a.Directors and Supervisors

April 30, 2019

Title	Nationality/ Place of Registration	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse and Minor Children's Shareholding		Shareholding by Nominee Arrangement		Main experience (education experience)	Present Concurrent Positions at the Company and Other Companies	Executives, Directors, or Supervisors who are a spouse or a relative within the second degree of kinship		
							Shares	%	Shares	% (Note)	Shares	% (Note)	Shares	% (Note)			Title	Name	Relationship
Chairman	R.O.C.	Eric Cheng	Male	2016.6.3	3	1994. 11.11	24,930,583	5.57%	28,177,112	4.79%	8,356,543	1.42%	0	0%	Tunghai University Chairman, WT Microelectronics Co., Ltd.	President, WT Microelectronics Co., Ltd. Chairman, Nuvision Technology, Inc. Chairman, Techmosa International Incorporation Chairman, Morrihan International Corp. Chairman, Maxtek Technology Co., Ltd. Chairman, Hongtech Electronics Co., Ltd. Chairman, Hotech Electronics Corp. Chairman, AboveE Technology Inc. Chairman, Milestone Investment Co., Ltd. Chairman, SinYie Investment Co., Ltd. Director, WT Microelectronics (Hong Kong) Limited Director, Promising Investment Limited Director,Wen You Investment Co., Ltd. Director,Tang Ye Investment Co., Ltd. Director, WT Technology(H.K.) Limited Director, WT Technology Pte. Ltd. Director, WT Microelectronics Singapore Pte. Ltd. Director, Wintech Microelectronics Ltd. Director, Wintech Microelectronics Holding Limited Director, Wintech Microelectronics Limited Director, Wintech Investment Co., Ltd. Director, WT Microelectronics (Malaysia) Sdn. Bhd. Director, WT Solomon QCE Limited Representative Director, Wonchang Semiconductor Co., Ltd. Representative Director, WT Technology Korea Co., Ltd. Director, BSI Semiconductor Pte. Ltd. Director, Morrihan Singapore Pte. Ltd. Director, Techmosa International Holding Ltd. Director, MSD Holdings Pte. Ltd. Director, Anius Enterprise Co., Ltd. Director, Mega Source Co., Ltd. Director, Lacewood International Corp. Director, Best Winner International Development Ltd. Director, Maxtek International (HK) Limited	Director and Senior Vice President	Kerry Hsu	Spouse
Director	R.O.C.	Kerry Hsu	Female	2016.6.3	3	2005. 05.25	8,433,613	1.88%	8,356,543	1.42%	28,177,112	4.79%	0	0%	National Chengchi University Senior Vice President, WT Microelectronics Co., Ltd.	Senior Vice President, WT Microelectronics Co., Ltd. Representative of Legal Person Director, Nuvision Technology Inc. Representative of Legal Person Director, Morrihan International Corp. Representative of Legal Person Director, Hotech Electronics Corp. Representative of Legal Person Director, AboveE Technology Inc. Representative of Legal Person Director, Maxtek Technology Co., Ltd. Representative of Legal Person Director, Hongtech Electronics Co., Ltd.	Chairman and CEO	Eric Cheng	Spouse

Title	Nationality/ Place of Registration	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse and Minor Children's Shareholding		Shareholding by Nominee Arrangement		Main experience (education experience)	Present Concurrent Positions at the Company and Other Companies	Executives, Directors, or Supervisors who are a spouse or a relative within the second degree of kinship		
							Shares	%	Shares	% (Note)	Shares	% (Note)	Shares	% (Note)			Title	Name	Relationship
																Representative of Legal Person Director, Milestone Investment Co., Ltd. Representative of Legal Person Director, SinYie Investment Co., Ltd. Representative of Legal Person Director, JCD Optical (Cayman) Co., Ltd. Director, WT Microelectronics (Hong Kong) Limited Director, WT Microelectronics (Thailand) Limited. Director, WT Technology Pte. Ltd. Director, WT Microelectronics Singapore Pte. Ltd. Director, WT Microelectronics (Malaysia) Sdn. Bhd. Director, WT Technology(H.K.) Limited Director, WT Solomon QCE Limited Director, Wonchang Semiconductor Co., Ltd. Director, WT Technology Korea Co., Ltd. Director, BSI Semiconductor Pte. Ltd. Director, MSD Holdings Pte. Ltd. Director, Asia Latest Technology Limited Director, Maxtek International (HK) Limited Chairman, Wen You Investment Co., Ltd. Chairman, Tang Ye Investment Co., Ltd. Director,Shao Yang Investment Limited			
Director	R.O.C.	John Cheng	Male	2016.6.3	3	2002 .06.17	0	0%	0	0%	0	0%	0	0%	Department of Accounting, Feng Chia University Vice President, Hung Yang Venture Capital Co., Ltd. Assistant Manager, Taiwan International Securities Co., Ltd.	Director, Grand Fortune Securities Co., Ltd. Director, Solytech Enterprise Corporation Director, Shieh Yih Machinery Industry Co., Ltd. Independent Director, Holy Stone Enterprise Co., Ltd. Independent Director,Prolific Technology Inc. Independent Director, HiTrend Technology (Shanghai) Co., Ltd. Supervisor, Leader Electronics Inc.	None	None	None
Director	R.O.C.	Margaret Kao	Female	2016.6.3	3	2009. 06.16	3,812,043	0.85%	4,474,434	0.76%	0	0%	0	0%	EMBA, International Business, National Taiwan University Section Head, Electronics Research Institute, Institute for Industrial Research	Chairman and CEO, Markettech International Corp. Chairman, Macrotec Technology Corp. Chairman, JI-XUAN Investment Corp. Chairman, Mic Techno Co., Ltd. Supervisor, ProbeLeader Co., Ltd.	None	None	None
Independent Director	R.O.C.	Terry Cheng	Male	2016.6.3	3	2016. 06.03	0	0%	0	0%	0	0%	0	0%	MBA, Santa Clara University, USA CEO, FIH Mobile Limited, subsidiary of Foxconn Technology Group Vice President, Foxconn Technology Group President, Texas Instruments Asia-Pacific President, HP China	Director, Aurotek Corporation Director, Jorjin Technologies Inc. Independent Director, Hangzhou Hikvision Digital Technology Co., Ltd.	None	None	None

Title	Nationality/ Place of Registration	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding when elected		Current shareholding		Spouse and Minor Children's Shareholding		Shareholding by Nominee Arrangement		Main experience (education experience)	Present Concurrent Positions at the Company and Other Companies	Executives, Directors, or Supervisors who are a spouse or a relative within the second degree of kinship		
							Shares	%	Shares	% (Note)	Shares	% (Note)	Shares	% (Note)			Title	Name	Relationship
Independent Director	R.O.C.	Elaine Kung	Female	2016.6.3	3	2016. 06.03	0	0%	0	0%	0	0%	0	0%	CPA of Taiwan, USA and China MBA, University of California, USA Master of Laws, National Chengchi University Assistant Manager, PricewaterhouseCoopers	CFO, Cite Media Holding Group CEO, Cite Cultural & Arts Foundation Supervisor, CoAsia Microelectronics Corp. Managing Director, Magazine Business Association of Taipei Associate Professor, China Industrial & Commercial Research Institute	None	None	None
Supervisor	R.O.C.	Tang Ye Investment Co., Ltd.	—	2016.6.3	3	2007 .06.15	3,201,598	0.72%	3,361,677	0.57%	0	0%	0	0%	N.A.	None	None	None	None
Representative of legal person	R.O.C.	Chih-Hsiung Wu	Male	—	—	—	3,620	0.00%	4,249	0.00%	0	0%	0	0%	Ph. D. Dokkyo Medical University M.D., Taipei Medical University Superintendent, Shuang Ho Hospital Professor, Taipei Medical University President, Taiwan Surgical Association Superintendent, Taipei Medical University Hospital	CEO, Hsing Tian Kong Foundation Medical Mission Superintendent and Attending Physician, En Chu Kong Hospital Professor Emeritus, Taipei Medical University Representative of Legal Person Director of Medeon Biodesign, Inc. Independent Director, Lumosa Therapeutics Co., Ltd. Independent Director, DV Biomed Co., Ltd.	None	None	None
Supervisor	R.O.C.	Rita Hu	Female	2016.6.3	3	2007. 06.15	0	0%	0	0%	0	0%	0	0%	Graduate School of Business, National Taiwan University Senior Assistant Manager, Direct Investment Department, China Development Industrial Bank Vice President, Yangtze Associates	Director, T-Flex Techvest PCB Co., Ltd. Supervisor, T-Mac Techvest PCB Co., Ltd. Vice President, Taiwan Printed Circuit Board Techvest Co., Ltd.	None	None	None

Note 1: There were originally 7 Director seats. After the resignation of Edmund Sun on July 6, 2017, one seat became vacant.

Note 2: The total number of shares used to calculate the shareholding percentage was based on the total number of outstanding shares of 588,121,760.

b.Major shareholders of the institutional shareholders:

May 8, 2019

Name of institutional shareholder	Major shareholders
Tang Ye Investment Co., Ltd.	Shao Yang Investment Limited(41.56%), Kerry Hsu(12.99%), Eric Cheng(12.99%), Alan Hsu(12.99%), Cherry Hsu(12.99%), Yu-Xuan,Hsu(6.44%), Xin-Shun,Cheng(0.02%), and Li-Fen Chiang(0.02%)

c.The major shareholder of the Company's major institutioanl shareholder (the shareholding percentage and name of the top ten shareholders):

May 8, 2019

Name of institutional person	Major shareholders
Shao Yang Investment Limited	Kerry Hsu(50.06%) and Eric Cheng(49.94%)

d.Professional Qualifications and Independence Analysis of Directors and Supervisors:

May 8, 2019

Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence criteria(Note)										Number of other Public Companies in which the individual is concurrently serving as an independent director
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialists Who Has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	
Eric Cheng			✓					✓	✓	✓		✓	✓	0
Kerry Hsu			✓					✓	✓	✓		✓	✓	0
John Cheng			✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	2
Margaret Kao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Terry Cheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Elaine Kung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0
Representative of Tang Ye Investment Co., Ltd.: Chih-Hsiung Wu		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		2
Rita Hu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0

Note1:All directors and supervisors who meet the following conditions during the two years prior to being elected or during their term of office are required to tick the appropriate corresponding boxes:

(1) Not an employee of the Company or any of its affiliates ;

(2) Not a Director or Supervisor of the Company or any of its affiliates. Not applicable in cases where the person is an Independent Director of the Company, its parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the Republic of China or with the laws of the country of the parent company or subsidiary;

(3) A non-natural person shareholder and spouse, minor children, or nominees holding more than one percent of the total issued shares of the Company or ranking in the top ten in holdings;

(4) Not a spouse, relative within the second degree of kinship, or lineal blood relative within the third degree of kinship, of any of the above persons in the preceding three subparagraphs;

(5) Not a Director, Supervisor, or employee of a corporate/institutional shareholder who directly holds five percent or more of the issued shares of the Company or who holds shares ranking in the top five holdings;

(6) Not a Director, Supervisor, officer, or shareholder holding five percent or more of the shares, of a specified company or institution which has a financial or business relationship with the Company;

(7) Not a professional individual; a proprietor, partner, director, supervisor, officer, and spouse of a sole proprietorship, partnership, company, or institution; provides commercial, legal, financial, accounting services or consultation to the Company or its any affiliate , unless the person is a member of the remuneration committee to exercise responsibilities pursuant to Article 7 of the "Regulations Governing the Establishment and Exercise of Powers of Remuneration Committees of Companies whose Stock is Listed on the TWSE or Traded on the GTSM";

(8) Not having a marital relationship, or a relative within the second degree of kinship to any other Director of the Company;

(9) Not a person with any conditions defined in Article 30 of the Company Act;

(10)Not elected as a government, juridical person, or its representative as defined in Article 27 of the Company Act.

Note 2: There were originally 7 Director seats. After the resignation of Edmund Sun on July 6, 2017, one seat became vacant.

2.Information about Presidnt, Vice President, Assistant Vice President, and heads of departments and branch offices

April 30, 2019

Title	Nationality	Name	Gender	Date Effective	Shareholding (Note)		Spouse and Minor Children's Shareholding (Note)		Shareholding by Nominee Arrangement (Note)		Main experience (education experience)	Present Concurrent Positions at Other Companies	Officer who is a spouse or relative within the second degree of of kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relationship
CEO	R.O.C.	Eric Cheng	Male	1993.12.23	28,177,112	4.79%	8,356,543	1.42%	0	0%	Tunghai University Chairman of WT Microelectronics Co., Ltd.	Please refer to page 15.	Senior Vice President	Kerry Hsu	Spouse
Senior Vice President	R.O.C.	Kerry Hsu	Female	2005.02.01	8,356,543	1.42%	28,177,112	4.79%	0	0%	National Chengchi University Senior Vice President, WT Microelectronics Co., Ltd.	Please refer to page 15-16.	Chiarman and President	Eric Cheng	Spouse
Senior Vice President	R.O.C.	Jack Yang	Male	2000.03.01	1,012,155	0.17%	2,341	0.00%	0	0%	National Chin-Yi University of Technology Senior Vice President, WT Microelectronics Co., Ltd. Texas Instruments Incorporated	None	None	None	None
Senior Vice President	R.O.C.	James Wen	Male	2004.01.01	427,746	0.07%	244,556	0.04%	0	0%	Tungnan University Senior Vice President, WT Microelectronics Co., Ltd. Xingqiang Electronics Co., Ltd.	None	None	None	None
Senior Vice President	R.O.C.	Rick Chang	Male	2012.01.01	225,070	0.04%	17,423	0.00%	0	0%	China University of Science and Technology Senior Vice President, WT Microelectronics Co., Ltd. DFI Inc.	None	None	None	None
Vice President	R.O.C.	Willie Sun	Male	2005.08.01	466,543	0.08%	26,403	0.00%	0	0%	Ph.D., National Central University Vice President, WT Microelectronics Co., Ltd. Lecturer, Kuang Wu Institute of Technology	None	None	None	None

Vice President and Chief Accountant	R.O.C.	Cheryl Yang	Female	2008.04.11	324,336	0.06%	0	0%	0	0%	Department of Accounting, Tunghai University Master of Accounting, Soochow University Vice President and Chief Accountant, WT Microelectronics Co., Ltd. Taiwan Tele-Shop Co., Ltd. Co., Ltd.	Supervisor, Wonchang Semiconductor Co., Ltd. Supervisor, WT Technology Korea Co., Ltd. Supervisor, Nuvision Technology Inc. Representative of Legal Supervisor, AboveE Technology Inc. Representative of Legal Supervisor, Morrihan International Corp. Representative of Legal Supervisor, Hotech Electronics Corp. Representative of Legal Supervisor, Milestone Investment Co., Ltd. Representative of Legal Supervisor, SinYie Investment Co., Ltd. Representative of Legal Supervisor, Maxtek Technology Co., Ltd. Representative of Legal Supervisor, Hongtech Electronics Co., Ltd.	None	None	None
Assistant Vice President and Finance Supervisor	R.O.C.	Jason Lu	Male	2007.06.01	474,800	0.08%	0	0	0	0%	Master of Finance, National Taiwan University of Science and Technology Assistant Vice President and Fiance Supervisor, WT Microelectronics Co., Ltd. Junior Manager, Jih Sun International Bank	None	None	None	None

Note : The total number of shares used to calculate the shareholding percentage was based on the total number of outstanding shares of 588,121,760.

3.Remuneration of Directors, Supervisors, President, and Vice President in the Most Recent Year

a.Remuneration Paid to Directors (Including Independent Directors) in the Most Recent Year

Unit: NT$ thousands

Title	Name	Director's Remuneration								Ratio of total remuneration (A+B+C+D) to net income after tax (Note 10)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of total compensation (A + B+ C+ D+ E+ F+ G) to net income after tax (Note 10)		Compensation Received from an Invested Company Other than the Company's Subsidiary (Note 11)
		Base Compensation (A) (Note 2)		Severance Pay (B)		Directors Compensation (C) (Note 3)		Allowances (D)(Note 4)				Salary, Bonuses and Allowances (E) (Note 5)		Severance Pay (F)		Employee compensation(G) (Note 6)						
		The Company	All companies in the consolidated financial statements (Note 7)	The Compay	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	All companies in the consolidated financial statements (Note 7)	The Company	A All companies in the consolidated financial statements (Note 7)	The Company		All companies in the consolidated financial statements (Note 7)		The Company	All companies in the consolidated financial statements (Note 7)	
																Cash	Stock	Cash	Stock			
Director	Eric Cheng	0	0	0	0	NT$ 9,000	NT$ 9,000	0	0	0.32 %	0.32 %	NT$ 13,580	NT$ 13,580	0	0	0	0	0	0	0.81 %	0.81 %	None
Director	Kerry Hsu																					
Director	John Cheng																					
Director	Margaret Kao																					
Independent Director	Terry Cheng																					
Independent Director	Elaine Kung																					

*Other than as disclosed in the above table, the remuneration earned by Directors providing services (e.g. providing consulting services as a non-employee) to the Company and all consolidated entities in the latest fiscal year: None.

Remuneration Bracket Table for Directors (including Independent Directors)

Range of remuneration	Name of the Directors			
	Total amount of (A+B+C+D)		Total amount of (A+B+C+D+E+F+G)	
	The Company (Note 8)	All companies in the consolidated financial statements (H) (Note9)	The Company (Note 8)	All companies in the consolidated financial statements (I) (Note9)
Under NT$ 2,000,000	Eric Cheng, Kerry Hsu, John Cheng, Margaret Kao, Terry Cheng, and Elaine Kung	Eric Chen, Kerry Hsu, John Cheng, Margaret Kao, Terry Cheng, and Elaine Kung	John Cheng, Margaret Kao, Terry Cheng, and Elaine Kung	John Cheng, Margaret Kao, Terry Cheng, and Elaine Kung
NT$2,000,001~ NT$5,000,000	—	—	—	—
NT$5,000,001~ NT$10,000,000	—	—	Eric Cheng and Kerry Hsu	Eric Cheng and Kerry Hsu
NT$10,000,001~ NT$15,000,000	—	—	—	—
NT$15,000,001~NT$30,000,000	—	—	—	—
NT$30,000,001~ NT$50,000,000	—	—	—	—
NT$50,000,001~ NT$100,000,000	—	—	—	—
Over NT$100,000,000	—	—	—	—
Total	6	6	6	6

Note 1:The names of the Directors shall be separately listed (for legal person shareholders, the names of legal person shareholders and representatives shall be listed separately), and the amount of each payment shall be disclosed on an aggregate basis. If the Director is also the President or Vice President , this table and the remuneration table for President and Vice President shall be filled out.

Note 2: Refers to the base compensation paid to Directors (including Directors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) in the most recent year (2018).

Note 3:Refers to the amount of compensation distributed to Directors as approved by the Board of Directors for the most recent fiscal year; on March 22, 2019, the Board of Directors passed the 2018 Directors' and Supervisors' remuneration of NT$12,000 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 4:Refers to the relevant business execution expenses of Directors (including travel expenses, special disbursements, allowances, accommodation, company car, and other physical items) for the most recent year (2018). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the company, but not including the remuneration.

Note 5:Refers to the remuneration paid to a Director who is also an employee (position held concurrently as a President ,Vice President , other managerial officers, or an employee), including salaries, duty allowances, severance pay, various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, etc., for the most recent year (2018). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. In addition, the salaries recognized in accordance to IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 6:Refers to the employees’ compensation (including stocks and cash) received by a Director who is also an employee (including the position held concurrently as a President ,Vice President , other managerial officers, or an employee) for the most recent year; on March 22, 2019, the Board of Directors passed the 2018 employees’ compensation of NT$31,900 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year’s actual distribution.

Note 7: Refers to the total remuneration paid to Directors of this Company by all companies in the consolidated financial statements (including this Company).

Note 8: Refers to the total remuneration paid to each Director by this Company, and the Director’s name shall be disclosed in the corresponding remuneration bracket.

Note 9:Refers to the total remuneration all the companies (including the Company) in the consolidated financial statements paid to each Director of the Company, and the Director’s name shall be disclosed in the corresponding remuneration bracket.

Note 10:Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT$2,778,229 thousand in the standalone financial report of the most recent year (2018).

Note 11:a. This column is for the amount of relevant remuneration received by the Company’s Directors from invested companies other than subsidiaries.

b. Where the Company’s Directors received relevant remuneration from invested companies other than subsidiaries, the remuneration received by the Company’s Directors from invested companies other than subsidiaries shall be included in the "I" column of the remuneration bracket table with the column name changed to “all invested companies.”

c. Remuneration refers to relevant remuneration and compensation (including employee compensation and remuneration to Directors and Supervisors), and business execution expenses received by the Company’s Director in the capacity of a Director, Supervisor, or managerial officer of invested companies other than subsidiaries.

∗The information on the remunerations disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

b.Remuneration Paid to Supervisors in the Most Recent Year

Unit: NT$ thousands

Title	Name	Supervisor's Remuneration						Ratio of the total amount (A + B+ C) to net income after tax (Note 8)		Compensation Received from an Invested Company Other than the Company's Subsidiary (Note 9)
		Base Compensation (A) (Note 2)		Bonus to Supervisors (B) (Note 3)		Allowances (C) (Note 4)				
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	
Supervisor	Representative of Tang Ye Investment Co., Ltd.： Chih-Hsiung Wu	0	0	NT$ 3,000	NT$ 3,000	0	0	0.11%	0.11%	None
Supervisor	Rita Hu									

Remuneration Bracket Table for Supervisors

Range of remuneration	Name of supervisor	
	Total of (A+B+C)	
	The Company(Note 6)	All companies in the consolidated financial statements (Note 7)D
Under NT$ 2,000,000	Rita Hu and Tang Ye Investment Co., Ltd.	Rita Hu and Tang Ye Investment Co., Ltd.
NT$2,000,001~NT$5,000,000	—	—
NT$5,000,001~ NT$10,000,000	—	—
NT$10,000,001~NT$15,000,000	—	—
NT$15,000,001~NT$30,000,000	—	—
NT$30,000,001~NT$50,000,000	—	—
NT$50,000,001~NT$100,000,000	—	—
Over NT$100,000,000	—	—
Total	2	2

Note 1: The names of the Supervisors shall be separately listed (for legal person shareholders, the names of legal person shareholders and representatives shall be listed separately), and the amount of each payment shall be disclosed on an aggregate basis.

Note 2: Refers to the base compensation paid to Supervisors including Supervisors' salaries, duty allowances, severance pay, various bonuses and incentives, etc.) for the most recent year (2018).

Note 3: Refers to the amount of compensation distributed to Supervisors approved by the Board of Directors for the most recent year; on March 22, 2019, the Board of Directors passed the 2018 Directors' and Supervisors' remuneration of NT$12,000 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 4: Refers to the expenses related to business executions of Supervisors (including travel expenses, special disbursements, allowances, accommodation, company car, and other physical items) for the most recent year (2018). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, expenses on fuel, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the company, but not including the remuneration.

Note 5: Refers to the total remunerations paid to Supervisors of this Company by all companies in the consolidated financial statements (including this Company).

Note 6: Refers to the total remunerations paid to each Supervisor by this Company, and the Supervisor's name shall be disclosed in the corresponding remuneration bracket.

Note 7: Refers to the total remuneration all the companies (including the Company) in the consolidated financial statements paid to each Supervisor of the Company, and the Supervisor's name shall be disclosed in the corresponding remuneration bracket.

Note 8: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT$2,778,229 thousand in the standalone financial report of the most recent year (2018).

Note 9: a. This column is for the amount of relevant remunerations received by the Company's Supervisors from invested companies other than subsidiaries.

b. Where the Company's Supervisor received relevant remuneration from invested companies other than subsidiaries, the remuneration received by the Company's Supervisor from invested companies other than subsidiaries shall be included in the "D" column of the remuneration bracket table with the column name changed to "all invested companies."

c. The remuneration refers to relevant remuneration and compensation (including employee compensation and remuneration to Directors and Supervisors), and business execution expenses received by the Company's Supervisor in the capacity of a Director, Supervisor, or managerial officer of invested companies other than subsidiaries.

∗The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

c.Remuneration Paid to President and Vice President in the Most Recent Year

Unit: NT$ thousands

Title	Name	Salary (A) (Note 2)		Severance Pay (B)		Bonuses and Allowances (C) (Note 3)		Employee Compensation (D) (Note 4)				Ratio of total compensation (A + B+ C+D) to net income after tax (%)(Note 8)		Compensation received from invested companies other than subsidiaries (Note 9)
		The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company	All companies in the consolidated financial statements (Note 5)	The Company		All companies in the consolidated financial statements (Note 5)		The Company	All companies in the consolidated financial statements (Note 5)	
								Cash	Stock	Cash	Stock			
CEO	Eric Cheng	NT$ 49,389	NT$ 49,389	NT$ 713	NT$ 713	NT$ 24,950	NT$ 24,950	0	0	0	0	2.70%	2.70%	None
Senior Vice President	Kerry Hsu													
Senior Vice President	Jack Yang													
Senior Vice President	James Wen													
Senior Vice President	Rick Chang													
Vice President	Willie Sun													
Vice President	Cheryl Yang													
Vice President (Note 10)	Jerry Chang													
Vice President (Note 10)	Joseph Tzou													
Vice President (Note 10)	Brian Ko													
Vice President (Note 10)	Tony Chou													

Vice President (Note 10)	Edward Kao													
Vice President (Note 11)	Morris Lin													
Vice President (Note 11)	SY Chang													
Vice President (Note 11)	Johnny Ou													
Vice President (Note 11)	Sophia Tseng													
Vice President (Note 11)	Freddy Lin													

Remuneration Bracket Table for President and Vice President

Range of remuneration	Name of President and Vice Presidents	
	The Company (Note 6, 10, and 11)	All companies in the consolidated financial statements (E) (Note 7, 10, and 11)
Under NT$2,000,000	Joseph Tzou, Jerry Chang, Morris Lin, Brian Ko, Johnny Ou, Freddy Lin, Sophia Tseng, SY Chang, Tony Chou, and Edward Kao	Joseph Tzou, Jerry Chang, Morris Lin, Brian Ko, Johnny Ou, Freddy Lin, Sophia Tseng, SY Chang, Tony Chou, and Edward Kao
NT$2,000,001~NT$5,000,000	—	—
NT$5,000,001~NT$10,000,000	Eric Cheng, Kerry Hsu, Willie Sun, James Wen, Jack Yang, Rick Chang, and Cheryl Yang	Eric Cheng, Kerry Hsu, Willie Sun, James Wen, Jack Yang, Rick Chang, and Cheryl Yang
NT$10,000,001~ NT$15,000,000	—	—
NT$15,000,001~NT$30,000,000	—	—
NT$30,000,001~NT$50,000,000	—	—
NT$50,000,001~NT$100,000,000	—	—
Over NT$100,000,000	—	—
Total	17	17

Note 1: The names of the President and Vice President shall be separately listed, and the amount of each payment shall be disclosed on an aggregate basis. If the Director is also the President or Vice President, this table and the remuneration table for Directors (including Independent Directors) shall shall be filled out.

Note 2: Refers to the salaries, duty allowances, and severance pay paid to President or Vice President for the most recent year (2018).

Note 3: Refers to the remuneration paid to President or Vice President, including various bonuses, incentives, travel expenses, special disbursements, allowances, accommodation, company car, other physical items, other compensations, etc., for the most recent year (2018). Where housing, cars, other means of transportation, or expenditures exclusively for individuals are offered, the nature and costs of the offered assets, the actual rent or fair market rent, fuel expenses, and other benefits shall be disclosed. In addition, where a driver is provided, please provide an explanation in the notes on the compensation paid to the driver by the Company, but not including the remuneration. In addition, the salaries recognized in accordance to IFRS 2 "Share-based Payment," including the share subscription warrants issued to employees, new restricted stock award shares issued to employees, and employee stock options at cash capital increase, shall be calculated as remuneration.

Note 4: Refers to the amount of compensation distributed to President and Vice President approved by the Board of Directors for the most recent year; on March 22, 2019, the Board of Directors passed the 2018 employees' compensations of NT$31,900 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year's actual distribution.

Note 5: Refers to the total remunerations paid to President and Vice President of this Company by all companies in the consolidated financial statements (including this Company).

Note 6: Refers to the total remunerations paid to each President and Vice President by this Company, and the names of President and Vice President shall be disclosed in the corresponding remuneration bracket.

Note 7: Refers to the total remuneration all the companies (including the Company) in the consolidated financial statements paid to each President and Vice President of the Company, and the names of President and Vice President shall be disclosed in the corresponding remuneration bracket.

Note 8: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT$2,778,229 thousand in the standalone financial report of the most recent year (2018).

Note 9: a. This column is for the amount of relevant remuneration received by the Company's President and Vice President from invested companies other than subsidiaries.

b. Where the Company's President and Vice President received relevant remuneration from invested companies other than subsidiaries, the remuneration received by the Company's President and Vice President from invested companies other than subsidiaries shall be included in the "E" column of the remuneration bracket table with the column name changed to "all invested companies."

c. The remuneration refers to relevant remuneration and compensation (including employee compensation and remuneration to Directors and Supervisors), and business execution expenses received by the Company's President and Vice President in the capacity of Directors, Supervisors, or managerial officers of invested companies other than subsidiaries.

Note 10: Vice President Mr. Jerry Chang, Mr. Joseph Tzou, Mr. Brian Ko, Mr. Tony Chou and Mr. Edward Kao were released from their positions on May 31, 2018.

Note 11: Vice President Mr. Morris Lin, Mr. SY Chang, Mr. Johnny Ou, Ms. Sophia Tseng, and Mr. Freddy Lin were released from their positions on June 30, 2018.

＊The information on the remuneration disclosed in this table is different from the concept of income of the Income Tax Act. Therefore, the purpose of this Table is for information disclosure only and not for tax purposes.

d.Names of managerial officers that received employee rewards and status of the distribution in the most recent year

December 31, 2018

	Title	Name	Employee Compensation - in Stock (Fair Market Value) (Note 1)	Employee Compensation - in Cash (Note 1)	Total	Ratio of total amount to net income after tax (%) (Note 2)
Executive Officers	CEO	Eric Cheng	0	0	0	0%
	Senior Vice President	Kerry Hsu				
	Senior Vice President	Jack Yang				
	Senior Vice President	James Wen				
	Senior Vice President	Rick Chang				
	Vice President	Willie Sun				
	Vice President and Chief Accountant	Cheryl Yang				
	Vice President (Note 3)	Jerry Chang				
	Vice President (Note 3)	Joseph Tzou				
	Vice President (Note 3)	Brian Ko				
	Vice President (Note 3)	Tony Chou				
	Vice President (Note 3)	Edward Kao				
	Vice President (Note 4)	Morris Lin				
	Vice President (Note 4)	SY Chang				
	Vice President (Note 4)	Johnny Ou				
	Vice President (Note 4)	Sophia Tseng				
	Vice President (Note 4)	Freddy Lin				
	Assistant Vice President and Finance Supervisor	Jason Lu				

Note 1: Refers to the amount of employee compensation distributed to managerial officers approved by the Board of Directors (on March 22, 2019) in the most recent year; the total amount of the proposed employee compensation for distribution was NT$31,900 thousand, and the proposed amount to be distributed this year is tentatively estimated based on the calculation principle of last year’s actual distribution.

Note 2: Due to the adoption of International Financial Reporting Standards, the net income after-tax refers to the net income after-tax of NT$2,778,229 thousand in the standalone financial report of the most recent year.

Note 3: Vice President Mr. Jerry Chang, Mr. Joseph Tzou, Mr. Brian Ko, Mr. Tony Chou and Mr. Edward Kao were released from their positions on May 31, 2018.

Note 4: Vice President Mr. Morris Lin, Mr. SY Chang, Mr. Johnny Ou, Ms. Sophia Tseng, and Mr. Freddy Lin were released from their positions on June 30, 2018.

4.Compare and describe separately the analysis of total remunerations paid to the Company's Directors, Supervisors, President, and Vice President for the past two years by the Company and all companies in the Consolidated Report as a percentage of the net income after tax and describe correlation among the remuneration payment policy, standards and combination, remuneration establishing procedures, and management performance and future risks:

Title	2017				2018			
	Total value of Remunerations (Unit: NT$ thousands)		Ratio of the total amount to net income after tax (%) (Note)		Total value of Remunerations (Unit: NT$ thousands)		Ratio of the total amount to net income after tax(%) (Note)	
	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities	The Company	All Consolidated Entities
Directors	9,000	9,000	0.36	0.36	9,000	9,000	0.32	0.32
Supervisors	3,000	3,000	0.12	0.12	3,000	3,000	0.11	0.11
President, and Vice President	107,204	107,204	4.25	4.25	75,052	75,052	2.70	2.70
Total	119,204	119,204	4.73	4.73	87,052	87,052	3.13	3.13

Note:The Company's 2017 net income after tax was NT$2,519,897 thousand and the 2018 net income after tax was NT$ 2,778,229 thousand.

a.The Company has specified in Article 19 of the Articles of Association that if there is any profit in the current year, it shall contribute no less than 1% to the employee's remuneration and no more than 3% to the director's supervisor's remuneration. The amount to be contributed shall be reviewed by the Remuneration Committee, and then be submitted to the Board of Directors for discussion and approval, and shall be reported to the Ordinary Shareholders´ Meeting.

b.The Company's procedures for determining the remuneration of Directors, Supervisors, President and Vice President use the “Remuneration Committee Charter”, “Rules for Board of Directors Performance Assessments” and “Regulations Governing Compensation Payment of Managerial Officers” as the basis of evaluation. For the remuneration of Directors and Supervisors, in addition to referring the evaluation results obtained from the performance evaluation criteria, based on the provisions of Article 16 of the Articles of Association of the Company for the remuneration committee to consider the degree of their participation and contribution to the Company's operations, and consider the Company's operational performance and peers' usual payment situation, the remuneration committee shall make a proposal to be submitted to the Board of Directors for resolution. For the salary and compensation of President and Vice President, based on the provisions of the Company's “Regulations Governing Compensation Payment of Managerial Officers, ” the personal performance, peers' salaries, the achievement of personal goals, etc., reasonable compensation is given. The content and reasonableness of the remuneration are reviewed by the Remuneration Committee and submitted to the Board for discussion and approval. The remuneration system is reviewed in a timely manner depending on the operational status and relevant laws and regulations, so as to achieve a balance between the Company's sustainable operation and risk control.

c.The Company's remuneration policy considers the Company's current financial status, operating results and future capital utilization needs for the overall planning, and the future risk assessment is also included in the scope of consideration to minimize the possibility of risk occurrence. As of the date of printing the annual report, there is no existing matters indicating the possibility that the Company will bear the responsibility, obligation or liability in the future.

C.Implementation of Corporate governance:

1.Board of Directors operation

In the most recent year (2018), the Board of Directors had 8 meeting [A], and the attendance of Directors and Supervisors at the meeting is as follows:

Title	Name	Attendance in Person 【B】	By Proxy	Attendance Rate (%) 【B/A】	Remark
Chairman	Eric Cheng	8	0	100%	Re-elected on June 3, 2016
Director	Kerry Hsu	3	5	38%	Re-elected on June 3, 2016
Director	John Cheng	8	0	100%	Re-elected on June 3, 2016
Director	Edmund Sun	3	2	60%	Resigned on July 6, 2017
Director	Margaret Kao	8	0	100%	Re-elected on June 3, 2016
Independent Director	Terry Cheng	7	1	88%	Newly elected on June 3, 2016
Independent Director	Elaine Kung	7	1	88%	Newly elected on June 3, 2016
Supervisor	Rita Hu	8	N.A.	100%	Newly elected on June 3, 2016
Supervisor	Respreentative of Tang Ye Investment Co., Ltd.: Chih-Hsiung Wu	5	N.A.	63%	Re-elected on June 3, 2016

The attendance of Independent Directors at the eight Board meetings in 2018:

Independent Director	2018							
	1st meeting	2nd meeting	3rd meeting	4th meeting	5th meeting	6th meeting	7th meeting	8th meeting
Terry Cheng	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance by proxy
Elaine Kung	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance in Person	Attendance by proxy	Attendance in Person

Other mentionable items:

1.If any of the following circumstances occurs in the operation of the Board of Directors, the date, period, content of the motions, the opinions of all Independent Directors, and the Company's handling of Independent Directors' opinions shall be stated:

a.Matters referred to in Article 14 -3 of the Securities and Exchange Act:

Board of Directors	The content of motions and the outcome of resolutions
The 14th meeting of the 8th Board of Directors on January 22, 2018	Motions:◎Motion of the 2017 managerial officers' year-end and performance bonus payment. ◎Motion of 2018 managerial officers' salary compensation payment. ◎Motion of appointment of CPA and independence assessment. ◎Motion of lending RMB 130 million to the subsidiary, WT Microelectronics (Shanghai) Co., Ltd. ◎Motion for the Company to add new associated guarantees for the affiliated enterprises, WT Microelectronics (Hong Kong) Limited and WT Solomon QCE Limited, to obtain short-term trade credit line from banks.
	Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions:Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.

	The 15th meeting of the 8th Board of Directors on February 8, 2018	Motions:◎Motion of the Company's intended donation to the "WT Education Foundation." ◎Motion for the Company to continuing provide associated guarantees for the affiliated enterprises, WT Technology Korea Co., Ltd. and Wonchang Semiconductor Co., Ltd., to obtain financing facility from banks. Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.
	The 16th meeting of the 8th Board of Directors on March 26, 2018	Motions:◎Motion for the Company to add new associated guarantees for the affiliated enterprise, WT Microelectronics (Shanghai) Co., Ltd. to obtain credit line from banks. Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.
	The 17th meeting of the 8th Board of Directors on May 11, 2018	Motions:◎Motion of lending NT$ 350 million to the subsidiary, Maxtek Technology Co., Ltd. ◎Motion of lending NT$ 350 million to the subsidiary, Hongtech Electronics Co., Ltd. ◎Motion of lending US$ 10 million to the subsidiary, Lacewood International Corp. ◎Motion for the Company to add new associated guarantee for the subsidaries, WT Microelectronics (Shenzhen) Co., Ltd. and WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from banks. Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.
	The 18th meeting of the 8th Board of Directors on June 28, 2018	Motions:◎Motion for the Company to provide endorsements and guarantees for the subsidiary, Maxtek Technology Co., Ltd., to obtain purchase credit line from suppliers. ◎Motion for the Company to add new associated guarantees for the subsidiaries, WT Microelectronics (Shanghai) Co., Ltd., WT Microelectronics (Shenzhen) Co., Ltd., Morrihan Singapore Pte. Ltd., and Lacewood International Corp., to obtain credit line from banks. ◎Motion for the Company to continuing provide associated guarantees for the subsidiaries, WT Microelectronics (Shanghai) Co., Ltd. and WT Microelectronics (Shenzhen) Co., Ltd., to obtain credit line from banks. Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.
	The 19th meeting of the 8th Board of Directors on July 9, 2018	Motions:◎Motion of the remuneration distribution to the Company's Directors and Supervisors. ◎Motion for the Company to provide endorsements and guarantees for the subsidiary, Hongtech Electronics Co., Ltd., to obtain purchase credit line from suppliers. ◎Motion for the Company to continuing provide associated guarantees for the subsidiary, WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from banks. Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.

The 20th meeting of the 8th Board of Directors on August 8, 2018	Motions:◎Motion for the Company to provide endorsements and guarantees for the subsidiary, Maxtek Technology Co., Ltd., to obtain purchase credit line from suppliers. ◎Motion for the Company to continuing provide associated guarantees for the subsidiaries, WT Microelectronics (Shenzhen) Co., Ltd. and WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from banks. ◎Motion of lending RMB 70 million to the subsidiary, WT Microelectronics (Shanghai) Co., Ltd.
	Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.
The 21st meeting of the 8th Board of Directors on November 8, 2018	Motions:◎Motion for the Company to continuing provide associated guarantees for the subsidiaries, WT Microelectronics (Hong Kong) Limited and WT Solomon QCE Limited, to obtain credit line from banks.
	Independent Directors' opinions: No objections or reservations. The Company's handling of independent directors' opinions: Not applicable. Resolution outcome:It was passed without objection after the Chairman consulted with all attending Directors.

b.In addition to the aforementioned matters, other Board meeting resolutions with Independent Directors' objections and reservation opinions in records or written statements: No such incident occurred.

2.The implementation of Directors' avoidance of motions in conflict of interest:

a.The 14th meeting of the 8th Board of Directors on January 22, 2018

- Content of motion:Motion of the 2017 managerial officers' year-end and performance bonus payment
- Directors recused due to conflict of interest:Eric Cheng and Kerry Hsu.
- Reasons for recusal due to a conflict of interest and participation in voting:

As the motion involved the individual managerial officer's year-end and performance bonus payments, the Directors with managerial officers' status recused themselves in accordance with the provisions of Article 17 of the Company's "Rules of Procedures for Board of Directors' Meetings" regarding Directors' recusal due to a conflict of interest.

Except for those Directors (Eric Cheng and Kerry Hsu) who recused themselves due to a conflict of interest and had not participated in the discussion and vote on the matter, it was passed without objection after the Chairman consulted with all attending Directors.

b.The 14th meeting of the 8th Board of Directors on January 22, 2018

- Content of motion:Motion of 2018 managerial officers' salary compensation payment.
- Directors recused due to a conflict of interest:Eric Cheng and Kerry Hsu.
- Reasons for recusal due to a conflict of interest and participation in voting:

As the motion involved the individual managerial officer's compensation content and amount, the Directors with managerial officers' status recused themselves in accordance with the provisions of Article 17 of the Company's "Rules of Procedures for Board of Directors' Meetings" regarding Directors' recusal due to a conflict of interest.

Except for those Directors (Eric Cheng and Kerry Hsu) who recused themselves due to a conflict of interest and had not participated in the discussion and vote on the matter, it was passed without objection after the Chairman consulted with all attending Directors.

c.The 15th meeting of the 8th Board of Directors on February 8, 2018

- Content of motion:Motion of the Company's intended donation to the "WT Education Foundation."
- Directors recused due to a conflict of interest:Eric Cheng and Kerry Hsu.
- Reasons for recusal due to a conflict of interest and participation in voting:

As the Chairman of the Board, Mr. Eric Cheng, and Director, Ms. Kerry Hsu, were Directors of the Foundation, in consideration of a conflict of interest, in addition to recusing themselves in accordance with the law, they shall not participate in the discussion and vote on the matter.

Except for those Directors (Eric Cheng and Kerry Hsu) who recused themselves due to a conflict of interest or not present in person and had not participated in the discussion and vote on the matter, it was passed without objection after the Chairman consulted with all attending Directors.

d.The 19th meeting of the 8th Board of Directors on July 9, 2018

- ●Content of motion:Motion of the remuneration distribution to the Company's Directors and Supervisors
- ●Directors recused due to a conflict of interest:Eric Cheng, Kerry Hsu, Margaret Kao, John Cheng, Terry Cheng, and Elaine Kung.
- ●Reasons for recusal due to a conflict of interest and participation in voting:
  As the motion involved the remuneration distribution amount of individual Directors, Directors recused themselves in accordance with the provisions of Article 17 of the Company's “Rules of Procedures for Board of Directors” regarding Directors' recusal due to a conflict of interest.
  Except for those Directors (Eric Cheng, John Cheng, Margaret Kao, Terry Cheng, Elaine Kung, and Kerry Hsu) who recused themselves due to a conflict of interest or not present in person and had not participated in the discussion and vote on the matter, it was passed without objection after the Chairman consulted with all attending Directors.

3.The objectives of strengthening the functions of the Board of Directors and implementation assessment in the current year and the most recent year:

a.In addition to providing relevant law and regulations to Directors and Supervisors whenever necessary, the Company shall report the Company’s current business status to Directors and Supervisors at the time of the board meeting, and prepare the motion-related information and assign personnel for Directors’ and Supervisors’ inquiry.

b.The Company actively provides information on various types of continuous education courses and encourages Directors and Supervisors to participate in various corporate governance courses, or the Company irregularly holds such courses, in order to strengthen the functions of the board members. In 2018, there were 8 Directors and Supervisors participating in such trainings for a total of 53 hours.

c.The Company adheres to the operational transparency and safeguards shareholders’s equity, and actively discloses relevant information such as important resolutions of the Board of Directors on the Company’s website.

d.In order to implement corporate governance and enhance the function of the Board of Directors for the puspose of establishing performance targets and strengthening the efficiency of the Board of Directors, the Company completed the enactment of the “Regulations Governing the Board performance Evaluation” on August 10, 2016, and performs the assessment at the beginning of each year. After evaluation, in 2018 the achievement rate was over 90% and the evaluation result is “Exceeding Standards;” it was reported to the board meeting on January 9, 2019.

2.Operation of the Audit Committee:

The Company has not yet established an Audit Committee, so it is not applicable.

3.Supervisor's participation in the operation of the Board of Director:

In the most recent year (2018), the Board of Directors had 8 meeting [A], and the attendance at the meeting is as follows:

Title	Name	Attendance in Person【B】	Attendance Rate in Person (%) 【B/A】	Remark
Supervisor	Rita Hu	8	100%	Newly elected on June 3, 2016
Supervisor	Representative of Tang Ye Investment Co., Ltd.: Chih-Hsiung Wu	5	63%	Re-elected on June 3, 2016

Other mentionable items:

1.The composition and responsibilities of supervisors:

The Company has two seats of Supervisors. For the operation of the Board of Directors, the Supervisors are invited to be in attendance and express their opinions, so as to keep grasp of the Company's operating conditions and supervise the operation of the Board.

a.Communication between the supervisors and the Company's employees and shareholders: Supervisors can communicate or discuss directly with employees or shareholders if needed.

b.Communication among Supervisors, the Company’s chief internal auditor, and CPAs:

(1)In addition to briefing the internal audit business report at each Board meeting, after reviewing and approving the monthly audit report and the follow-up report, the chief internal auditor shall submit the reports to the Supervisors for review before the end of the next month following the completion of the audit items. In this year, the supervisors had no objections after reviewing the reports, and the communication condition is good.

(2)The Supervisors communicate irregularly with the CPAs about the Company's financial information in a face-to-face or written manner as needed, and the communication condition is good.

2.If the supervisor expressed opinions during his/her present at the Board of Directors meeting, the date of the meeting, sessions, contents of motion, resolutions of the directors' meetings and the company's response to the supervisor's opinion should be specified: None.

4.Corporate governance implementation status and deviations from the “ Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies”:

Evaluation Item	Implementation Status			Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
a.Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies?”	✓		In order to establish a good corporate governance system, the Company’s Board of Directors passed the resolution of the “Corporate Governance Best Practice Principles” on December 1, 2014, and revised the Principles on July 11, 2016 and May 11, 2018. The Principles are disclosed on the Market Observation Post System and the Company's website (www.wtmec.com) for download.	Operate in accordance with the Best Practice Principles, and there is No difference.
b.Shareholding structure & shareholder’ rights				
(1)Does the company establish an internal operating procedure to deal with shareholders’ suggestions, doubts, disputes and litigations, and implement based on the procedure?	✓		(1)In addition to the agent for stock affairs, the Company also, in accordance with internal operating procedures, obliges investor relations (spokeperson or deputy spokesperson), stock affairs, legal and other relevant departments to properly handle matters such as shareholders’ suggestions, doubts, disputes and litigation and respond properly. In addition, the Company's website also has a stakeholder section and a shareholders' point of contact for shareholders/investors to make suggestions or ask questions.	No difference.
(2)Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	✓		(2)The Company keeps track of Directors, managerial officers and major shareholders with more than 10% of the shares, and keeps track of the list of major shareholders and their ultimate controllers through the previous register of shareholders as much as possible. In addition, the dedicated stock affairs and investor relation units shall maintain good interaction with major shareholders and pay attention to important issues that may cause changes in shares.	No difference.
(3)Does the company establish and execute the risk management and firewall system within its conglomerate structure？	✓		(3)For the Company's supervision of affiliated enterprises, in accordance with regulations such as the “Corporate Governance Best Practice Principles for TWSE/TPEx Listed Companies,” “Regulations Governing Establishment of Internal Control Systems by Public Companies,” “Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies ” and “Regulations Governing the Acquisition and Disposal of Assets by Public	No difference.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
(4)Does the company establish internal rules against insiders trading with undisclosed information?			Companies," etc., the Company formulated the relevant regulations such as the Group's "Corporate Governance Best Practice Principles," "Internal Control Systems," "Operation Procedures for Loaning of Funds and Making of Endorsements/Guarantees," "Procedures for Acquisition and Disposal of Assets," "Regulations Governing Monitoring of Subsidiaries," " Regulations Governing Subsidiaries' Operations," " Operation Procedures for Transactions between Group Enterprises, Related Parties and Specific Company," etc., in order to clearly define the duties and responsibilities of the Company and affiliated enterprises, construct appropriate firewalls based on risk assessment, and continue to implement and control them.	
	✓		(4)In addition to complying with the requirements of the Securities and Exchange Act, the Company's employees, managerial officers, Directors, Supervisors, etc., shall also follow the Company's " Code of Ethical Conduct"," Procedures for Handling Material Inside Information"," Procedures for Ethical Management and Guidelines for Conduct", etc. Relevant personnel shall not engage in insider trading using the undisclosed information they know, nor may they disclose it to others in order to prevent others from using the undisclosed information to engage in insider trading.	No difference.
c.Composition and Responsibilities of the Board of Directors (1)Does the Board develop and implement a diversified policy for the composition of its members?	✓		(1)The Company has established a diversification policy of board members in the "Corporate Governance BestPractice Principles" , and has adopted a rigorous selection nomination procedure. Based on the scale of the Company's operations and major shareholders, in consideration of the practical operation needs, there were originally 7 seats of Directors, and currently there is one director vacancy. Among the current six-seat Directors, employees account for 33%, Independent Directors with the term of office of nearly 3 years account for 33%, and female Directors account for 50%. There are two Directors aged between 60 and 69 years old, and the remaining four are under 60 years old. The implementation of the diversification policy of all board members is as follows:	No difference.

Evaluation Item	Implementation Status: Yes	Implementation Status: No	Implementation Status: Abstract Illustration	Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons

Director's name \ Diversification item	Gender	Operational judgment capability	Operational and management capability	Leadership/Decision-making capability	Industry knowledge	International market perspective	Accounting and financial analysis capability	Crisis management capability
Eric Cheng	Male	V	V	V	V	V		V
Kerry Hsu	Female	V	V	V	V	V		V
John Cheng	Male	V	V	V		V	V	V
Margaret Kao	Female	V	V	V	V	V		V
Terry Cheng	Male	V	V	V	V	V		V
Elaine Kung	Female	v	V	V		V	V	V

(2)Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?		✓	(2)The Company has already established the Remuneration Committee, and will eatablish an Audit Committee after the complete re-election at the 2019 regular Shareholders´ Meeting. In the future, the Company will establish other various functional committees according to business needs.	Evaluation is pending.
(3)Does the company establish a standard to measure the performance of the Board, and implement it annually?	✓		(3)On August 10, 2016, the Board of Directors resolved to pass the "Rules for Board of Directors Performance Assessments", with the evaluation scope including the performance evaluation of the overall Board of Directors, individual board members and functional committees. The evaluation method may include the internal evaluation of the Board of Directors, the self-	No difference.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			evaluation of the board members, and entrusting external professional institutions and experts or using other appropriate methods for performance evaluation; the measurement items of the Board's performance evaluation include the following five aspects: (a)Participation in the Company operations. (b)Improving the decision quality of the Board of Directors. (c)Composition and structure of the Board of Directors. (d)Selection and continuing education of Directors. (e)Internal control. It is implemented by the Company's stock affairs unit to evaluate the intrernal performance of the overall Board of Directors at the end of a year, and the results will be used as a reference for future selection or nomination of Directors. At the beginning of 2019, the 2018 overall board evaluation was completed. The achievement rate was over 90% and the evaluation results was "Exceeding Standards", and the evaluation results were reported to the board meeting on January 9, 2019. In order to continuously improve the efficiency of the Board's operations, the Company will consider to expand performance evaluation on individual directors and functional members in the future to substantiate corporate governance and enhance Directors' participation in the Company's operations and communication channels.	
(4)Does the company regularly evaluate the independence of CPAs	✓		(4)The Company's independent registered public accounting firm is PricewaterhouseCoopers Taiwan. The firm's independence policy requires all employees to complete the annual statement of compliance with independence and risk management policies regularly each year, and they must also self-inspect for any violation before accepting entrustment. In addition, the Company has established an independence evaluation with reference to the independence of the Article 47 of the Certified Public Accountant Act and the content of "Integrity, Objectivity and Independence" in Bulletin No. 10 of the Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and assesses the independence of the accountant regularly once a year. For the current year, the Board of Directors resolved on January 9, 2019 to pass the appointment of the CPAs and the independence evaluation. The evaluation projects include	No difference.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			reviewing whether the CPA and the person in charge of the Company or managerial officers have the relationship of spouses, lineal blood relatives, lineal affinity, collateral blood relatives within second degree; whether the CPA or his/her spouse, minor children and the Company have investment or shared financial interests; whether the CPA or his/her spouse, minor children are employed by the Company to work as a regular employee, or to receive a fixed salary or serve as Directors and Supervisors, etc. The evaluation results showed that the CPAs, Man-Yu Ruan-Lu and Han-Qi Wu, of PricewaterhouseCoopers Taiwan met all the Company's evaluation criteria of independence, and can serve as the Company's CPAs.	
d.Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	✓		In order to substantiate corporate governance for the Board of Directors to play its due role to safeguard the rights and interests of investors, the Board of Directors passed the resolution on May 8, 2019 to appoint Senior Vice President Kerry Hsu as the Company's head of corporate governance, which is the highest supervisor on the corporate governance related matters, and the stock affairs unit shall directly report to her. Senior Vice President Kerry Hsu is the Company's managerial officer and has over 3 years of management experience in finance, stock affairs or meeting agenda in public companies. The main duties of the Corporate Governance Supervisor are to handle matters relating to meetings of the Board of Directors and the Shareholders' Meeting in accordance with the law, to propare the minutes books of the Board of Directors and of the shareholders' meeting, to assist Directors and Supervisors in taking office, continuing education and complying with the law, and to provide the information required for Directors and Supervisors to execute their business. The 2019 business execution focuses are as follows: (1)It is the meeting affairs unit of the Board of Directors and the committee, including collating meeting agenda, stating the convening reasons, sending convening notices to Directors, Supervisors or members seven days prior to the meeting, and providing sufficient meeting materials for the participants to understand motion-related information. When the motions are related to the Directors' self-interest or the interests of legal person represented, remind the Directors to recuse themselves due to a conflict of interest. Finally, within 20 days after the meeting, the minutes book shall be sent to Directors, Supervisors or members.	No difference.

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			(2)Responsible for issuing material information or announcements of important resolutions after the meeting on the day of the board meeting to ensure the disclosure of the legality and correctness of the information to protect the information symmetry of investors' trading. (3)Handling pre-registeration of the date of the shareholders' meeting, and preparing and filing meeting notices, meeting proceedings and minutes books within the time limit in accordance with the law. (4)Handling the registration of changes in the issuance of new shares, converted from the Company's corporate bonds and amendments to the articles of association. (5)In order to strengthen the operational efficiency of the Board of Directors, an internal conducting performance evaluation on the overall operation of the Board at the beginning of a year, and reporting the results to the most recent board meeting. (6)Evaluating the purchase of the appropriate amount of Directors and officers liability Insurance, completing the insurance purchase matters, and reporting the insurance coverage to the Board of Directors. (7)Providing information on the relevant training to Directors and Supervisors irregularly, reminding them to complete the required hours of training in accordance with the provisions of the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies" and complete the relevant publicly disclosed. (8)Providing information on new laws or amendments to members of the Board of Directors irregularly concerning the exercising business, corporate governance or business operations. (9)Reviewing the compliance status of corporate governance assessment indicators on a item-by-item basis every year, and proposing improvement plans and response measures for those unscored indicators. (10)Providing operational information such as the Company's business or finance according to the needs of the Directors, and maintaining smooth communication between Directors and each business executive.	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
e.Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, and suppliers), as well as handle all the issues they care for in terms of corporate social responsibilities?	✓		(1)The Company obliges the departments including investor relations, stock affairs, etc., to communicate with stakeholders, depending on the situation, and provides contact information of the spokesperson and various related business departments on the Company's website (www.wtmec.com). In addition the Company's has established a stakeholders section to respond appropriately to the issues of concern to stakeholders (vendors/upstream suppliers, customers, shareholders/investors/banks, media, employees, suppliers/ outsourcers, government institutions/competent authorities, and community/non-government organizations), and the communication channel is smooth and open. (2)The Group has employee communication channels, and employees can reflect their opinions via emails or writing.	No difference.
f.Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		The Company has appointed the stock transfer agent service unit of the Grand Fortune Securities Co., Ltd. to handle the matters of its Shareholders'Meetings.	No difference.
g.Information Disclosure (1)Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	✓		(1)The Company has set up a company website (www.wtmec.com), and the Company's financial business and corporate governance status shall be disclosed there and updated irregularly for investors to review.	No difference.
(2)Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor	✓		(2)The Company has set up web pages in three languages: Traditional Chinese, Simplified Chinese and English, and provides dedicated email addresses for various businesses. In addition, the Company has established "Procedures for Handling Material Inside Information" for establish a good internal inside material information processing and disclosure mechanism, and indeed substantiate the spokesperson system. Usually investors relation and stock affairs units are responsible for the collection and disclosure of the Company's information. Besides release of the self-calculated monthly consolidated revenue , also release the self- calculated quarterly profits and losses, and regularly holds	No difference.

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the “Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>conferences)?</td><td></td><td></td><td>investor conferences. All of which are disclosed in the Company’s website to improve the Company’s information transparency.</td><td></td></tr>
<tr><td>h.Is there any other important information to facilitate a better understanding of the company’s corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors’ and supervisors’ training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?</td><td>✓</td><td></td><td>(1)For employee benefits and employee care, please refer to "V. Labor relations of Operational highlights" of the Company's annual report.
(2)Investor relations, supplier relations, and rights of stakeholders: The Company has established the corporate social responsibilities related regulations such as “Corporate Governance Best Practice Principles”, “Supplier Code of Conduct” , “Corporate Social Responsibility Best Practice Principles” , “Ethical Corporate Management Best Practice Principles” , “Procedures for Ethical Management and Guidelines for Conduct” etc.. In order to substantiate the implementation of corporate governance, other information could refer to “ 6. Implementation of social responsibility, C.Implementation of corporate governance of III. Corporate governance report” in the Company's annual report.
(3)Continuing education of Directors and Supervisors: The education items of the Company’s Directors and Supervisors in this year are listed below, and they are in compliance with the provisions of “Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE Listed and TPEx Listed Companies” , for Directors and Supervisors to execute their business faithfully and to exercise the due care of a good administrator.
<table>
<tr><th>Title</th><th>Name</th><th>Date</th><th>Sponsoring Organization</th><th>Course</th><th>Hours</th></tr>
<tr><td>Chairman</td><td>Eric Cheng</td><td>2018/04/20</td><td>Securities and Futures Institute</td><td>The 2018 Advocacy Briefing on Prevention of Insider Trading</td><td>3</td></tr>
</table></td><td>No difference.</td></tr>
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Evaluation Item	Implementation Status								Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration						
					2018/05/25	Taiwan Stock Exchange & Taipei Bar Association	FSC's New Corporate Governance Blueprint Series-Corporate Governance Personnel	3	
			Director	Kerry Hsu	2018/03/23	PricewaterhouseCoopers Taiwan	The 2018 Taxation Strategy Comprehensive Report	2	
					2018/04/20	Securities and Futures Institute	The 2018 Advocacy Briefing on Prevention of Insider Trading	3	
					2018/05/25	Taiwan Stock Exchange&Taipei Bar Association	FSC's New Corporate Governance Blueprint Series-Corporate Governance Personnel	3	

Evaluation Item	Implementation Status								Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration						
			Director	John Cheng	2018/01/09	Taiwan Securities Association	Business M&A Act Analysis and Practice Seminar	3	
					2018/03/21	Corporate Operation Association	Lecture Series on " Latest Amendments and Practice Analysis of Corporate Act "	3	
					2018/08/27	Corporate Operation Association	Lecture Series on " Latest Amendments and Practice Analysis of Corporate Act "	3	
			Director	Margaret Kao	2018/11/01	Taiwan Corporate Governance Association	Corporate Tax Management	3	
					2018/11/01	Taiwan Corporate Governance Association	Taiwanese Entrepreneurs' Coping Strategies in the Face of Sino-US Trade War	3	

Evaluation Item	Implementation Status								Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration						
			Independent Director Director	Terry Cheng	2018/05/08	Taiwan Stock Exchange	New Corporate Governance Blueprint Forum for Listed Companies	3	
					2018/07/10	Securities and Futures Institute	Listed and Unlisted Public Companies' Insider Equity Transaction Compliance Advocacy Briefing	3	
			Independent Director	Elaine Kung	2018/05/29	Accounting Research and Development Foundation	Analysis of the Internal Control Practices of the Latest Labor Law Amendments and Recent Scams	6	

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<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
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Representative of legal person Supervisor	Chih-Hsiung Wu	2018/03/05	Taiwan Depository & Clearing Corporation	100% Electronic Voting and Company Value Promotion Forum	6
Supervisor	Rita Hu	2018/04/20	Securities and Futures Institute	The 2018 Promotion Meeting on Prevention of Insider Trading	3
		2018/07/10	Securities and Futures Institute	Listed and Unlisted Public Companies' Insider Equity Transaction Compliance Advocacy Briefing	3

(4)Implementation of risk management policies and risk measurement standards:
1.Risk management policy:
(1)Market risk management: to manage the risks arising from market fluctuations and changes in the economy:
a.Balance dispersion in customer base and industry: not only to achieve customer dispersion, but also to achieve multiple and complete product line layout.
b.R&D and normal operation are separated: In order to ensure that the new requirements and new technologies required by the market can be continuously</td><td></td></tr>
</table>

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			provided, the R&D units are separated to avoid resource conflicts and unbalanced use so that professional technical support can be provided. (2)Credit risk management: Monitor cash flow at any time, separate short-term funds from long-term capital use, regularly check customer credits, and effectively manage the management of accounts receivable. (3)Operational risk management: Establish, correct and promote various standard operating procedures in a timely manner. (4)Enterprise-scale risk management: Implement profit center system and performance management indicators, and strictly review the economic scale of each product line. 2.Risk management framework: The management of the Group's various operational risks is the responsibility of the relevant units according to the nature of its business, and the Auditing Office monitors the existing or potential risks of each operation, and formulates a risk-oriented annual audit implementation plan. The main management units of each risk are described as follows: (1)FIN:Responsible for the Group's financial dispatching, application of fund, and establishment of hedging mechanism to reduce financial risks; responsible for planning and setting short, medium and long-term financial and investment strategies (2)Business:Responsible for marketing strategies, product promotion and market trends to reduce operational risk. (3)IT:Responsible for network planning, construction, operation and maintenance; continuously monitor network quality; assess various information risks and take appropriate and safe measures to reduce network operational risks. (4)Legal:In addition to being responsible for the legality review of the contract documents, it assists in controlling legal risks, complies with government regulatory policies, and handles contractual and litigation disputes to reduce legal risks. (5)Auditing Office:Responsible for the revision and promotion of the internal control system and the planning and execution of the auditing business to strengthen the internal control function and ensure its continued effectiveness to achieve the effectiveness and efficiency of the Group's operations; reporting reliability, timeliness, transparency and	

Evaluation Item	Implementation Status			Deviations from the "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			compliance to relevant norms and related laws and regulations. (6)Board of Directors:The Board of Directors is the highest decision-making unit of the Group's risk management. In response to the Group's overall overall operational risk and operating environment, it has approved risk management policies to ensure effective control of operational risks and improve management efficiency. 3.Risk analysis and assessment: Please refer to "F. Risk analysis and evaluation of VII. Review and analysis of the financial status, financial performance, and risk management" of the Company's annual report for related description. (5)Customer policy implementation:The Company has established the " Ethical Corporate Management Best Practice Principles " and the " Procedures for Ethical Management and Guidelines for Conduct " to comply with the business activities of ethical management practices. Please refer to "A. Business activities of V. Operational highlights" of the Company's annual report. (6)The Company's purchase of liability insurance for Directors and Supervisors: The Company has renewed its Directors and Officers Liability Insurance from Insurance Company of North America, Taiwan Branch for the insured amount of US$12 million, and the important insurance content has been reported to the Board of Directors on May 8, 2019.	

i.Specify the improvement of corporate governance with reference to the evaluation of corporate governance by the Corporate Governance Center of Taiwan Stock Exchange Corporation in the most recent year, and the priority measures taken for issues pending on improvement

Improved Item of the 5th Corporate Governance Evaluation Indicators		
No.	Indicator Item	Improvement Method
2.15	Does the company disclose the communication between Independent Directors and the chief internal auditor and CPAs (such as the communication methods, matters and results of the company's financial reports and financial business conditions) on the company's website?	The communication methods, matters and results between Independent Directors and the chief internal auditor and CPAs have been detailed in the annual report and the Company’s website for investors’ reference.
Pending Improvement Item of the 5th Corporate Governance Evaluation Indicators for priority strengthening		
No.	Indicator Item	Priority Strengthening Matters and Measures
1.6	Does the company hold the regular shareholders´ meeting before the end of May?	The feasibility of holding the regular shareholders' meeting before the end of May will be discussed with relevant departments.
1.11	Does the company upload the English version of the annual report 7 days prior to the regular shareholders´ meeting?	The English version of the annual report will be prepared uploaded 7 days before the 2019 regular shareholders' meeting.
2.10	Does the company establish an Audit Committee that meets the regulations?	There will be a complete re-election of Directors at the 2019 regular shareholders' meeting, and an additional seat of Independent Director will be elected to reach 3 seats of Independent Directors in order to estavblish an Audit Committee.
2.12	Does the company has a Remuneration Committee with more than half of the members being Independent Directors?	The Remuneration Committee members will be re-appointed after the complete re-election of Directors at the 2019 regular shareholders' meeting, and more than half of the members will be Independent Directors.

5.Composition, Responsibilities and Operations of the Remuneration Committee:

The Company establishes the Remuneration Committee and formulates its organizational charter in accordance with the "Securities and Exchange Act " and the " Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter ". The responsibilities of the Remuneration Committee is to assess the remuneration policy and system for the Company’s Directors, Supervisors and managerial officers in a professional and objective manner and make recommendations to the Board of Directors for reference.

There are three members in the Company's Remuneration Committee, consisting of Ms. Elaine Kung, Mr. Jack Yeh and Ms. Huei-Chung Lu. Each member meets the professional and independent qualifications required by the law. Among them, Ms. Elaine Kung was the convener and chairman of the meeting. The committee meets at least twice a year and actually met three times in 2018.

a.Professional Qualifications and Independence Analysis of Remuneration Committee Members

Title	Conditions / Name	Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the Company in a public or private junior college, college or university	A judge, public prosecutor, attorney, Certified Public Accountant, or other professional or technical specialist who has passed a national examination and been awarded a certificate in a profession necessary for the business of the Company	Has work experience in the areas of commerce, law, finance, or accounting, or otherwise necessary for the business of the Company	1	2	3	4	5	6	7	8		
Independent Director	Elaine Kung		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Others	Jack Yeh		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Others	Huei-Chung Lu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note:For members, during the two years before being elected and during the term of office, meeting any of the following situations, please tick the appropriate corresponding boxes:

(a)Not an employee of the Company or any of its associates;

(b)Not a director or supervisor of affiliated companies. Not applicable in cases where the person is an independent director of the parent company, or any subsidiary as appointed in accordance with the Act or with the laws of the country of the parent or subsidiary;

(c)Not a natural-person shareholder who holds shares, together with those held by the person’s spouse, minor children, or held by the person under others’ names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company, or ranking in the top 10 in holdings;

(d)Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of any of the persons in the preceding three sub-paragraphs ;

(e)Not a director, supervisor, or employee of a corporate shareholder who directly holds 5% or more of the total number of outstanding shares of the Company, or who holds shares ranking in the top five holdings;

(f)Not a director, supervisor, officer, or shareholder holding 5% or more of the shares of a specified company or institution which has a financial or business relationship with the Company ;

(g)Not a professional individual, who is an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof;

(h)Not a person of any conditions defined in Article 30 of the Company Act;

b.Attendance of Members at Remuneration Committee Meetings :

(1)There are three members in the Company's Remuneration Committee.

(2)Tenure of current members: From June 3, 2016 to June 20, 2019. In the most recent year (2018) the Remuneration Committee met three times [A], and the members' qualifications and attendance are as follows:

Title	Name	Attendance in Person 【B】	By Proxy	Attendance Rate in Person(%) 【B/A】 (Note)	Remark
Convener	Elaine Kung	3	0	100%	Re-appointed on June 3, 2016
Committee Member	Jack Yeh	3	0	100%	Re-appointed on June 3, 2016
Committee Member	Huei-Chung Lu	3	0	100%	Re-appointed on June 3, 2016

Other mentionable items:

1.If the board of directors declines to adopt or modifies a recommendation of the remuneration committee, it should specify the date of the meeting, session, content of the motion, resolution by the board of directors, and the Company's response to the remuneration committee's opinion (eg. the remuneration passed by the Board of Directors exceeds the recommendation of the remuneration committee, the circumstances and cause for the difference shall be specified): No such incident occurred in this year.

2.Resolutions of the remuneration committee objected to by members or expressed reservations and recorded or declared in writing, the date of the meeting, session, content of the motion, all members' opinions and the response to members' opinion should be specified: No such incident occurred in this year.

3.The motion and resolution of the Remuneration Committee meetings and the Company's handling of the members' opinions in the most recent year:

Remuneration Committee	The content of motions and the outcome of resolutions
The 6th meeting of the 3rd Remuneration Committee on January 22, 2018	Motions:◎Motion of the 2017 managerial officers' year-end and performance bonus payment. ◎Motion of 2018 managerial officers' salary compensation payment.
	Members' opinions: No objections or reservations. Resolution outcome:It was passed without objection after the Chairman consulted with all attending members. The Company's handling of the opinions of the Remuneration Committee: It was submitted to the Board of Directors and was approved by all attending Directors.
The 7th meeting of the 3rd Remuneration Committee on March 26, 2018	Motions:◎Motion of the 2017 employee compensation and remuneration distribution to Directors and Supervisors.
	Members' opinions: No objections or reservations. Resolution outcome:It was passed without objection after the Chairman consulted with all attending members. The Company's handling of the opinions of the Remuneration Committee: It was submitted to the Board of Directors and was approved by all attending Directors.
The 8th meeting of the 3rd Remuneration Committee on July 9, 2018	Motions:◎Motion of the remuneration distribution to the Company's Directors and Supervisors
	Members' opinions: No objections or reservations Resolution outcome: It was passed without objection after the Chairman consulted with all attending members. The Company's handling of the opinions of the Remuneration Committee: It was submitted to the Board of Directors and was approved by all attending Directors.

6.Implementation of social responsibility: The Company's systems and measures adopted and implementation of environmental protection, community participation, social contribution, social services, public interests, consumer rights, human rights, safety and health and other social responsibility activities:

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
a.Corporate Governance Implementation (1)Does the company declare its corporate social responsibility policy and examine the results of the implementation?	✓		(1)The Company's Board of Directors resolved to formulate the "Corporate Social Responsibility Best Practice Principles" on December 1, 2014, and this Best Practice Principles were disclosed on the Market Observation Post System and the Company's website (www.wtmec.com), in order to implement the principles of promoting corporate governance, developing a sustainable environment, maintaining public interests, and strengthening corporate social responsibility information disclosure. The CEO of the WT Education Foundation regularly reports to the Board of Directors on implementation and operational results every year.	No difference.
(2)Does the company provide educational training on corporate social responsibility on a regular basis?	✓		(2)The Company not only discloses the " Corporate Social Responsibility Best Practice Principles" on internal and external websites, but also strengthens the advocacy to new employees. It also conducts safety and health education training for employees irrelgularly, and strives to improve employees' health awareness. The Company held several workplace health promotion seminars and invited doctors to provide employee health consultation. In addition, energy conservation and carbon reduction activities were held in offices. It is expected that corporate social responsibility will be implemented in routine management through various educational advocacy activities.	No difference.
(3)Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of	✓		(3)The Group has established the WT Education Foundation in December 2014. The Foundation's Board of Directors consists of seven Directors, and it has a CEO to lead the public interest	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
proposing the corporate social responsibility policies and reporting to the board?			business. Its aim is to fulfill corporate social responsibility and promote cultural and educational activities to give back to the society, and it sponsors or promotes various public interest activities, and calls on all employees to participate. The implementation situation and operational results is reported to the Board of Directors by the CEO of the Foundation regularly each year. The 2018 implementation was reported to the Board of Directors on January 9, 2019. The total amount of donations amounted to NT$7.548 million and the number of beneficiaries reached 34,573. The sponsed items mainly consist of four categories: (a)Supporting multicultural education: The Alliance Cultural Foundation – "2018 Sharestart Asia Conference" and Junyi Experimental High School "Creative Experimental Course" Program, Cheng Zhi Education Foundation - Zheng-Min Elementary School, Yunlin County KIST Private Management of Public School, National Tsing Hua University- Science Luck Bags for the 2018 International Women and Girls Science Day Series, New Taipei Municipal Tur Ya Kar Elementary & Junior High School- Ecosystem guide acrossing the Dahan River, and Nanhu Elementary School, Dahu Township, Miaoli County- Art and Culture Society "Exploring the Place to Create a New Life Project" Visits. (b)Caring for education for the disadvantaged: Teach For Taiwan(TFT) Education Foundation- Two-Year Full-Time Teaching Project, Vox Nativa Association, Taiwan - 2018 Academic Year Online Course Counseling Program, Zheng-Min Elementary School, Yunlin County - Track and Office Renovation Project, and Silver Grass Cultural and Creative Association - Theatrical Group Rural Tour.	

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(c)Cultivating elites: Yanxing Taiwan Association – scholarship and College of Social Sciences, Fu Jen Catholic University - Student self-learning reward program. (d)Respecting life: Taiwan Premature Baby Foundation - "Support with Hearts, Hug with Love - Let Premature Infants Get Complete Care" Plan, and Taiwan Kidney Foundation- "Rich Kidney Cafeteria" Kidney Disease Nutrition Control Series. For the detailed implementation situation and specific results of the aforementioned 15 organizations or projects, please refer to the 2018 Corporate Social Responsibility Report after it is released.	
(4)Does the company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	✓		(4)The Company has a Remuneration Committee. Combined with the Company's personnel management regulations, a reasonable compensation policy and a clear reward and punishment system are established, and employees' performance is regularly evaluated.	No difference.
b.Sustainable Environment Development (1)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(1)In view of global warming, energy conservation and carbon reduction are global sustainability issues, and the Group has also begun to establish various energy conservation and carbon reduction measures to cope with the impact of climate change. (a)Using energy-saving equipment for carbon reduction management The Company gradually replaces lights with the power-saving LED lamps at locations, and the human body sensors were installed in public areas or function rooms to effectively reduce the power consumption. The Company promotes power-saving behavior, sticks warning labels, encourages employees to save energy, and installs timers in air conditioners and lighting	No difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
			equipment, effective controlling electricity consumption to be reduced by 2%. Faucet water-saving devices were installed in tea rooms to reduce water consumption and reduce the impact on the environment. (b)Office resource reuse The office recycled resources are donated to the social welfare group for recycling, including IT computer equipment and parts, and the waste resources are properly disposed to avoid waste of resources and make full use of recycling to reduce the global environmental load. The Company promotes the double-sided printing of paper, recycles the blank side of the paper for reuse, and encourages the repeated-use of manila envelopes. It also promotes the electronic operation of the office and adopts electronic signature to reduce paper usage. (c)Packaging material recycling and green packaging materials The Company has regulations for the classification and recycling of packaging materials, and manages them according to their characteristics to avoid environmental pollution. In addition, empty carton boxes after the purchase are recycled for use in shipping packaging, which greatly reduces the demand for new carton boxes.	
(2)Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	✓		(2)The company and the Hong Kong warehouse industry have obtained ISO14001 environmental management system certification to effectively prevent and control environmental pollution and improve the utilization of resources and energy.	No difference.
(3)Does the company establish proper environmental management systems based on	✓		(3)The Group is committed to energy conservation and carbon reduction initiatives to fulfill its global citizenship and corporate	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
the characteristics of their industries?			social responsibility. It also actively promotes its own greenhouse gases inventory system and issues the Greenhouse Gas Inventory Management Report to grasp its own greenhouse gas emissions. The greenhouse gas emissions increased from 490.44 metric tons (t-CO2e) in 2017 to 565.658 metric tons (t-CO2e) in 2018, which was due to the increase in the inspection scope from having more office floors and number of employees this year. In the future, the Company shall continue to promote the strategy of energy conservation, carbon reduction and greenhouse gas reduction, and it is expected to have a reduction of 2% for the Company to become a low-carbon enterprise with sustainable development.	
c.Preserving Public Welfare (1)Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	✓		(1)The Company follows the principles disclosed by the International Bill of Human Rights such as "Enforcement Act of Convention on the Elimination of All Forms of Discrimination against Women," "Implementation Act of the Convention on the Rights of the Child," and "Act to Implement the International Covenant on Civil and Political Rights and the International Covenant on Economic, Social and Cultural Rights," together with the Labor Standards Act and related laws and regulations, to set various internal management regulations and " Corporate Social Responsibility Best Practice Principles," in order to protect the basic human rights of all colleagues, customers and stakeholders, and to safeguard public interests. In addition, when signing a transaction contract with a customer, it is also committed to comply with the Electronic Industry Code of Conduct (EICC), ensuring a safe working environment, well-respected and dignified employees, environmentally friendly business operations, and ethical conduct.	No difference.
(2)Has the company set up an employee hotline	✓		(2)The Group's employees can directly report to their units, the chief	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
or grievance mechanism to handle complaints with appropriate solutions?			internal auditor, the head of the human resources department, etc., and can also report via the internally set up employee complaint channel or the stakeholder section established on the Company's website. The responsible personnel shall properly and timely handle the employees' opinions or whistle-blowing matters.	
(3)Does the company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	✓		(3)The Group's most valued asset is the employees, so creating a friendly and warm working environment is the Group's primary management task. (a)Creating a healthy workplace environment: Work environment disinfection and air-conditioning cleaning is regularly conducted in various office locations to maintain a clean and comfortable workplace environment. The Company regularly carries out various safety inspections and maintenance in accordance with the law and regulations, and entrusts professional fire technicians to conduct fire inspections. The Company provides automatic blood pressure monitor for employees to measure and regularly track blood pressure, and give a sphygmomanometer to each employee on Father's Day this year to remind colleagues to pay attention to their health. The Company also prepares cozy and comfortable lactation rooms for breastfeeding mother employees. (b)Environmental safety education training and advocacy: New employees are required to participate in the labor safety and health curriculum, strengthen the employees' safety, health and environmental protection concepts, and promote environmental safety from time to time. They are required to comply with safety and health operation standards. The Group regularly implements fire drills every year to ensure employee safety.	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
			(c)Health management: The Company provides employee health checkups every year, has full-time health managers, and invites physicians to provide employee health counseling services on site of the Company: In addition, the Company organizes health seminars from time to time to enhance employees' medical knowledge, to strengthen self-health management concepts, to implement care, and to support employees' physical and mental health. (d)Promoting various sports activities: The Company encourages employees to participate in sports courses organized by the Company and sports center, and sponsors employees to set up various types of clubs, such as running basketball, softball, badminton, cooking, floral, etc.. The Company wants its employees to participate in fitness and talent activities, and to enhance the friendship among colleagues.	
(4)Does the company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	✓		(4)The Group regularly convenes supervisor meetings and related department meetings, and notifies the operational changes that may have a significant impact on employees through methods such as announcements, etc.	No difference.
(5)Does the company provide its employees with career development and training sessions?	✓		(5)The Group's Training & Development Roadmap is developed by dedicated units to develop annual training programs, and courses developed are based on functional attributes and grades to enhance the employees' professional competence and knowledge.	No difference.
(6)Does the company establish any consumer protection mechanisms and appealing	✓		(6)The Group cares the opinions of its customers. Besides individual visits, it also provides point of contact and e-mail addresses for	No difference.

Evaluation Item	Implementation Status			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Explanation	
procedures regarding research development, purchasing, producing, operating and service?			products on the Company's website. It also sets up a stakeholder section on the Company's website to provide a channel for customer questions, complaints, or suggestions. The Company shall handle them and give feedback on the principle of good faith to protect customers’ rights and interests.	
(7)Does the company advertise and label its goods and services according to relevant regulations and international standards?	✓		(7)The Group complies with the law, regulations and international standards such as Fair Trade Act, Foreign Trade Act, Regulations Governing Export and Import Of Strategic High-tech Commodities, Export Administration Regulations of the United States of America, Regulations Governing Permission of Trade Between Taiwan Area and Mainland Area,etc.,and all products comply with the international safety standards, international environmental regulations and import and export regulations.	No difference.
(8)Has the Company assessed whether the suppliers have a record of impacting the environment and society before conducting businesses with such suppliers?	✓		(8)The Group has established a standard supplier evaluation process and the Supplier Code of Conduct, and require suppliers to comply with the issues of labor rights, health and safety, environmental protection and ethics, etc. The Group works with suppliers to commit to the development and application of green technologies, to solve the environmental problems of the Earth’s gradually exhausting energy, and to promote corporate social responsibility together. When purchasing goods, the Group always complies to the industrial regulations on environmental regulations, conflict minerals, etc. In addition, on the official website of those large international suppliers that the Company conducts transactions with, statements that their products comply with relevant environmental regulations are also disclosed.	No difference.
(9)Do the contracts between the company and its	✓		(9)The Group has established the “Supplier Code of Conduct” which	No difference.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?			has been disclosed on the Company's website so that suppliers can understand and comply with the Company's product safety and ethical requirements, in order to enhance social and environmental responsibility. In case of violation, the Company may immediately terminate the cooperation with the supplier and may claim damages.	
d.Enhancing Information Disclosure Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)	✓		The Company's website (www.wtmec.com) has a corporate social responsibility section. The Company also discloses the Company's rules and regulations governing corporate governance on Market Observation Post System, and updates the information on corporate social responsibility as needed to enhance information transparency.	No difference.

e.If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation:
The Company has established "Corporate Social Responsibility Best Practice Principles" to promote the implementation of various social responsibilities. There is No difference. between the actual operation and the Company's best practice principles.

f.Other important information to facilitate better understanding of the company's corporate social responsibility practices:
(1)Public interest:
(a)It is the Group's commitment to fulfill corporate social responsibility, in addition to expanding its operations and creating maximum value for its shareholders. The Group has established the "WT Education Foundation," to promote non-profit cultural and educational activities, via the five pillars of " supporting multicultural education ", "inspiring students to create", "caring for education for the disadvantaged", "cultivating elites " and " respecting life". By promoting caring to all corners of the society, the Company can do our part as a corporate citizen in order to realize corporate responsibility for social welfare, environmental sustainability and corporate governance. For information on the Company's corporate social responsibility, please refer to the Company's 2017 Corporate Social Responsibility Report on the Company's website (http://www.wtmec.com/WT/?page_id=12183).
(b)The Group responds to government decrees and employs employees with physical and mental disabilities in accordance with the People with Disabilities Rights Protection Act.
(2)Environmental protection:
The Company is an electronic component distributor with no manufacturing factory, and thus offices and warehouses are the main focus to promote environmental protection. The warehouses in both Taiwan and Hong Kong have obtained ISO 14001 environmental management system certification.

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Explanation	
The Company uses green packaging materials and recycles empty containers from purchase to reduce the needs for new carton boxes. The electronic signature operation is promoted in offices, and the handheld PDAs are used in logistics system for paperless operations, reducing paper usage with the goals of accelerating paperlessness. Office equipment and resources are recycled and reused to reduce waste generation. Through plans such as donating used office furniture to social welfare groups, recycling information computer equipment and parts, and recycling packaging materials, the Company can avoid waste of resources. The Company also has preferential procurement for products with Green Mark in order to reduce the damage to our natural ecological environment. (3)Human rights: The Group values the stakeholders' interests and sets up a stakeholder section on the Company's website to provide a good communication platform, in order to understand the reasonable expectations and needs of stakeholders. Whether the internal or external issues are questions, complaints, or suggestions in the economic, social and environmental aspectes, the Group shall always uphold the principle of good faith to properly handle and provide feedback or improvement plans to achieve effective communication.				
g.A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: None.				

7.Ethical Corporate Management:

Substantiating ethical management and policies

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
a.Establishment of ethical corporate management policies and programs (1)Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	✓		(1)The Company's Board of Directors resolved on December 1, 2014 to formulate the "Ethical Corporate Management Best Practice Principles", and its amendment was passed by the Board of Directors resolution on July 11, 2016. They are disclosed on the Market Observation Post System and the Company's website (www.wtmec.com). In addition, on December 28, 2018, the Company's first corporate social responsibility report was released, which conveyed the Company's efforts and contributions in fulfilling its social responsibilities to stakeholders. The Group's management and members of the Board of Directors are committed to upholding their responsibility of supervising based on the ethical concepts in the execution of their business in order to create a sustainable business environment.	No difference.
(2)Does the company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	✓		(2)The Company engages in commercial activities based on the principles of fairness, honesty, trustworthiness and transparency. In order to implement the ethical management policy, in accordance wtih the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies", the Board of Directors passed the resolution on April 28, 2016 to formulate the "Procedures for Ethical Management and Guidelines for Conduct", specifying the matters the Company's personnel shall be minded of when performing business. It includes clear operating procedures and guidelines for each program, disciplinary for	No difference.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			violations and grievance systems. It is applicable to all of the Group’s companies and organizations such as the Company and its subsidiaries, foundations with the Company directly or indirectly contributing accumulately more than 50% of the funds, and other institutions or legal persons which the Company has substantial control. In addition to strengthening the advancy to new employees, the Company has actually implemented it in the operation.	
(3)Does the company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	✓		(3)The Company explicitly prohibits unethical conduct such as offering and receiving bribery, providing or accepting improper interests, providing or promising facilitation payment, providing illegal political contributions, engaging in unfair competition, providing improper charitable donations or sponsorships, disclosing trade secrets and damages to the interests of stakeholders, , etc., in the " Procedures for Ethical Management and Guidelines for Conduct". The Company has taken preventive measures and conducted educational advocacies to substantiate the ethical management policy.	No difference.
b.Fulfill operations integrity policy (1)Does the company evaluate business partners’ ethical records and include ethics-related clauses in business contracts?	✓		(1)After the evaluation, the Company shall sign contracts including the ethical clauses with the transaction counterparties as needed. The ethical clauses include the transaction counterparties covenant not to accept or request the improper benefits such as bribery, gift money, gift cards, etc., and covenant to conduct all business activities based on the principles of fairness, justice, openness and honesty. In addition, the financial institutions to which the Company conducts tansactions with are all legally registered well and known commercial banks or bills finance	No difference.

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
			companies. The rights and obligations of both parties and the terms of the transaction are clearly set out in the credit contract. The Company also established the “Supplier Code of Conduct” on April 12, 2016 to specify relevant ethics.	
(2)Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	✓		(2)In order to improve the ethical management, the HR, Legal and Audit Office jointly form an Ethical Management Promotion Task Gruop, decentralizing the formulation and supervision of the ethical management policies and preventive measures, according to the work responsibility and scope of each unit, to ensure the implementation of the Ethical Corporate Management Best Practice Principles. In addition, the task gruop reports the implementation of last year to the Board of Directors every year, to assist the Board of Directors in assessing whether the ethical management measures established by the Company is operating effectively. On January 9, 2019, the Board of Directors completed the 2018 annual reporting on the implementation of ethical management. In addition to promoting ethics and integrity as the core values of the Company to all employees, the task group also provides education and training to new employees to advocate the matters which require attention when conducting business. Employees can also respond to and communicate with management and the HR unit through multiple channels (including the Company’s website, internal email system, etc.). In addition, there is a whistleblowing platform for any violation of code of conducton the Company's official website, providing a channel for whistleblowers to report illegal activities of the Company’s personnel. The Ethical Management Promotion Task Gruop is responsible to accept the	No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			reported cases, forward these cases to the highest supervisors of the relevant units for investigation, and track the final result of each cases. The identity of the whistleblower and the contents of the report shall be kept confidential, and a complete record of the acceptance, investigation process and results of the case shall be retained. In 2018, there were 2 valid cases reported by external whistleblowers and 0 case directly reported by employees. For those valid cases, the truth has been found, which did not involve major unethical conduct, and appropriate improvement measures have been taken.	
(3)Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	✓		(3)The Company's " Ethical Corporate Management Best Practice Principles " and "Procedures for Ethical Management and Guidelines for Conduct" have clearly specified policies for preventing conflicts of interest and required all units to implement them. Open channels are provided internally and on the Company's website for employees to present their opinions. In addition, the Company's personnel presenting on the Board of Directors recused themselves for those proposals listed by the Board of Directors which have interests to them on the dates of the board meetings (January 22, 2018; February 8, 2018; July 9, 2018; January 9, 2019; and February 19, 2019) in accordance with the provisions of Article 17 of the Company's "Rules of Procedure for Board of Directors' Meetings" on Directors' recusal due to conflict of interest.	No difference.
(4)Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and	✓		(4)The Group has established a complete and effective control mechanism in the accounting system and internal control system for business activities and operating procedures that have	No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
are they audited by either internal auditors or CPAs on a regular basis?			potentially high levels of unethical conduct. Internal auditors shall include high-risk operations as the primary audit items of the annual audit plan based on risk assessment to strengthen preventive measures and report the actual implementation of the audit plan to each regular Board of Directors meeting. In addition, through the Company's annual self-assessment operation of the internal control, all departments and subsidiaries of the Company are required to self-examine the internal control system to ensure the effectiveness of the design and implementation of the system.	
(5)Does the company regularly hold internal and external educational trainings on operational integrity?	✓		(5)The "Ethical Corporate Management Best Practice Principles" and the "Procedures for Ethical Management and Guidelines for Conduct" established by the Company are disclosed in the "Corporate Governance" section of the official website, as well as advocated on the internal website and during the new employee training. In 2018, the total number of training hours was 13 hours, and the number of trainees was 190. It is expected that each new employee can understand and abide by the Best Practice Principles. In addition, relevant personnel are also appointed to participate in seminars and symposiums organized by public associations or professional organizations to strengthen the Group's ethical management policy.	No difference.
c.Operation of the integrity channel (1)Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	✓		(1)In accordance with the provisions of Article 18 of the Company's Ethical Corporate Management Best Practice Principles and Article 23 of the Procedures for Ethical Management and Guidelines for Conduct on whistle-blowing system, If members of the Group suspect or discover any violations, they shall report to Supervisors, managerial officers, chief internal auditor or other suitable	No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			personnel. In addition, there is an professional ethics violation reporting channel on the Company's website for the relevant personnel to report wrongdoings; there has been no major internal or external reporting this year.	
(2)Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	✓		(2)In accordance with the provisions of Article 18 of the Company's Ethical Corporate Management Best Practice Principles and Article 21 of the Procedures for Ethical Management and Guidelines for Conduct, the record of the acceptance of whistle-blowing, investigation process and results shall be kept and retained, and the identity of the whistle-blower and the content of the whistle-blowing shall be kept confidential. If a material violation has been discovered by the investigation or the Group shall probably suffer significant losses, a report shall immediately be made and Supervisors shall be notified in writing; there was no such occurrence this year.	No difference.
(3)Does the company provide proper whistleblower protection?	✓		(3)In accordance with the provisions of Article 18 of the Company's Ethical Corporate Management Best Practice Principles and Article 21 of the Procedures for Ethical Management and Guidelines for Conduct, the identity of the whistle-blower and the content of the whistle-blowing shall be kept confidential, and whistle-blowers shall not be subject to improper treatment due to whistle-blowing.	No difference.
d.Strengthening information disclosure (1)Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	✓		(1)The Company has disclosed these Best-Practice Principles and its implementation on the Company's website, Market Observation Post System, annual reports, corporate social responsibility reports and prospectus in accordance with the provisions of Article 20 of the Ethical Corporate Management Best Practice Principles.	No difference.

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
			Integrity is the Company's most important core values and business philosophy. Employees must abide by clear ethical standards and moral charactercharacter ethics. The Company keeps its commitment to vendors, customers, employees, shareholders and society, and also does its utmost to ensure the interests and rights of all stakeholders.	
e.If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-PracticePrinciples for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation: The Company has established the "Ethical Corporate Management Best Practice Principles" to establish a corporate culture of ethical management and to have sound development. There is No difference. between the actual operation and the Company's Best Practice Principles.				
f.Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): The Company shall pay attention to the development of relevant domestic and international ethical management regulations, and encourage Directors, Supervisors, managerial officers and employees to make suggestions for improvement. The Company's Ethical Corporate Management Best Practice Principles have been reported to the Board of Directors for review and amendment on July 11, 2016 to improve the effectiveness of the Company's ethical management in response to the establishment of Independent Directors and amendments to the law.				

8.If the Company has the corporate governance best practice principles enacted and the relevant regulations, the inquiry approaches should be disclosed:

As of the present date, the Company has flormulated regulations such as the " Articles of Incorporation"," Rules of Procedure for Shareholders' Meetings", " Rules of Procedure for Board of Directors' Meetings", " Rules for Election of Directors and Supervisors", " Remuneration Committee Charter", " Procedures for Acquisition or Disposal of Assets", " Procedures for Lending Funds and Endorsement & Guarantee", " Procedures for Handling Material Inside Information", " Corporate Governance Best Practice Principles", " Corporate Social Responsibility Best Practice Principles", " Ethical Corporate Management Best Practice Principles", " Codes of Ethical Conduct", "Supplier Code of Conduct"," Procedures for Ethical Management and Guidelines for Conduct", " Rules for Board of Directors Performance Assessments" etc., and those regulations can be found on the Company's website (website: http://www.wtmec.com), the Market Observation Post System or the Company's annual reports.

9.Other important information that can facilitate the understanding of the Company's operation of corporate governance:

(1)In addition to disclosing in the Corporate Governance section of the Market Observation Post System, the Company also discloses the corporate governance related operations in the format of material information to investors in a timely manner, depending on the materiality.

(2)The Company regularly holds investor conferences, and the relevant materials of the investor conferences are published on the Company's website and the Market Observation Post System.

(3)Continuing education for the Company's managerial officers in 2018：

Title	Name	Date	Organizer	Course	Number of Hours Completed
President	Eric Cheng	2018/04/20	Securities and Futures Institute	The 2018 Advocacy Briefing on Prevention of Insider Trading	3
		2018/05/25	Taiwan Stock Exchange&Taipei Bar Association	FSC's New Corporate Governance Blueprint Series- Corporate Governance Personnel	3
Senior Vice President	Kerry Hsu	2018/03/23	PricewaterhouseCoopers Taiwan	The 2018 Taxation Strategy Comprehensive Report	2
		2018/04/20	Securities and Futures Institute	The 2018 Advocacy Briefing on Prevention of Insider Trading	3
		2018/05/25	Taiwan Stock Exchange&Taipei Bar Association	FSC's New Corporate Governance Blueprint Series- Corporate Governance Personnel	3
Vice President and CFO	Cheryl Yang	2018/03/23	PricewaterhouseCoopers Taiwan	The 2018 Taxation Strategy Comprehensive Report	2
		2018/12/10-11	Accounting Research and Development Foundation	Continuing Training of Accounting Supervisors	12

(4)Communication between Independent Directors and chief internal auditor and CPAs：

(a)Independent Directors and chief internal auditor may contact each other at normal times by e-mail, telephone or meeting as needed. If there are material abnormal events, they can also convene a meeting at any time, and the communication channels are diverse and open. The Company's chief internal auditor will submit the audit report or follow-up report of the previous month to Independent Directors for review. Independent Directors shall give responses or opinions based on the necessity of the report. There were no material abnormalities in the 2018 audit results, and Independent Directors had no objections. The total number of communications was 8 times in this year, and the summary of those communications are as follows:

Meeting Date	Nature and communication content	Independent Directors' Opinions
January 22, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.
February 8, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.

Meeting Date	Nature and communication content	Independent Directors' Opinions
March 26, 2018	●Internal Audit Implementation Report ●Discussing the 2017 effectiveness assessment of the internal control system and the " Internal Control System Statement "	Independent Directors had no opinions and suggestions.
May 11, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.
June 28, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.
July 9, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.
August 8, 2018	●Internal Audit Implementation Report	Independent Directors had no opinions and suggestions.
November 8,2018	●Internal Audit Implementation Report ●Discussing the 2019 audit plan	Independent Directors had no opinions and suggestions.

(b)In addition to reporting to Independent Directors for the audit or review of financial reports, the Company's CPAs hold at least one legal advocacy briefing at the Company each year to update the financial and taxation laws and the response measures for the corresponding impacts. In normal times, Independent Directors and CPAs can communicate with each other by e-mail, telephone or meeting at any time as needed. The Company’s Independent Directors communicated well with CPAs. The communication records in 2017 were summarized as follows:

Date	Communication focus	Independent Directors' Opinions
March 26, 2018	●Explaining the findings and results of the review of the 2017 consolidated and standalone financial reports and communicating key review matters ●Responding to and discussing the issues raised by the participants.	Independent Directors had no opinions and suggestions.
May 11, 2018	●Explaining the findings and results of the review of the 2018 Q1 consolidated financial report ●Responding to and discussing the issues raised by the participants.	Independent Directors had no opinions and suggestions.
August 8, 2018	●Explaining the findings and results of the review of the 2018 Q2 consolidated financial report ●Responding to and discussing the issues raised by the participants.	Independent Directors had no opinions and suggestions.
November 8, 2018	●Explaining the findings and results of the review of the 2018 Q3 consolidated financial report ●Responding to and discussing the issues raised by the participants.	Independent Directors had no opinions and suggestions.

10.Internal Control System Execution Status:
a.Internal Control System Statement

WT Microelectronics Co., Ltd.
Internal Control System Statement

Date：March 22, 2019

Based on the findings of a self-assessment, WT Microelectronics Co., Ltd. states the following with regard to its internal control system during the year 2018:

I. The Company has confirmed that it is the responsibility of the Board of Directors and management to establish, implement, and maintain an adequate internal control system. The Company has establish such a system, and the goal is to provide reasonable assurance over the achieving of objectives such as effectiveness and efficiency of the operations (including profitability, performance, safeguarding of assets, etc.); reliability, timeliness, transparency, and conformity with relevant specifications of our reporting; and compliance with applicable rulings, regulations and bylaws.

II. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing the three aforementioned objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to changes in environment and circumstances. Nevertheless, the Company's internal control system contains self-monitoring mechanisms, and the Company shall take immediate remedial actions in response to any identified deficiencies.

III. The Company evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (hereinafter referred to as the "Regulations"). The criteria adopted by the Regulations, based on the process of management control, divide the internal control system into five constituent elements: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communications, and (5) monitoring activities. Each constituent elements also includes several items. Please refer to the "Regulations" for those items.

IV. The Company has evaluated the design and operating effectiveness of its internal control system according to the aforementioned criteria.

V. Based on the findings of such evaluation, the Company believes that, on December 31, 2018, it has an effective internal control system (that includes the supervision and management to the subsidiaries), including the understanding of the effectiveness of the operation and the degree of achieving the efficiency objectives; the reporting is reliable, timely, transparent and in conformity with relevant specifications; and the design and implementation of the internal control system related to the compliance with the relevant laws and regulations; and it can provide reasonable assurance over achieving the aforementioned objectives.

VI. This Statement is an integral part of the Company's annual report and prospectus, and shall be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.

VII. This statement was passed by the Board of Directors in their meeting held on March 22, 2019, with none of the six attending Directors expressing dissenting opinions, and the remainder all affirming the content of this Statement.

WT Microelectronics Co., Ltd.

Chairmand and President：Eric Cheng

b.If the internal control system is entrusted to CPAs for project review, the CPA's review report shall be disclosed: None.

11.The Company and its internal personnel had been disciplined in accordance with the law, the disciplinary action had been brought against the internal personnel for violating internal control system, major deficiencies, and the improvement action in the most recent year and as of the printing date of the annual reports: None.

12.Major resolutions of the shareholders' meetingw and board meetingw in the most recent year and as of the printing date of the annual report:

a.Major resolutions of the Board of Directors:

Date	Major resolutions
January 22, 2018	1. Passed the proposal for the 2018 business plan. 2. Passed the proposal for the 2017 managerial officers' year-end bonuses and performance bonuses. 3. Passed the proposal for the 2018 managerial officers' salary compensations. 4. Passed the proposal for changing the attest CPAs. 5. Passed the proposal for the appointment and independence assessment of CPAs. 6. Passed the proposal for setting the record date for capital increase from stock conversion of the Company's fifth unsecured convertible corporate bonds. 7. Passed the proposal for Lending RMB 130 million to the subsidiary, WT Microelectronics (Shanghai) Co., Ltd.
February 8, 2018	1. Passed the proposal for the donation to the WT Education Foundation. 2. Passed the proposal for the 2018 first-quarter summary consolidated financial forecast.
March 26, 2018	1. Passed the proposal for the 2017 distribution remuneration to employees and Directors and Supervisor. 2. Passed the proposal for the 2017 Business Report and Financial Statements. 3. Passed the proposal for the Company's 2018 effectiveness assessment of internal control system and internal control system statement. 4. Passed the proposal for related matters of convening the Company's 2018 regular shareholders' meeting.
May 11, 2018	1. Passed the proposal for the 2018 second-quarter summy consolidated financial forecast. 2. Passed the proposal for the 2017 earnings distribution. 3. Passed the proposal for setting the record date for capital increase from issuing new shares converted from the Company's fifth unsecured convertible corporate bonds. 4. Passed the proposal for the amendment to the "Corporate Governance Best Practice Principles". 5. Passed the proposal on the amendment to the "Articles of Incorporation". 6. Passed the proposal for Lending NT$ 350 million to the subsidiary, Maxtek Technology Co., Ltd. 7. Passed the proposal for Lending NT$ 350 million to the

Date	Major resolutions
	subsidiary, Hongtech Electronics Co., Ltd. 8. Passed the proposal for Lending US$ 10 million to the subsidiary, Lacewood International Corp.
June 28, 2018	1. Passed the proposal for providing endorsements/guarantees of NT$ 200 million to the subsidiary, Maxtek Technology Co., Ltd. 2. Passed the proposal for providing associated guarantee for the subsidiaries, WT Microelectronics (Shanghai) Co., Ltd., WT Microelectronics (Shenzhen) Co., Ltd., Morrihan Singapore Pte. Ltd., and Lacewood International Corp., to obtain credit line from banks.
July 9, 2018	1. Passed the proposal for the record date for dividend entitlement and ex-dividend date of the 2017 cash dividend from earnings. 2. Passed the proposal for the remuneration to Directors and Supervisors. 3. Passed the proposal for setting the record date for capital increase from issuing new shares converted from the Company's fifth unsecured convertible corporate bonds. 4. Passed the proposal for providing endorsements/guarantees for the subsidiary, Hongtech Electronics Co., Ltd., to obtain purchase credit line of US$ 5 million from the supplier. 5. Passed the proposal for providing associated guarantee for the subsidiary, WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from the banks.
August 8, 2018	1. Passed the proposal for the 2018 third-quarter summy consolidated financial forecast. 2. Passed the proposal for the 2017 annual financial statements of the Hong Kong branch. 3. Passed the proposal for providing endorsements/guarantees for the subsidiary, Maxtek Technology Co., Ltd., to obtain purchase credit line of NT$ 50 million from the supplier. 4. Passed the proposal for providing associated guarantee for the subsidiaries, WT Microelectronics (Shenzhen) Co., Ltd. and WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from banks. 5. Passed the proposal for Lending RMB 70 million to the subsidiary, WT Microelectronics (Shanghai) Co., Ltd.
November 8, 2018	1. Passed the proposal for the 2018 fourth-quarter summy consolidated financial forecast. 2. Passed the proposal for the 2019 audit plan. 3. Passed the proposal for setting the record date for capital increase from issuing new shares converted from the Company's fifth unsecured convertible corporate bonds. 4. Passed the proposal for providing associated guarantee for the subsidiaries, WT Microelectronics (Hong Kong) Limited and WT Solomon QCE Limited, to obtain credit line from banks.
January 9, 2019	1. Passed the proposal for the 2019 business plan. 2. Passed the proposal for the 2018 managerial officers' year-end bonuses and performance bonuses.

Date	Major resolutions
	3. Passed the proposal for the 2019 managerial officers' salary compensations. 4. Passed the proposal for changing the attest CPAs. 5. Passed the proposal for the appointment and independence assessment of CPAs. 6. Passed the proposal for setting the record date for capital increase from issuing new shares converted from the Company's fifth unsecured convertible corporate bonds. 7. Passed the proposal for providing endorsements/guarantees for the subsidiary, Maxtek Technology Co., Ltd., to obtain purchase credit line of NT$ 12 million from the supplier.
February 19, 2019	1.Passed the proposal for the donation to the WT Education Foundation. 2.Passed the proposal for the 2019 first-quarter summy consolidated financial forecast. 3.Passed the proposal for continuously providing associated guarantee for the subsidiaries, WT Technology Korea Co., Ltd., Wonchang Semiconductor Co., Ltd., and WT Microelectronics (Shanghai) Co., Ltd., to obtain credit line from the banks.
March 22, 2019	1.Passed the proposal for the 2018 distribution remuneration to employees and Directors and Supervisor. 2. Passed the proposal for the 2018 Business Report and Financial Statements. 3.Passed the proposal for the amendment to the "Articles of Incorporation". 4.Passed the proposal for the amendment to the "Rules for Election of Directors and Supervisors". 5. Passed the proposal for election of the 9th Board Directors. 6.Passed the proposal for the formulation of the "Audit Committee Charter" . 7.Passed the proposal for the amendment to the "Procedures for Acquisition or Disposal of Assets". 8. Passed the proposal for related matters of convening the Company's 2018 regular shareholders' meeting. 9.Passed the proposal for the Company's 2018 effectiveness assessment of internal control system and internal control system statement.
May 8, 2019	1.Passed the proposal for the 2019 second-quarter summy consolidated financial forecast. 2. Passed the proposal for the 2017 earnings distribution. 3. Passed the proposal for the amendment to the "Articles of Incorporation". 4. Passed the proposal for the amendment to the "Procedures for Lending Funds and Endorsement & Guarantee". 5. Passed the proposal for nominating Directors(including Indepement Directors) candidates. 6. Passed the proposal for Exemption of non-competition limitation for directors of the Company. 7.Passed the proposal for issuing the sixth domestic unsecured convertible corporate bonds.

Date	Major resolutions
	8.Passed the proposal for setting the record date for capital increase from issuing new shares converted from the Company's fifth unsecured convertible corporate bonds. 9. Passed the proposal for appointing the Company Secretary. 10.Passed the proposal for protocoling "procedures for responding to requests from directors". 11.Passed the proposal for providing associated guarantee for the subsidiaries, WT Microelectronics (Shenzhen) Co., Ltd. to obtain credit line from banks.

b.Major resolutions and implementation of the shareholders' meeting:

Date	Major resolutions
June 28, 2018	1. Adoption of the proposal for the 2017 Business Report and Financial Statements. 2. Adoption of the proposal for the 2017 earning distribution. Implementation: The 2017 earning distribution has been fully allocated. August 12, 2018 is set as the record date for dividend entitlement and August 31 of the same year is set as the cash dividend distribution date. The cash dividend is NT$ 2.5 per share. 3. Passed the proposal on the amendment to the "Articles of Incorporation". Implementation: It was approved by the Ministry of Economic Affairs with registration on July 13, 2018.

13.Directors or Supervisors have different opinions with records or written statements to the important resolutions of the Board of Directors in the most recent year and as of the printing date of the annual report: None.

14.The summary of the resignation and discharge of the Company's Chairman and President, accounting officer, finance officer, chief internal audit, and R&D officer in the most recent year and as of the printing date of the annual report: None.

D.Information on professional fee:

1.Accountants' fee brackets(Please tick the matching bracket or fill in the amount)

Name of the accounting firm	Name of CPA		Audit period	Remark
PricewaterhouseCoopers Taiwan	Sheng-Chung Hsu	Han-Chi Wu	2018	

Unit: NT$ thousands

Range of amount \ Fees classification		Audit fees	Non-audit fees	Total
1	Less than 2,000			
2	2,000(inclusive)～4,000		V	2,760
3	4,000(inclusive)～6,000	V		5,190
4	6,000(inclusive)～8,000			
5	8,000(inclusive)～10,000			
6	Over 10,000(inclusive)			

2.If the non-audit fees paid to the CPA, the CPA's affiliated office and its related enterprise is more than one quarter of the audit fees, the amount of audit and non-audit fees and the content of non-audit services shall be disclosed:

Accountants' Fee

Unit: NT$ thousands

Name of the accounting firm	Name of CPA	Audit fee	Non-audit fees					Audit period	Remark
			System design	Industrial and commercial registration	Human Resources	Others	Subtotal		
PricewaterhouseCoopers Taiwan	Sheng-Chung Hsu	5,190				2,760	2,760	2018/01/01	(Note)
	Han-chi Wu							2018/12/31	

Note：Other items of the non-audit fees: There are fees of NT$ 550 thousand for providing transfer pricing analysis, fees of NT$ 120 thousand for handling the offering and issuance of securities from a capitalization of retained earnings, fees of NT$ 1,540 thousand for providing the Group’s master file and country-by-country report, fees of NT$ 450 thousand for preparing the corporate social responsibility report, and fees of NT$100 thousand for providing perennial tax consulting service.

3.If the accounting firm is changed and the audit fees paid in the year of the replacement is less than that of the previous year, the amounts of the audit fees before and after the replacement and the causes shall be disclosed: Not applicable.

4.If the audit fees were reduced more than 15% from that of the prior year, the reduction amount, percentage and reasons for the reduction of audit fees shall be disclosed : Not applicable.

E.Information on CPA’s replacement:

1.Former CPAs

<table>
<tr><td>Date of Change</td><td colspan="4">Approved by the Board of Directors on January 22, 2018</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="4">Due to the internal organizational adjustment of the accounting firm</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td colspan="2">Client
Status</td><td>CPA</td><td>Appointor</td></tr>
<tr><td colspan="2">Appointment terminated automatically</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td colspan="2">Appointment rejected (discontinued)</td><td>N.A.</td><td>N.A.</td></tr>
<tr><td>Reasons for issuing audit reports other than unmodified opinion in the last two years</td><td colspan="4">None</td></tr>
<tr><td rowspan="6">Is there any disagreement in opinion with the issuer</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial statements</td></tr>
<tr><td></td><td colspan="2">Auditing scope or procedures</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">V</td></tr>
<tr><td colspan="4">Explanation</td></tr>
<tr><td>Supplementary Disclosure (In accordance with the disclosures specified in Items 1-4 to 1-7, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies)</td><td colspan="4">None</td></tr>
</table>

2.Successor CPAs

Accounting Firm	PricewaterhouseCoopers Taiwan
Name of CPA	Sheng-Chung Hsu and Han-Chi Wu
Date of appointment	Approved by the Board of Directors on January 22, 2018
Prior to the appointment, any inquiry or consultation and results on the accounting treatment or accounting principles for specific transactions, and the type of audit opinion that might be rendered on the financial report	None
Written opinions from the successor CPAs that are different from the former CPA’s opinions	None

3.The reply of former CPAs on matters specified in Item 1 and Item 2-3, Paragraph 6, Article 10 of the Regulations Governing Information to be Published in Annual Reports of Public Companies: None.

F.Information about the Company’s Chairman, President, or manager(s) in charge of financial and accounting matters who have worked in the CPAs’ affiliated firm or its associated enterprise in the past year:None.

G. Changes in the equity (share transfer and pledge) of Directors, Supervisors, managers, and shareholders with a shareholding of more than 10%:

1. Changes in the equity of Directors, Supervisors, managers, major shareholders

Unit：Shares

Title	Name	2018		As of April 30, 2019	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman and CEO	Eric Cheng	—	—	—	12,400,000
Director and Senior Vice President	Kerry Hsu	—	4,200,000	—	—
Director	John Cheng	—	—	—	—
Director	Margaret Kao	—	—	—	—
Independent Director	Terry Cheng	—	—	—	—
Independent Director	Elaine Kung	—	—	—	—
Legal person Supervisor	Tang Ye Investment Co., Ltd.	—	1,600,000	—	—
Representative of egal person Supervisor	Chih-Hsiung Wu(Tang Ye Investment Co., Ltd.)	—	—	—	—
Supervisor	Rita Hu	—	—	—	—
Senior Vice President	Jack Yang	—	—	—	—
Senior Vice President	James Wen	—	—	—	—
Senior Vice President	Rick Chang	—	—	—	—
Vice President	Willie Sun	—	—	—	—
Vice Presiden Chief Accountant	Cheryl Yang	—	—	—	—
Vice President(Note 1)	Jerry Chang	—	—	N.A.	N.A.
Vice President(Note 1)	Joseph Tzou	—	—	N.A.	N.A.
Vice President(Note 1)	Brian Ko	—	—	N.A.	N.A.
Vice President(Note 1)	Tony Chou	—	—	N.A.	N.A.
Vice President(Note 1)	Edward Kao	—	—	N.A.	N.A.
Vice President(Note 2)	Morris Lin	(8,000)	—	N.A.	N.A.
Vice President(Note 2)	SY Chang	—	—	N.A.	N.A.
Vice President(Note 2)	Johnny Ou	—		N.A.	N.A.
Vice President(Note 2)	Sophia Tseng	—		N.A.	N.A.
Vice President(Note 2)	Freddy Lin	(8,000)	—	N.A.	N.A.
Assistant Vice President and Finance Supervisor	Jason Lu	—	—	—	—

Note 1：Vice President Mr. Jerry Chang, Mr. Joseph Tzou, Mr. Brian Ko, Mr. Tony Chou and Mr. Edward Kao were released from their position on May 31, 2018.

Note 2：Vice President Mr. Morris Lin, Mr. SY Chang, Mr. Johnny Ou, Ms. Sophia Tseng, and Mr. Freddy Lin were released from their position on June 30, 2018.

2. Shares Trading with Related Parties: None.

3. Shares Pledge with Related Parties: None.

H.Information on the top-ten shareholders and their relationship of interested parties, or spouse, and relatives within the second degree of kinship:

April 23, 2019 (Book Closure Date)

Name (Note 1)	Current shareholding		Spouse's and Minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives within two Degree		Remark
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Name	Relationship	
Eric Cheng	28,177,112	4.79%	8,356,543	1.42%	0	0%	Kerry Hsu	Spouse	None
CIBC World Markets Inc.	21,406,138	3.64%	0	0%	0	0%	None	None	None
First Private High No 5	17,789,457	3.02%	0	0%	0	0%	None	None	None
E-Fan Investments CO., LTD. Representative : Beny Weii	13,496,297 0	2.29% 0%	0 0	0% 0%	0 0	0% 0%	None	None	None
Prodigy Fund SPC	12,818,206	2.18%	0	0%	0	0%	None	None	None
JP Morgan Chase Bank N.A. Taipei Branch in custody for Aviva Morley	12,026,543	2.04%	0	0%	0	0%	None	None	None
Shao Yang Investment Limited Representative : Kerry Hsu	9,137,911 8,356,543	1.55% 1.42%	0 28,177,112	0% 4.79%	0 0	0% 0%	Kerry Hsu	Representative	None
Taiwan Cooperative Bank Representative : Chung-Dar Lei	8,970,000 0	1.53% 0%	0 0	0% 0%	0 0	0% 0%	None	None	None
HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies	8,359,481	1.42%	0	0%	0	0%	None	None	None
Kerry Hsu	8,356,543	1.42%	28,177,112	4.79%	0	0%	Eric Cheng Shao Yang Investment Limited	Spouse Representative	None

Note 1: The names of all top ten shareholders shall be listed, and the names of legal person shareholder and representative shall be listed separately .

Note 2: The shareholding percentage is calculated based on the total number of outstanding shares of 588,121,760.

I.The number of shares of the same investee held by the Company, the Company's Directors, Supervisors, and managerial officers, and the businesses controlled directly or indirectly by the Company, and the consolidated shareholding ratio:

December 31, 2018/Unit：1000 shares

Investee	Investment from the Company		Investments from Directors, Supervisors, managerial officers and their directly or indirectly controlled enterprises		Total investments	
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)
Wintech Microelectronics Holding Limited	115,324	99.65	407	0.35	115,731	100.00
Techmosa International Incorporation	73,949	100.00	—	—	73,949	100.00
Nuvision Technology, Inc.	28,217	99.91	—	—	28,217	99.91
Milestone Investment Co., Ltd.	4,500	100.00	—	—	4,500	100.00
SinYie Investment Co., Ltd.	2,900	100.00	—	—	2,900	100.00
AboveE Technology Inc.	500	100.00	—	—	500	100.00
Morrihan International Corp.	283,760	100.00	—	—	283,760	100.00
Maxtek Technology Co., Ltd.	70,220	100.00	—	—	70,220	100.00
BSI Semiconductor Pte. Ltd.	7,544	100.00	—	—	7,544	100.00
MSD Holdings Pte. Ltd.	200	100.00	—	—	200	100.00
Promising Investment Limited	—	—	62,333	100.00	62,333	100.00
Wintech Investment Co., Ltd.	—	—	21,021	100.00	21,021	100.00
WT Microelectronics (Shanghai) Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
Wintech Microelectronics Ltd.	—	—	3,000	100.00	3,000	100.00
Wintech Microelectronics Limited	—	—	5	100.00	5	100.00
WT Technology Pte. Ltd.	—	—	5,000	100.00	5,000	100.00
WT Solomon QCE Ltd.	—	—	110,000	100.00	110,000	100.00
WT Microelectronics (Hong Kong) Limited	—	—	12,528	100.00	12,528	100.00
Nino Capital Co., Ltd.	—	—	311	100.00	311	100.00
Rich Web Ltd.	—	—	22,974	100.00	22,974	100.00
WT Technology (H.K.) Limited	—	—	1,000	100.00	1,000	100.00
WT Microelectronics Singapore Pte. Ltd.	—	—	1,500	100.00	1,500	100.00
WT Microelectronics (Malaysia) Sdn. Bhd.	—	—	500	100.00	500	100.00
WT Technology Korea Co., Ltd.	—	—	3,980	100.00	3,980	100.00
Shanghai WT Microelectronics Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
WT Microelectronics (Shenzhen) Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
WT Microelectronics (Thailand) Co., Limited.	—	—	300	100.00	300	100.00
Hotech Electronics Corp.	—	—	500	100.00	500	100.00
Asia Latest Technology Limited	—	—	1,120	100.00	1,120	100.00
Morrihan International Trading (Shanghai) Co., Ltd.	—	—	Note 2	100.00	Note 2	100.00
JCD Optical (CAYMAN) Co., Ltd.	—	—	5,869	23.07	5,869	23.07
Supreme Mega Ltd.	—	—	14,917	47.98	14,917	47.98
Joy Capital Ltd.	—	—	1,200	17.65	1,200	17.65
Rainbow Star Group Limited	—	—	19	24.65	19	24.65
Anius Enterprise Co., Ltd.	—	—	0.001	100.00	0.001	100.00
Mega Source Co., Ltd.	—	—	0.001	100.00	0.001	100.00
Morrihan Singapore Pte. Ltd.	—	—	9,500	100.00	9,500	100.00

Investee	Investment from the Company		Investments from Directors, Supervisors, managerial officers and their directly or indirectly controlled enterprises		Total investments	
	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)	Shares	Shareholding percentage (%)
Wonchang Semiconductor Co., Ltd.	—	—	54	100.00	54	100.00
Techmosa International Holding Ltd.	—	—	0.001	100.00	0.001	100.00
Hongtech Electronics Co., Ltd.	—	—	11,500	100.00	11,500	100.00
Lacewood International Corp.	—	—	30	100.00	30	100.00
Best Winner International Development Ltd.	—	—	21	100.00	21	100.00
Maxtek International (HK) Limited	—	—	6,000	100.00	6,000	100.00
Qwave Technology Co., Ltd.	—	—	4,000	40.00	4,000	40.00

Note 1:This table is based on the Company’s investments accounted for using equity method.

Note 2: The investee has not issued shares, so there are no shares held.

IV.Capital overview

A.Capital and Shares:

1.Source of capital

May 8, 2019

Unit：Shares/ NT$ thousand

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
1993.12	10	1,000,000	10,000,000	1,000,000	10,000,000	Establishment capital	-	-
1997.02	10	4,000,000	40,000,000	4,000,000	40,000,000	Cash capital increase of NT$30,000,000	-	Jing (086) Shang No.102358 on February 24, 1997
1998.08	10	20,000,000	200,000,000	8,000,000	80,000,000	Cash capital increase of NT$40,000,000	-	Jing (087) Shang No.126008 on August 31, 1998
1999.05	10	20,000,000	200,000,000	19,920,000	199,200,000	Capital increase of NT$119,200,000 from capital surplus	-	Jing (088) Shang No.118977 on May 31, 1999
1999.08	10	45,000,000	450,000,000	26,420,000	264,200,000	Capital increase of NT$15,000,000 from earnings Cash capital increase of NT$50,000,000	-	Jing (088) Shang No.131744 on August 31, 1999
2000.01	10	45,000,000	450,000,000	36,000,000	360,000,000	Cash capital increase of NT$95,800,000	-	Jing (089) Shang No.147621 on January 4, 2000
2000.07	10	100,000,000	1,000,000,000	60,000,000	600,000,000	Capital increase of NT$72,000,000 from earnings Cash capital increase of NT$168,000,000	-	Jing (089) Shang No.124682 on July 20, 2000
2001.07	10	110,000,000	1,100,000,000	73,600,000	736,000,000	Capital increase of NT$96,000,000 from earnings Capital increase of NT$30,000,000 from capital surplus Capital increase of NT$10,000,000 from employee bonuses	-	Jing (090) Shang No.09001239630 on July 5, 2001
2001.07	10	110,000,000	1,100,000,000	83,600,000	836,000,000	Cash capital increase of NT$100,000,000	-	Jing (090) Shang No. 09001273340 on July 23, 2001
2001.11	10	162,000,000	1,620,000,000	83,600,000	836,000,000	-	-	Jing (090) Shang No.09001459820 on November 21, 2001
2002.05	10	162,000,000	1,620,000,000	88,074,070	880,740,700	Share capital of NT $44,740,700 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09101151070 on May 7, 2002

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2002.09	10	207,000,000	2,070,000,000	99,801,330	998,013,300	Capital increase of NT$26,422,200 from earnings Capital increase of NT$17,614,800 from capital surplus Capital increase of NT$16,000,000 from employee bonuses Share capital of NT $57,235,600 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No. 09101388030 on September 24, 2002
2002.10	10	207,000,000	2,070,000,000	100,224,254	1,002,242,540	Share capital of NT $4,229,240 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09101423080 on October 18, 2002
2003.02	10	207,000,000	2,070,000,000	100,318,692	1,003,186,920	Share capital of NT $944,380 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09201035450 on February 7, 2003
2003.02	10	207,000,000	2,070,000,000	101,251,497	1,012,514,970	Share capital of NT $9,328,050 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09201048310 on February 18, 2003
2003.07	10	207,000,000	2,070,000,000	102,790,884	1,027,908,840	Share capital of NT $15,393,870 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09201223510 on July 29, 2003
2003.09	10	207,000,000	2,070,000,000	117,256,123	1,172,561,230	Capital increase of NT$50,549,240 from earnings Capital increase of NT$21,000,000 from employee bonuses Share capital of NT $73,103,150 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09201262100 on September 9, 2003
2003.10	10	207,000,000	2,070,000,000	120,548,840	1,205,488,400	Share capital of NT $32,927,170 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09201295170 on October 23, 2003

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2004.02	10	207,000,000	2,070,000,000	121,483,575	1,214,835,750	Share capital of NT $8,947,350 converted from convertible corporate bonds Share capital of NT$400,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09301019930 on February 9, 2004
2004.04	10	207,000,000	2,070,000,000	123,607,135	1,236,071,350	Share capital of NT $20,295,600 converted from convertible corporate bonds Share capital of NT$940,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09301074650 on April 28, 2004
2004.07	10	207,000,000	2,070,000,000	123,727,135	1,237,271,350	Share capital of NT$1,200,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09301132380 on July 29, 2004
2004.09	10	207,000,000	2,070,000,000	132,747,513	1,327,475,130	Capital increase of NT$59,203,780 from earnings Capital increase of NT$31,000,000 from employee bonuses	-	Jing-Shou-Shang-Zi No.09301161020 on September 6, 2004
2004.10	10	207,000,000	2,070,000,000	132,813,301	1,328,133,010	Share capital of NT$657,880 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09301200180 on October 29, 2004
2005.01	10	207,000,000	2,070,000,000	132,887,860	1,328,878,600	Share capital of NT$745,590 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09401008850 on January 19, 2005
2005.04	10	207,000,000	2,070,000,000	133,098,380	1,330,983,800	Share capital of NT$2,105,200 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.09401069970 on April 25, 2005
2005.09	10	285,000,000	2,850,000,000	159,838,821	1,598,388,210	Capital increase of NT$162,431,720 from earnings Capital increase of NT$40,000,000 from employee bonuses Capital increase of NT$64,972,690 from capital surplus	-	Jing-Shou-Shang-Zi No.09401177660 on September 14, 2005

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2006.01	10	285,000,000	2,850,000,000	159,685,821	1,596,858,210	Capital decrease of NT$1,530,000 by cancelling treasury stock	-	Jing-Shou-Shang-Zi No.09501000970 on January 4, 2006
2006.09	10	285,000,000	2,850,000,000	160,039,140	1,600,391,400	Share capital of NT$553,190 converted from convertible corporate bonds，Share capital of NT$2,980,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09501238570 on October 23, 2006
2006.10	10	285,000,000	2,850,000,000	168,605,885	1,686,058,850	Capital increase of NT$45,667,450 from earnings Capital increase of NT$40,000,000 from employee bonuses	-	Jing-Shou-Shang-Zi No.09501239340 on November 1, 2006
2007.01	10	285,000,000	2,850,000,000	171,332,885	1,713,328,850	Share capital of NT$27,270,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09601011050 on January 18, 2007
2007.04	10	285,000,000	2,850,000,000	171,641,885	1,716,418,850	Share capital of NT$3,090,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09601086210 on April 23, 2007
2007.07	10	285,000,000	2,850,000,000	171,962,885	1,719,628,850	Share capital of NT$3,210,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09601166330 on July 17, 2007
2007.09	10	285,000,000	2,850,000,000	180,433,312	1,804,333,120	Capital increase of NT$49,704,270 from earnings Capital increase of NT$35,000,000 from employee bonuses	-	Jing-Shou-Shang-Zi No.09601228570 on September 17, 2007
2007.10	10	285,000,000	2,850,000,000	182,770,666	1,827,706,660	Share capital of NT$18,908,540 converted from convertible corporate bonds，Share capital of NT$4,465,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09601255580 on October 19, 2007
2007.10	10	285,000,000	2,850,000,000	207,770,666	2,077,706,660	Cash capital increase of NT$250,000,000	-	Jing-Shou-Shang-Zi No.09601264920 on October 29, 2007

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2008.01	10	285,000,000	2,850,000,000	208,520,362	2,085,203,620	Share capital of NT$2,571,960 converted from convertible corporate bonds Share capital of NT$4,925,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09701011070 on January 17, 2008
2008.04	10	285,000,000	2,850,000,000	208,696,362	2,086,963,620	Share capital of NT$1,760,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09701090270 on April 16, 2008
2008.07	10	285,000,000	2,850,000,000	209,897,867	2,098,978,670	Share capital of NT$240,050 converted from convertible corporate bonds Share capital of NT$11,775,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09701176230 on July 22, 2008
2008.09	10	500,000,000	5,000,000,000	227,233,986	2,272,339,860	Capital increase of NT$103,361,190 from earnings Capital increase of NT$70,000,000 from employee bonuses	-	Jing-Shou-Shang-Zi No.09701226080 on September 5, 2008
2008.10	10	500,000,000	5,000,000,000	227,308,486	2,273,084,860	Share capital of NT$745,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09701264970 on October 17, 2008
2009.01	10	500,000,000	5,000,000,000	227,576,486	2,275,764,860	Share capital of NT$2,680,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.09801010610 on January 16, 2009
2009.04	10	500,000,000	5,000,000,000	226,928,486	2,269,284,860	Capital decrease of NT$6,480,000 by cancelling treasury stock	-	Jing-Shou-Shang-Zi No.09801076660 on April 21, 2009
2009.07	10	500,000,000	5,000,000,000	225,650,486	2,256,504,860	Capital decrease of NT$12,780,000 by cancelling treasury stock	-	Jing-Shou-Shang-Zi No.09801155520 on July 15, 2009
2009.09	10	500,000,000	5,000,000,000	246,559,286	2,465,592,860	Capital increase of $209,088,000 converted from shares	-	Jing-Shou-Shang-Zi No.09801202130 on September 7, 2009

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2009.09	10	500,000,000	5,000,000,000	250,247,336	2,502,473,360	Capital increase of NT$22,268,050 from earnings Capital increase of NT$14,612,450 from employee bonuses	–	Jing-Shou-Shang-Zi No.09801220380 on September 23, 2009
2011.04	10	500,000,000	5,000,000,000	251,917,336	2,519,173,360	Share capital of NT$16,700,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10001081830 on April 26, 2011
2011.07	10	500,000,000	5,000,000,000	252,321,336	2,523,213,360	Share capital of NT$4,040,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10001160200 on July 20, 2011
2011.08	10	500,000,000	5,000,000,000	257,309,743	2,573,097,430	Capital increase of NT$49,884,070 from earnings	–	Jing-Shou-Shang-Zi No.10001185140 on August 16, 2011
2011.09	10	500,000,000	5,000,000,000	287,309,743	2,873,097,430	Cash capital increase of NT$300,000,000	–	Jing-Shou-Shang-Zi No.10001217080 on September 16, 2011
2011.10	10	500,000,000	5,000,000,000	287,582,743	2,875,827,430	Share capital of NT$2,730,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10001238530 on October 17, 2011
2012.01	10	500,000,000	5,000,000,000	288,224,743	2,882,247,430	Share capital of NT$6,420,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10101008880 on January 17, 2012
2012.02	10	500,000,000	5,000,000,000	328,674,884	3,286,748,840	Capital increase of $404,501,410 converted from shares	–	Jing-Shou-Shang-Zi No.10101020360 on February 8, 2012
2012.04	10	500,000,000	5,000,000,000	329,204,884	3,292,048,840	Share capital of NT$5,300,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10101064440 on April 13, 2012
2012.07	10	500,000,000	5,000,000,000	329,350,884	3,293,508,840	Share capital of NT$1,460,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10101135740 on July 12, 2012
2012.08	10	500,000,000	5,000,000,000	336,530,111	3,365,301,110	Capital increase of NT$97,992,270 from earnings Capital decrease of NT$26,200,000 by cancelling treasury stock	–	Jing-Shou-Shang-Zi No.10101171020 on August 21, 2012
2012.10	10	500,000,000	5,000,000,000	337,176,111	3,371,761,110	Share capital of NT$6,460,000 converted from employee stock warrants	–	Jing-Shou-Shang-Zi No.10101214010 on October 16, 2012

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2013.01	10	500,000,000	5,000,000,000	337,565,111	3,375,651,110	Share capital of NT$3,890,000 converted from employee stock warrants	-	Jing-Shou-Shang-Zi No.10201002180 on January 4, 2013
2014.08	10	500,000,000	5,000,000,000	354,443,367	3,544,433,670	Capital increase of NT$168,782,560 from earnings	-	Jing-Shou-Shang-Zi No.10301168370 on August 15, 2014
2015.03	10	500,000,000	5,000,000,000	406,943,367	4,069,433,670	Cash capital increase of NT$525,000,000	-	Jing-Shou-Shang-Zi No.10401047010 on March 24, 2015
2015.08	10	500,000,000	5,000,000,000	447,637,704	4,476,377,040	Capital increase of NT$406,943,370 from earnings	-	Jing-Shou-Shang-Zi No.10401174520 on August 21, 2015
2016.08	10	500,000,000	5,000,000,000	470,019,590	4,700,195,900	Capital increase of NT$223,818,860 from earnings	-	Jing-Shou-Shang-Zi No.10501204690 on August 23, 2016
2016.11	10	500,000,000	5,000,000,000	471,519,573	4,715,195,730	Share capital of NT$14,999,830 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10501270180 on November 22, 2016
2017.04	10	500,000,000	5,000,000,000	475,702,899	4,757,028,990	Share capital of NT$41,833,260 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10601048110 on April 17, 2017
2017.07	10	500,000,000	5,000,000,000,	475,741,787	4,757,417,870	Share capital of NT$388,880 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10601102780 on July 21, 2017
2017.11	10	500,000,000	5,000,000,000	477,222,724	4,772,227,240	Share capital of NT$14,809,370 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10601159910 on November 29, 2017
2018.01	10	700,000,000	7,000,000,000	552,222,724	5,522,227,240	Cash capital increase of NT$750,000,000	-	Jing-Shou-Shang-Zi No.10601174870 on January 2, 2018
2018.01	10	700,000,000	7,000,000,000	552,261,880	5,522,618,800	Share capital of NT$391,560 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10701011480 on January 31, 2018
2018.05	10	700,000,000	7,000,000,000	552,545,012	5,525,450,120	Share capital of NT$2,831,320 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10701053950 on May 25, 2018
2018.07	10	700,000,000	7,000,000,000	552,569,108	5,525,691,080	Share capital of NT$240,960 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10701089470 on July 24, 2018

Year /Month	Par Value (NT$)	Authorized Capital		Paid-in capital		Remark		
		Shares	Amount	Shares	Amount	Sources of Capital	Capital Increased by Assets Other than Cash	Other
2018.11	10	700,000,000	7,000,000,000	555,188,915	5,551,889,150	Share capital of NT$26,198,070 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10701143110 on November 27, 2018
2019.01	10	700,000,000	7,000,000,000	557,610,620	5,576,106,200	Share capital of NT$24,217,050 converted from convertible corporate bonds	-	Jing-Shou-Shang-Zi No.10801008050 on January 19, 2019
2019.05	10	700,000,000	7,000,000,000	586,642,530	5,866,425,300	Share capital of NT$290,319,100 converted from convertible corporate bonds	-	In the process of changing registration

Unit：Shares

Type of Stock	Authorized Share Capita			Remark
	Outstanding shares (Note)	Unissued shares	Total	
Registered Common Stock	588,121,760	111,878,240	700,000,000	None

Note：Shares of listed companies and there are including 1,479,230 shares of convertible corporate bonds in April, 2019 that has not been registration.

2.Information for shelf registration :None.

3.Status of Shareholders：

Record date of shareholding:April 23, 2019 (Book Closure Date)

Shareholder structure / Number	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	23	302	40,040	184	40,553
Shareholding (shares)	14,284,967	56,177,507	91,937,859	259,645,715	166,075,712	588,121,760
Percentage	2.43%	9.55%	15.63%	44.15%	28.24%	100.00%

4.Shareholding Distribution Status:

(a)Distribution Profile of Common Shares Ownership

April 23, 2019(Book Closure Date)

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1 to 999	18,538	1,906,759	0.32%
1,000 to 5,000	14,928	32,419,922	5.51%
5,001 to 10,000	3,257	24,512,997	4.17%
10,001 to 15,000	1,166	14,533,739	2.47%
15,001 to 20,000	692	12,298,150	2.09%
20,001 to 30,000	677	16,900,448	2.87%
30,001 to 40,000	328	11,419,243	1.94%
40,001 to 50,000	229	10,447,997	1.78%
50,001 to 100,000	346	24,037,533	4.09%
100,001 to 200,000	182	25,266,355	4.30%
200,001 to 400,000	89	24,192,861	4.11%
400,001 to 600,000	22	10,967,805	1.87%
600,001 to 800,000	11	7,679,390	1.31%
800,001 to 1,000,000	7	6,385,839	1.09%
Over 1,000,001	81	365,152,722	62.08%
Total	40,553	588,121,760	100.00%

(b)Distribution Profile of Preferred Share Ownership:N.A.

5.List of Major Shareholders(top 10 shareholding):

Shares / Major Shareholders	Shareholding	Percentage
Eric Cheng	28,177,112	4.79%
CIBC World Markets Inc.	21,406,138	3.64%
First Private High No 5	17,789,457	3.02%
E-Fan Investments CO., LTD.	13,496,297	2.29%
Prodigy Fund SPC	12,818,206	2.18%
JP Morgan Chase Bank N.A. Taipei Branch in custody for Aviva Morley	12,026,543	2.04%
Shao Yang Investment Limited	9,137,911	1.55%
Taiwan Cooperative Bank	8,970,000	1.53%
HSBC Global Investment Funds - Asia Ex Japan Equity Smaller Companies	8,359,481	1.42%
Kerry Hsu	8,356,543	1.42%

6.Market price per share, net value, earnings, dividends and related information for the past two years:

Unit: NT$

Item			2017	2018	As of May 8, 2019 (Note 8)
Market Price Per Share (Note 1)	Highest Market Price		51.40	47.70	42.00
	Lowest Market Price		42.30	38.40	38.40
	Average Market Price		46.59	43.99	40.39
Net Worth Per Share	Before Distribution		36.36	39.28	—
	After Distribution		33.86 (Note 2)	(Note 3)	—
Earnings Per Share	Weighted Average Shares (thousand shares)		479,475	553,629	—
	Diluted Earnings Per Share		5.26	5.02	—
	Adjusted Diluted Earnings Per Share(Note 4)		5.26	5.02	—
Dividends Per Share (Note 3)	Cash Dividends		2.5	2.36	—
	Stock Dividend Distribution	Stock Dividend from Retained Earnings	—	—	—
		Stock Dividend from Capital Surplus	—	—	—
	Accumulated Undistributed Dividends		—	—	—
Return on Investment	Price/Earnings Ratio (Note 5)		8.73	8.73	—
	Price/Dividend Ratio (Note 6)		18.36	18.58	—
	Cash Dividend Yield Rate (Note 7)		5.45%	5.38%	—

＊If there is surplus or capital reserve to increase capital allocation, the market price and cash dividend information retrospectively adjusted based on the number of shares shall be disclosed.

Note 1:The highest and lowest market prices of common stocks for each year were listed, and the average market price for each year was calculated based on the annual transaction value and volume.

Note 2:It is based on the distribution resolved by the shareholders meeting of the next year.

Note 3:The distribution of 2018 earnings of the Company is listed in accordance to the resolution of the Board of Directors meeting on May 8, 2019, and yet to be approved by the resolution of the shareholders'meeting.

Note 4:It is based on the weighted average number of outstanding shares in the current year and retrospectively adjusted over the increased weighted average of outstanding shares through capital increases out of earnings or capital surplus throughout the years.

Note 5:Price / earnings ratio = Average closing price per share for the year / earnings per share

Note 6:Price / dividend ratio = Average closing price per share for the year / cash dividends per share

Note 7:Cash dividend yield rate = cash dividends per share / average closing price per share for the year

Note 8:For the net value per share and earnings per share, data as of the printing date of the annual report has not been certified by CPAs; for the other columns, data was as of the printing date (May 8, 2019) of the Annual Report in the current year.

7.The Company’s Dividend Policy and Implementation Status:

(a)Dividend Policy

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 its operational planning, investment plans, capital budgets, and internal and external environmental changes. The Company's business 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 earning distribution is based on the principle of not less than 40% of the distributable earnings for the year. Considering the future profits and the growth of fund demand, for the distribution of stock dividends and cash dividends, the distribution of cash dividends shall not be less than 10% of the dividends distributed in the current year. If the total earning distribution exceeds 30% of the paid-up capital before the distribution, the cash dividend shall not be less than 20% of the dividends distributed in the current year.

(b)The proposed distribution of dividend this shareholders' meeting

WT Microelectronics Co., Ltd.
Table for Distribution of Earnings
2018

Unit: NT$

Undistributed earnings at the beginning of the period		$ 2,774,187,884
Less: Adjustments under IFRS 9		(75,667,989)
Remeasurements of defined benefit plan in 2018		(4,784,633)
Add：Transfer from disposal of financial assets at fair value through other comprehensive income to retained earnings		277,925,205
Adjusted undistributed earnings		2,971,660,467
Add: Net income after tax in 2018	$ 2,778,228,955	
Less: Legal reserve (10%)	(277,822,896)	
Less: Special reserve	(34,465,429)	
Total distributable earnings in 2018		2,465,940,630
Accumulated distributable earnings at the end of the period		5,437,601,097
Less: Distributed earnings		
Cash dividends (NT$2.36 per share)		(1,387,967,354)
Total Undistributed earnings at the end of the period		$ 4,049,633,743

Note 1: Earnings in 2018 are distributed first.
Note 2: Distribution of dividend is based on 588,121,760 shares issued upon resolution of the Board of Directors on May 8, 2019.

Chairman：Eric Cheng

Managerial officer：Eric Cheng

Chief Accountant：Cheryl Yang

8.The impact of the stock dividend distribution proposed in the shareholders' meeting on the Company's business performance and the earnings per share:

Not applicable. There is no stock dividend distribution proposed in this shareholders’ meeting.

9.Remuneration to Employees, Directors and Supervisors：

a.The percentage or range of earnings as remuneration to Employees , Directors and Supervisors specified in the Company's Articles of Incorporation:

Article 19 of the Company's Articles of Incorporation

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 3% to directors and supervisors as their remuneration. If the Company has accumulated losses, the reserve shall be appropriated to offset such losses.

The remuneration to employees specified in the preceding subparagraph may be paid in stock or cash, which may include employees of subordinate companies with certain qualifications. The remuneration of directors and supervisors may only be distributed in cash.

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

b.The basis for estimating the amount of employee, director, and supervisor compensation, for calculating the number of shares to be distributed as employee compensation, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

The distribution of compensation to directors and supervisors is subject to the requirements of the law and the Company's dividend policy. The appropriation amount is recognized as the operating expenses for the current year. However, if the actual distribution amount resolved by the Board of Directors is different from the estimated amount, it is recognized as profit and loss for the following year.

c.The distribution of Compensation resolved by the Board of Directors：

(1)Recommended Distribution of Compensation of Employees, Directors and Supervisors:

(a)Employees compensation in cash：NT$ 31,900,000.

(b)Employees compensation in stock：None.

(c)Directors' and Supervisors' Compensation：NT$ 12,000,000

The aforementioned amount of the proposed distribution is the same as the 2018 estimated expense. There is No difference.

(2)The amount of any employee compensation distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total employee compensation: None.

d.If the actual distribution of compensation to employees, directors, and supervisors in the previous year(including number of shares distributed, amount, and stock price) was different from the compensation to employees, directors, and supervisors recognized, the amount of difference, root cause, and accounting treatment shall be stated:

The Company’s estimated employee compensation in 2017 was NT$28,740,000, and the compensation to directors and supervisors was NT$12,000,000. There is No difference. between the estimated amount and the actual distribution amount.

10.Buyback of Treasury Stock: None

B.Issuance of Corporate Bonds:

1.Issuance of Corporate Bonds

<table>
<tr><td colspan="2">Type of Corporate Bonds</td><td>Fifth domestic unsecured convertible corporate bonds</td></tr>
<tr><td colspan="2">Issue Date</td><td>July 7, 2016</td></tr>
<tr><td colspan="2">Denomination</td><td>NT$ 100,000</td></tr>
<tr><td colspan="2">Issuing and transaction location</td><td>Taiwan, R.O.C.</td></tr>
<tr><td colspan="2">Issue Price</td><td>Issued by denomination</td></tr>
<tr><td colspan="2">Total amount</td><td>NT$ 1.5 billion</td></tr>
<tr><td colspan="2">Coupon rate</td><td>coupon rate of 0%</td></tr>
<tr><td colspan="2">Tenor</td><td>3 years Maturity Date:July 7, 2019</td></tr>
<tr><td colspan="2">Guarantor agency</td><td>None</td></tr>
<tr><td colspan="2">Consignee</td><td>Trust Department, Mega Bank</td></tr>
<tr><td colspan="2">Underwriting institution</td><td>Grand Fortune Securities Co., Ltd.</td></tr>
<tr><td colspan="2">Certified lawyer</td><td>Libra Attorneys-At-Law
Attorney: Chan, Kang- Jung</td></tr>
<tr><td colspan="2">CPA</td><td>PricewaterhouseCoopers Taiwan
CPAs: Hsu, Yung-Chien and Hsu, Sheng-Chung</td></tr>
<tr><td colspan="2">Repayment method</td><td>Except when the holder of this convertible bond converts it into the Company’s common shares in accordance with Article 11 of this Terms, or the Company buys it back from the securities firm, the Company shall pay the par value in lump sum cash payment upon maturitys.</td></tr>
<tr><td colspan="2">Outstanding principal</td><td>NT$ 119,200,000(as of April 23, 2019)</td></tr>
<tr><td colspan="2">Terms of redemption or advance repayment</td><td>None</td></tr>
<tr><td colspan="2">Restrictive clause</td><td>None</td></tr>
<tr><td colspan="2">Names of credit rating agency, rating date, rating of corporate bonds</td><td>N.A.</td></tr>
<tr><td rowspan="2">Other rights attached</td><td>As of the printing date of this annual report, converted amount of (exchanged or subscribed) ordinary shares, GDRs or other securities</td><td>43,102,170 shares</td></tr>
<tr><td>Issuance and conversion (exchange or subscription) method</td><td>For details, please refer to the Company’s terms of issuance and conversion of the fifth domestic unsecured convertible corporate bonds.</td></tr>
<tr><td colspan="2">Issuance and conversion, exchange or subscription method, issuing condition dilution, and impact on existing shareholders’ equity</td><td>For the issuance of convertible corporate bonds of NT$1.5 billion, with a conversion price of NT$40.5 at the time of issue, the maximum number of the Company's common stock convertible is approximately 37,037 thousand shares. Based on the number of 447,638 thousand shares outstanding and issued by the Company at the time of issue, the maximum diluted shareholding is approximately 7.64%. For shareholders' equity, as the conversion of corporate bonds into the Company’s common shares, in addition to reducing liabilities, it can also increase shareholders' equity, thereby increasing the net value per share. Thus, in the long run, shareholders' equity can be better protected.</td></tr>
<tr><td colspan="2">Transfer agent</td><td>N.A.</td></tr>
</table>

2.Information of convertible corporate bonds

Unit: NT$

Type of Corporate Bonds		Fifth domestic unsecured convertible corporate bonds	
Item / Year		2018	As of May 8, 2019
Market price of the convertible bond	Highest	151.00	134.00
	Lowest	122.00	123.00
	Average	131.29	126.40
Convertible Price		NT$31.3	
Issue date and conversion price at issuance		July 7, 2016 NT$40.5	
Fulfilling the conversion obligation		The Company's common stock is the subject of conversion, and the conversion obligation is fulfilled by issuing new shares. The new shares converted are by way of book-entry transfer, without printing the paper certificate.	

3.Information on exchangeable bonds:None.

4.Shelf registration relating to issuance of corporate bonds:None.

5.Information on corporate bonds with warrants:None.

C. Issuance of preferred shares:
None.

D. Issuance of overseas depository receipts:
None.

E. Issuance of employee stock warrants:
None.

F. Issuance of new restricted employee shares:
None.

G. Status of new share issuance in connection with mergers and acquisitions:
None.

H. Financing plans and implementation:
None.

V.Operational highlights

A.Business activities:

1.Scope of Business

a.Primary business content

(1)Processing, manufacturing, research and development, trading, and import and export of various electronic components and finished products.

(2)Manufacturing, trading, and import and export of various telephone equipment and components.

(3)General import and export trade business. (excluding 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.

b.Percentage of sales revenue

Unit: NT$ thousands

Product name	2018	Percentage of sales revenue
Application specific IC	22,263,146	8.14%
Analog IC (Including linear IC)	116,014,167	42.43%
Discrete component	15,942,063	5.83%
Chipset	14,649,833	5.36%
Logic IC	3,491,326	1.28%
Microprocessor	11,592,734	4.24%
Memory IC	22,241,044	8.13%
Others	67,222,172	24.59%
Total	273,416,485	100.00%

c.The Group's current product (service) items

(1)Semiconductor brands distributed

Ambarella, ADI (acquired Linear), Broadcom (acquired Avago), Diodes, ESMT,LG, Magnachip, Marvell (Marvell Technology), Maxim, Microchip (acquired Atmel and Microsemi), Micron, Nanya, NXP, Nuvoton, ON (acquired Fairchild), Philips Lumileds, Realtek(Realtek Semiconductor), Skyworks, Synaptics, Silicon Lab, ST Microelectronics, TI, etc.

(2)Agented semiconductor products

Logic IC, mixed signal IC, Linear IC, ASSP, discrete component, storage IC, Image sensing IC, high-speed interface component, interface and control driver component, analog IC, signal processing and conversion components, programmable IC, microprocessor, memory, etc.

d.New products (services) planned to develop

For the products’ future trend, the Company will focus on the four research and development objectives, namely (1) motor control; (2) network communication; (3) embedded system and processor; and (4) optoelectronic system design.

2.Industry overview

a.The current status and development of the industry

With the rapid development of the electronics industry, the scale of the global semiconductor industry continues to grow. In order to respond to the rapid changes in the market, the downstream electronics manufacturers need to continuously develop new products and reduce the product-to-market lead time, in order to seize business opportunities and enter the market early. However, upstream semiconductor integrated device manufacturers (IDM) and Fabless are more focused on improving processes and developing new products in order to save production costs and respond to rapidly-changing end markets so that they cannot provide comprehensive information and technical support to downstream manufacturers.

In order for the semiconductor supply chain to operate effectively, semiconductor distributors are beginning to take responsibility for manufacturers with logistics, technical support and related product information. Upstream suppliers have moved sales and support services to semiconductor distributors, and semiconductor distributors provide downstream customers with market information and product application technical support to help shorten the time-to-market. At the same time, with downstream customers' expansion of production bases, in order to effectively provide services such as customer logistics and technical support, semiconductor distributors also need to deploy more operating bases and warehouse facilities overseas, and actively strive to expand the distribution territory of vendors' products in order to enhance international competitiveness.

Faced with the challenges of rapid industrial changes and competition in the industry, the key to the success of a semiconductor distributor is its professional service quality and speed. As the development of the semiconductor industry is getting faster and faster, the life cycle of electronic components is becoming shorter and shorter. In addition to expanding market and serving customers, semiconductor distributors also need to play the role of sharing inventory costs and reducing payment collection pressure. For vendors, by moving the services of supporting customers to develop new products to semiconductor distributors, they can focus more on the development of new technologies and new products, in order to create more cutting-edge international competitiveness. Therefore, more and more vendors have developed more market opportunities through close cooperation and effective division of labor with semiconductor distributors.

b.The relationship between upstream, midstream and downstream in the industry

Upstream		**Midstream**		**Downstream**
Semiconductor component manufacturers Suppliers	→	Semiconductor component distributors Channel	→	Manufacturers of electronic products OBM/ODM/OEM

In the semiconductor distribution supply chain, upstream companies are semiconductor Integrated device manufacturers (IDM) and Fabless, downstream companies are electronics manufacturers, and semiconductor distributors are defined as the bridge between the upstream and downstream, providing professional supply chain management for both.

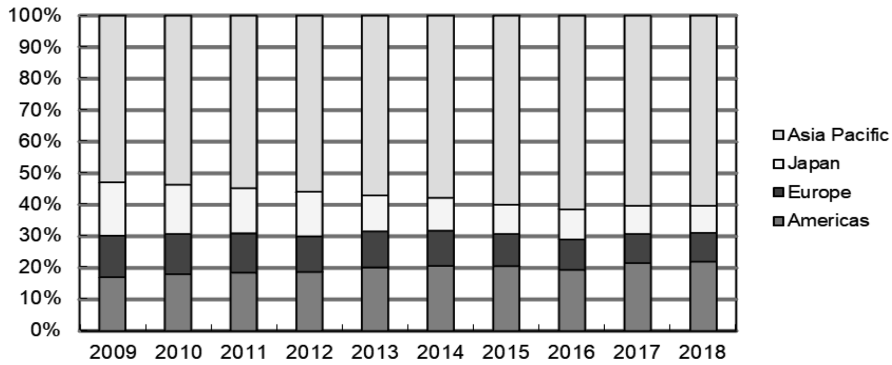
With the accelerated changes in the electronics industry, the shortened product life cycle, and the narrowing of product differentiation, in order to increase competitiveness, upstream vendors are increasingly focused on new product development and process improvement, continuing to transfer their original business marketing operations of providing product information and technical support services to customers to semiconductor distributors. Similarly, in order to take business opportunities and shorten time to market, downstream electronics manufacturers focus on the development of new applications, and rely more on the supply chain logistics services provided by semiconductor distributors to shorten supply schedule of components and reduce inventory, while enjoying more flexible payment terms.

In recent years, as the role of semiconductor distributors in the semiconductor supply chain has been transformed from pure buy-and-sell to professional value-added service providers, service items include multiple functions such as business marketing, logistics/inventory management, technical support, financial leverage, etc. Therefore, the industrial value of semiconductor distributors is increasing day by day, regarded by vendors and customers as strategic business partners.

c.Current status of the global semiconductor market

Since 2000, because of the competitive advantage of low cost, Asia, especially China, has become the world's major production base. According to the statistics of the World Semiconductor Trade Statistics (WSTS), the trend that the global semiconductor market continues to move to Asia can be observed. According to WSTS statistics, the Asia-Pacific semiconductor market reached US$282.9 billion in 2018, accounting for 60% of the global market. If combined with the Japanese market of 40 billion US dollars, Asia Semiconductor accounts for nearly 70% of the global semiconductor market, and Asia has become the fastest growing market for the global semiconductor distribution industry.

Semiconductor market share worldwide by region



Source: World Semiconductor Trade Statistics (WSTS)

Global semiconductor industry sales from 2014 to 2018

Unit:billion USD

Region	2014		2015		2016		2017		2018	
Americas	693	21%	687	21%	655	19%	885	21%	1,030	22%
Europe	375	11%	343	10%	327	10%	383	9%	430	9%
Japan	348	10%	311	9%	323	10%	366	9%	400	9%
Asia-Pacific	1,942	58%	2,011	60%	2,084	61%	2,488	60%	2,829	60%
Global Market	3,358	100%	3,352	100%	3,389	100%	4,122	100%	4,688	100%

Source: World Semiconductor Trade Statistics (WSTS)

d.Various development trends and competition of products

According to the application field analysis, among the product lines agented by the Group, computers and peripherals account for 20.7%, communication & network products account for 43.2%, consumer electronics account for 16.5%, industrial control applications account for 10.3%, and automotive electronics account for 6.1%.

(1)Computers and peripherals

According to Gartner, an international research and consulting firm, global PC shipments in 2018 were 259.2 million units, down about 1% from 2017. Since 2012, global PC shipments have declined for the seventh consecutive year, but the downward trend has slowed down compared to the past three years. Driven by the demand of commercial market, the PC market recovered some stability in the second quarter of 2018, growing by 1.3% compared with the second quarter of 2017, and achieving annual growth for the first time in six years. But the shortage of CPU chips inhibited the growth of the PC market in the fourth quarter of 2018. Benefited from more and more products that provide full-day battery life and coupled with the needs for high portability and computing power, users have become more cautious about purchasing PC products, and PCs are no longer a popular holiday gift option. However, the PC will not disappear from the consumer products, but it will be transformed to another kind of purpose-oriented special equipment. Because in the future, consumers will pay more attention to the quality and function of PC products, rather than comparing which product has the lowest price.

Looking ahead, Gartner believes that PC market demand has shown signs of stability. It is estimated that global PC shipments will reach 260.8 million units in 2019, which is about 1% higher than that in 2018. The demand in the commercial market will continue to drive market growth.

(2)Communication equipment

In recent years, the growth of the communication equipment industry has slowed down, mainly due to the reduction of related expenses of communication equipment of various operators. The global LTE/4G deployment has been basically completed, and the large-scale promotion of 5G network deployment has not yet fully started. However, the communication equipment industry has already ushered in a turning point. The research institute IHS estimates that the compound annual growth rate of the market will reach 3-4% in 2017-2021, and the growth momentum is mainly from the next generation 5G communication technology. According to the Topology Research Institute’s report, global telecom expenditures grew steadily in 2018, up 3.3% from 2017 to 2.28 trillion US dollars, and estimated to reach 2.36 trillion US dollars in 2019, with an annual growth rate of 3.4%. With the gradual commercialization of 5G, investment in this field will increase in 2019. Among them, fiber-based fixed broadband and backbone networks are the main expenditure items, and capital expenditures of China's three major telecom operators, South Korea's KT & SK Telecom, Japan's NTTDoCoMo, etc., will grow slightly.

(3)Mobile phones

The global mobile phone market has experienced significant growth in the past 10 years since 2000, but since 2014, the mobile phone market has become increasingly saturated with the sharp increase in penetration of smart phones and the elimination of subsidies by operators. According to Gartner's statistics, global mobile phone shipments totaled 1.82 billion units in 2018, down about 1% from 2017. Among them, smart phones accounted for 1.57 billion units, which was 2% higher than that in 2017. The growth rate was better than the overall mobile phone market, and the ratio of total sales increased to 86%.

The financial institution, JPMorgan, believes that the replacement demand and 5G will not be able to drive a large growth in mobile phone shipments in 2019. It is expected that 5G mobile phone shipments will be only 5 million units in 2019, but it will grow to 80 million units in 2020 and 200 million units in 2021. The research institution, Gartner, also believes that the global mobile phone market can only maintain a small growth of about 1% in 2019. Although mobile phone shipments will not increase significantly in 2019, its semiconductor content will continue to increase. The demand is mainly reflected in multiple cameras, 3D sensing, RF chips, under-panel touch, wireless charging, fast charging, etc. Therefore, the overall revenue of the mobile phone semiconductor market will grow slightly in 2019.

(4)Cloud data center

Driven by demand of AI, 5G, and autonomous driving, the global hyper-scale data centers will continue to be built. According to Cisco's Global Cloud Index, the world's hyper-scale data centers have exceeded 300 in 2016, and there will be 509 centers in 2019. The number is expected to reach 628 in 2021. In 2016-2021, the compound annual growth rate of global data center IP traffic will reach 25%, which will drive the growth of the related semiconductor demand.

(5)Industrial control field

In the field of industrial control, the security monitoring market is in full swing. With the global increase of security awareness, coupled with the trend of digitalization, high image quality and networking, it will become the driving force for the continued development of the security monitoring industry.

In the future, the business opportunities of the fourth wave of industrial revolution, "Industry 4.0," are highly anticipated. The basic system design architecture of "Industry 4.0" implementation is mainly integrated by a large number of sensors, actuators, automatic control systems, mesh networks and multi-network architectures. With the smart production structure of the systematic design, not only can the data from production equipment and sensing endpoint be returned to the cloud for integration, but also through the analysis of big data, the production process and detect production problems can be optimized, in order to have the coordination of stocking, inventory, shipping and sales to achieve the lowest cost, thus maximizing profitability. Under the "Industry 4.0" trend, it is expected that the future smart production demand will continue to push up the optimization of microcontroller and sensor design, and inject new growth momentum into the semiconductor component market, with promising prospect.

According to a report by the brokerage firm, BofA Merrill Lynch, the industrial semiconductor output value will grow at a compound growth rate of at least 5% per annum from 2017 to 2020. Among which, digitalization and electronic technology is gradually replacing the traditional model in the fields of industrial automation, testing/measurement, security monitoring, energy management, etc., providing momentum for the long-term development of industrial electronics.

(6)Automotive electronics

In recent years, under the comprehensive consideration of driving safety and humanization, the Advanced Driver Assistance System (ADAS) has gradually become a new manifestation, attracting international automakers to compete for automotive electronization. They work with semiconductor companies to integrate automotive and electronic control technologies to launch Internet of Vehicle solutions. In addition, under the requirements of government policies in various countries, applications such as anti-lock braking system (ABS), tire-pressure monitoring system (TPMS), electronic brake assist (EBS), lane departure warning system (LDWS), etc., have become standard equipment. Various sensors, microprocessors and control technologies have also driven the automotive semiconductor market to flourish.

In the future, automotive electronization will continue, and the semiconductor content rate on each vehicle will continue to increase. According to Gartner's report, the revenues of automotive semiconductors in 2018 exceeded $40 billion, and will reach $50 billion and $60 billion in 2020 and 2022, respectively. Growth momentum mainly comes from advanced driver assistance systems (ADAS), in-vehicle infotainment, (IVI) and electric vehicles (EV). Among them, advanced driver assistance system (ADAS) will have a compound annual growth rate of 20% in the next 5 years. EV will also be an important driving force for future automotive semiconductors. By 2020, the penetration rate of EV will increase from 1.5% in 2017 to 5%, and by 2025 it will reach 25-30%. In addition, according to Gartner's report, the value of semiconductor equipped in each vehicle will increase from the current US$400 to US$500 by 2020. It can be seen that even without considering the growth of vehicle shipments, the potential of the automotive semiconductor market is still huge.

3.Overview of Technology and R&D

a.Future research and development plan

The Group is mainly a professional channel operator of electronic components. For the products' future trend, the Company will focus on the four research and development objectives, namely (1) motor control;(2)network communication;(3)embedded system and processor; and (4) optoelectronic system design. At present, some relevant products have been successfully developed, further enabling customers to shorten the R&D design schedule, quickly solve and clarify problems, and assist customers in solving design and production problems.

b.R&D personnel and their eduction and work experience

The main work of the R&D personnel is to formulate various project plans according to the market development trend, systematically carry out product development work, and further complete testing verification to establish technological advantages. The Group attaches great importance to the quality and professional education of R&D personnel. All R&D personnel have college education or above, and most of them have worked in research and development, and are familiar with the process of customers' R&D work so that product development work and specifications can meet customer needs.

c.R&D expenses in the most recent year and as of the date of this annual report.

Unit: NT$ thousands

Item	2018 IFRSs consolidated information	As of April 30, 2019 IFRSs consolidated information
Net operating revenue	273,416,485	92,123,320
R&D expenses	367,592	98,506
R&D expenses as a percentage of revenue	0.13%	0.11%

d.Technologies or products successfully developed

Product	Application area
Full HD WDR Dual Channel Car Black Box	Automotive
Full HD WDR IP Camera	Surveillance
HD Pico Projectors	Consumer/Industrial
Sensorless BLDC Motor with Six Step Square Wave / quasi-sinusoidal control	Industrial/Automotive
Sensorless BLDC Motor with vector control	Industrial/Automotive
Smart coffee machine	Consumer
Electric bicycle motor control	Industrial/Automotive
Tire-pressure monitoring system	Automotive
Digital power supply	Power Supply
Smart energy-saving power grid management system	Home Automation
WiFi mobile cloud storage system	Consumer
Electronic faucet	Home Automation
Wireless charging (including transmission (TX) and reception (RX))	Mobile device (peripherals)
Infrared remote control for smart phones and tablets	Mobile device
Smart ring	Consumption market
Power bank	Consumption market
SOM(System on module)	Applications of embedded system in industrial computer
E-meter(Power meter)	Server power measurement
Smart Bulb	Home Automation (HA)/ IoT
Home Gateway	Home Automation (HA)/ IoT
Sensor hub for smartphones and tablets	Mobile device

Product	Application area
	Smart device(Phone/Tablet)
Pedometer	Wearable device Consumption market
Smart ECG module reference design	Mobile device
Digital power reference design for servers	Server power supply
Secondary optical lens in LED TV backlight reference design	LED TV
Personal wireless transmission sensing device and Bluetooth 5.0 broadcast reference design	Mobile device
Optical reference design for night vision illumination and time-of-flight ranging	Industrial security
High power isolated Ethernet power supply reference design	Network communication

4.Long-term and Short-term Business Development Plans

a.Short-term Business Development Plans

(1)Marketing strategies

(a)Expansion of agented product lines of communications, networking, imaging, computer and peripheral, automotive electronics, industrial control, Internet of Things and medical electronics:

The sales of the Group's product lines in communications, networking, imaging, computers and high-performance power application components has considerable bases. In addition to continuing to develop and grow in the area of traditional 3C products, the Company will continue to optimize its product portfolio, introduce new product lines that meet market demand and have high gross profit margins, strengthen product and market planning capabilities, and improve the overall market layout, such as in markets of automotive electronics, cloud data center, smart Internet of Things, 5G related applications, industrial control, green energy, medical equipment, etc. The Company will actively introduce market-competitive related agented product lines, and strive to provide diversification and completeness in products, so as to provide the benefits of the completed channels and professional services to customers.

(b)Actively developing new customers and improving customer layout in the Asia Pacific region:

In addition to continuing to support the existing customers' layout in the Asia Pacific region, the Company will also actively explore new customers, reduce customer concentration, strengthen sales power to the mainland China and South Korean and South Asian customers, provide better product solutions for customers, to solve the needs of some companies lacking R&D resources, and even obtain patent rights and form closer cooperation with customers. The Company will continue to build business bases in third- and fourth-tier cities in the mainland China to actively expand the sales network of inland cities and further improve the overall layout in Asia-Pacific.

(c)Expanding market influence:

The Company shall continue to increase investment and performance growth in the mainland China, expecting to maintain a growth rate that exceeds the market average. The key strategic markets are such as smart Internet of Things, cloud data center, inverter appliances, security monitoring, automation equipment and automotive electronics, and the Company shall enhance the performance of major customers and the penetration of small and medium-sized customers.

(d)Strengthening technology-oriented marketing strategies:

The short and diversified life cycle of electronic products has made the supply of components from upstream suppliers more difficult. Therefore, the Group is committed to applying engineering technology based on the professional expertise and technical capabilities accumulated through the long-term service to customers, and provides technical support solutions through professional division of labor. In the future, the Company will continue to strengthen the FAE and Design-in services, provide the best product portfolio and design according to the needs of downstream customers, and create higher product added value, becoming the communication bridge between upstream manufacturers and downstream customers.

(e)Improving long-term talent reserve:

In line with the Group's long-term development strategy, it plans to recruit new top graduates, reserve talents in advance, and optimize the Group's personnel mix in terms of level, quantity and structure so that the Group will have a more overall advantage in the future competition.

(f)Strengthening service quality and improving customer satisfaction:

The Company shall strengthen the sales ability and service quality of business personnel, improve the support ability of logistics personnel, establish a timely and efficient service system, and establish a high-quality customer service awareness of all employees, in order to enhance existing customers' satisfaction and develop potential customers in the future.

(2)Product strategies

(a)Increase technical value:

Products are heading towards the era of low profit, but the market is still fond of the new and tired of the old. It is important to develop new products quickly. Therefore, meeting the electronic products' trend of hi-mix low volume production is the key. If the Company provides customers with a large number of functional improved requirements through the provision of Turnkey solution, it will inevitably reduce the investment and deployment of system manufacturers' R&D manpower, and create a firm added value for distributors.

(b)Integration of upstream and downstream products:

Based on a deep partnership with customers, the Company will extend the agent distribution of new key components through upstream and downstream to achieve the goal of providing complete technical services.

(c)Application development and agent distribution for power management products:

As mobile devices become more powerful, the demand for power supply is becoming more and more strict. How to strengthen power management efficiency, reduce power consumption, and increase battery life has become a consistent research and development direction for all product manufacturers. The Group's agented product lines are diversified, and most of them are high-performance products that meet the technical requirements. In the future, the Company will continue to expand the agent distribution layout of power management and lead the trend in designing terminal product applications.

(3)Financial strategies

As the Company is a semiconductor distributor, the demand for working capital is strong. In addition to continuing to strengthen financial planning and maintain good relations with banks, based on the principle of conservative financial stability, the Company will increase its working capital through cash capital increase or issuance of convertible corporate bonds at an appropriate time, in response to the funding needs of increasing operation scale.

b.Longt-term Business Development Plans

(1)Developing complete and diversified agented product lines and authorized distribution regions

In line with market trends and customer needs, the Company shall continue to plan and introduce new agented products, enrich product categories, and provide key components needed for domestic and international electronics industries in response to relevant application fields. The Group shall strivie for good prices, good specifications, complete product lines, and meet all of customers' needs in one stop, the Group also will use its existing experience to actively establish a pan-Asia Pacific and China service network to serve customers nearby.

(2)Professional channel marketing strategy

The Company shall continue to strengthen the software and hardware development and the deployment of professional marketing personnel, in order to achieve real-time information exchange with upstream suppliers and downstream customers, and to expand marketing channels and expand the added value of agent distribution products with solid professional technology.

(3)Building long-term cooperative development of customer relationship and supplier relationship

The Company as an agent distributor plays an important role as to provide consultation to suppliers and service to customers, providing the most complete information and after-sales service for suppliers and customers.

(4)Actively cultivating talents

The Company focuses on the training of internal talents, explores high-potential talents, provides different responsibilities with the business development and growth of the Group, and customizes their development plans in accordance with their aptitude, in order to cultivate the mid- and high-level managerial talents needed for the Group's sustainable operation.

(5)Robust financial strategy

The Group's financial strategy is to expand its capital in a timely manner, taking into account the interests of shareholders and the Group's fund requirements for the future development. In the future, depending on the working capital needs, the Company shall use the capital market to obtain lower-cost funds in order to enrich the funds needed for the operation.

B.Market and production and sales overview:

1.Market Analysis

a.Sales regions of main products

Unit: NT$ thousands

Sales region \ Year		2017		2018	
		Amount	%	Amount	%
Export	Asia Pacific	153,358,426	80.96	220,975,979	80.82
	Others	7,467,253	3.94	8,814,490	3.22
Subtotal		160,825,679	84.90	229,790,469	84.04
Domestic sales		28,593,556	15.10	43,626,016	15.96
Total		189,419,235	100.00	273,416,485	100.00

b.Market shares

According to statistics from the The World Semiconductor Trade Statistics (WSTS), the semiconductor market scale in the Asia-Pacific region reached US$282.9 billion in 2018. The Group's 2018 net operating revenue was approximately US$9.07 billion, with a market share of approximately 3.2%. According to the Market Share Analysis: Semiconductor Distributors, Worldwide, 2018 issued by Gartner in 2019, the Group ranked second in the Asia-Pacific region and fourth in the global semiconductor component distributors, ranking in the leading group of the global semiconductor distribution industry.

c.The future supply and demand situation and growth of the market

(1)Supply side

The era of electronizationand and digitalization is increasingly relying on a variety of semiconductor components, motivating many semiconductor suppliers to continue to increase investment in more advanced semiconductor equipment, technology and processes to meet market demand. According to the latest Year End Forecast Report of the Semiconductor Equipment and Materials International (SEMI), the global market revenue of semiconductor manufacturing equipment reached US$62.1 billion in 2018, and it continued to record a record high, up about 10% over 2017. SEMI estimates that the global sales of semiconductor manufacturing equipment in 2019 will fall by 4.2% to US$59.6 billion; however, in 2020, there will be another 20.7% growth, and the market size will rise to US$71.9 billion, once again rewriting the record high. It shows that the global demand for semiconductor equipment will continue to expand in the long run, and it is expected to drive the growth of the semiconductor electronic component supply market.

According to the statistics of the Semiconductor Equipment and Materials International (SEMI), the total global silicon wafer shipment area was about 12,732 million square inches in 2018, which is better than 11,810 million square inches in 2017, an increase of 8% over 2017. The semiconductor silicon wafer shipments reached a new high for the fifth consecutive year.

In summary, the semiconductor industry's end products drive the upstream capital expenditures to continue investment, and semiconductor scale and shipments are expected to continue to rise, so the future supply side factors of the market is expected to bring positive benefits to the semiconductor distribution industry.

(2)Demand side

Due to the extensive coverage of the Group's agented product lines, its revenue and profitability will be related to the economic development of the year. According to the latest World Economic Outlook released by the International Monetary Fund (IMF) in April 2019, the IMF's estimate of the global economic growth rate for 2019 is 3.3%, down 0.2% from the previous estimate. The developed market growth rate is 1.8%, while the growth rate of emerging and developing markets is 4.4%. For the estimates of the economic growth rate of individual countries in 2019, it is 2.3% in the US, 6.3% in China, 7.3% in India, 1.0% in Japan, 0.8% in Germany, and 1.3% in the EU, all showing a downward trend compared to 2018. It shows that the global economic climate is unclear in 2019, which will bring uncertainties to the global semiconductor market in the short term, but in the long run, the global semiconductor market demand will continue to increase.

(3)Growth

In terms of product applications, markets such as automotive electronics, smart Internet of Things, industrial control, and cloud applications will be the main growth drivers for the semiconductor industry and the Group. Taking automotive electronics as an example, with the development of technology, intelligent upgrade takes place in cars as it does in mobile phones, which will enable more semiconductor components to be adopted in cars, thereby improving vehicle safety and driving efficiency. The Group has been cultivating in automotive electronics for many years. With the long-term increases in automobile sales and the semiconductor content of each vehicle, the Group’s products and services in fields sush as automotive lighting, body control, vehicle information, and safety systems have gradually gained recognition from vendors and customers. In terms of Internet of Things, the market demand has become increasingly apparent, and the Internet of Things plus the function of artificial intelligence shall make demand explode, such as the applications of smart speakers, smart wireless headsets, smart home applications, etc. The compound annual growth rate of hardware revenue related to the Internet of Things will exceed 30% in 2018-2022. The Group will focus on industrial automation, smart transportation, consumer electronics, smart meters, smart retail and other fields. Overall, applications such as automotive electronics, smart Internet of Things, industrial control, and cloud will continue to flourish and are expected to drive business opportunities in the semiconductor market. The Group also takes these areas as a strategic development market and is expected to benefit greatly in the future.

In terms of regions, emerging markets represented by China will remain one of the Group's long-term growth drivers. According to the forecast of the economic growth rates in 2019 and 2020 announced by the International Monetary Fund (IMF) in April 2019, for the “Emerging Markets and Developing Economies” that the Group focuses on, the economic growth rates in the next two years are 4.4% and 4.8%, respectively. It is expected that the future prospects of the semiconductor distribution industry is still good. In particular, with China's increasing per capita income, low penetration rate of electronic products, promotion of urbanization, and government policy support, the future market demand in China will continue to grow.

In addition, the Group's actively engaged end products are used in a wide range of applications, including personal computers, communication network products, consumer electronics, industrial control and automotive electronics. In addition to the evolution of "efficient energy saving," "high-specification structure," and "Internet of Thing" for traditional 3C products, driven by highlights such as "Industry 4.0," "high speed network," "security monitoring," and "humanized driving," as well as a new generation of consumer audio and video entertainment, a variety of innovative key components will lead the semiconductor industry to new heights. Key components involved with the emerging highlights, such as digital power components, MEMS components, high-performance microprocessors, image sensors, console's processing chips, mobile phone chipsets, high-precision analog components, etc., and various customized complete solutions, will generate great potential business opportunities in the semiconductor distribution industry.

d.Competitive niche, favorable and unfavorable factors for long-term growth and response measures

(1)Competitive niche

(a)Complete and diversified agented product lines

The Group has established stable cooperative relationships with internationally renowned manufacturers such as TI, Skyworks, ST, Marvell, ON, etc., and has repeatedly received the excellent agent awards from suppliers. It is obvious that the Group's marketing business strength has been acknowledged by various vendors and suppliers. Together with the Group's keen market insight and ability to actively and correctly seek new agented product lines, the Group's product portfolio is complete and diversified, which is of great help to consolidate the protection of existing product lines and the development of new product lines.

(b)Strong management team

The Group's management team is mainly from professionals in the electronic information industry, with experienced marketing talents and skilled application engineers. The major managerial officers also have more than 10 years of experience in the semiconductor distribution industry. With their years of accumulated agent distribution business and sensitivity to market development trends, they can help to contribute to the Group's business development and vision planning.

(c)Professional technical support capability

The Group is convinced that in addition to its complete and diversified products, it has the professional technical support capability to conduct all-round services such as product development, design, product integration and customer problem solving at any time, so as to gain customers' trust and meet customers' design-in module. It is the only way to stably maintain customer relationships. This technical marketing-oriented technical support capability is the niche of the Group's competitiveness, and the Group is moving towards its goal of becoming a "value-added professional service channel operator."

(d)Dense marketing channel network

In response to the trend of electronic globalization and internationalization, the Group actively deploys overseas locations to serve customers nearby, develop new products, and grasp real-time market information. The Company has completed marketing channel networks in Hong Kong, China, Singapore, South Korea, Malaysia, Thailand, India, etc., and it hopes to achieve the Goup's goal that the Group shall be wherever customers are.

(2)Favorable factors

(a)Unlimited growth space for the information electronics industry

The market demand for semiconductors is due to the continuous development of electronization and digitalization of new products, coupled with the continuous evolution of existing electronic products, resulting in increasing demand for semiconductors.

(b)Ever important role of distributors

Under the consideration that global electronics manufacturers reduce marketing costs and increase the price competitive advantage, the role of the distributors in the supply chain of the electronics industry will become increasingly important. For upstream suppliers, distributors provide the functions of marketing expansion, product integration and customer service. For downstream customers, the distributors provide the functions of keeping sufficient supply, technical support, etc. At present, direct sales from semiconductor manufacturers to customers (the Direct Account) account for more than 60% of their revenues, and only about 30-40% of sales are through distributors. There is still a lot of room for semiconductor manufacturers to release Direct Account. The Group's efforts and capabilities have long been recognized by customers and suppliers, and the trend of distribution through distributors will be more significant in the future.

(c)Complete and diversified agented products

The Group’s agented products cover all fields of electronics such as information, optoelectronics, telecommunications, consumer electronics, industrial supplies, automotive electronics, green energy, medical care, etc. In addition, the Group also has a separation of product markets to avoid excessive concentration of purchases. It is not only for meeting customer procurement convenience, but can also reduce customers’ inventory risks and save procurement time and costs.

(d)Excellent management team

The Group's front-line marketing staff have years of experience in distribution marketing, and the Group is proud of its professional R&D talents of logistics support technology management. Externally they can promote the existing products, acquire new agented product lines, and solve customer needs, and internally they can continuously improve the Goup’s financial quality. It enables the Group to take the lead in the industry.

(3)Unfavorable factors and response measures

(a)fierce product competition and declined gross profit

Response measures:

- Adding special-purpose agented component lines for its irreplaceability and high gross profit, in order to reduce the Group's risk under price competition and highlight its own market advantage.
- For the general-purpose bulk components, adopting quantity purchase pricing to provide customers with more competitive prices while retaining reasonable profits.
- Increasing the proportion of non-3C products with higher gross profit margins such as industrial control, automotive electronics, medical electronics, etc., to change the product portfolio and gradually increase the Group’s overall gross profit margin.
- Providing more value-added services: in addition to providing traditional channel services, striving to provide more value-added services, such as providing more technical application design services to help customers to complete the design faster, in order to grasp the market opportunity first and ensure high profit and market share.

(b)Short product life cycle

Response measures:

- Strengthening product market development, setting the Group’s new directions and opportunities for the new trends of products and markets, introducing new agented products, and developing new markets and customers in a timely manner to grasp business opportunities.
- Maintaining a good interaction with upstream and downstream customers, increasing the value added of the products, and strengthening the product's life cycle, by integrating the characteristics of its products and developing components that meet customer needs through the strong R&D capabilities of the management team.
- Regularly holding business meetings to determine sales plans and correct sales forecasts based on the conditions of sales, orders, inventory, etc., in order to achieve accurate sales forecasts.

- Pursuing product completeness and diversification to avoid market risks of a single product.

(c)Exchange rate risk

The Group's subsidiaries are located in Asian countries and face exchange rate risks in multiple currencies. However, the main transaction currency of the Group's purchases and sales is USD, and the exchange rate risk is mainly from the US dollar. Response measures:

- Using the US dollar as the sales and purchase price and also the AR collection and AP payment currency. By using the same currency in sales and purchase, the resulted foreign currency assets and liabilities can offset against each other to achieve natural hedging results.
- Adopting the unified exchange rate evaluation mode. The Finance Department uniformly publishes the Group’s exchange rate accounting basis every day for the business and procurement related departments to keep up with the latest exchange rates and obtain better exchange rate quotes for orders.
- The Finance Department observes the market exchange rate dynamics and prices, based on the net exposure position of the Group's foreign currency assets and liabilities and its foreign exchange costs on the book, and adjusts the foreign exchange exposure position and possible profit and loss through derivative trading when necessary.

2.Key applications and production processes of main products

a.Key Applications of Main Products

Main Product	Usage
Microcontroller	Industrial control, notebook computers, tablets, network infrastructure, mobile phones, automotive electronics, and home appliances
Logic IC	Notebook computers, servers, mobile phones, network infrastructure, and industrial control
Application Specific Standard Parts IC(ASSP)	Network infrastructure, mobile phones, industrial control, consumer electronics/toys, LCD TVs, notebook computers, and automotive electronics
Application Specific Integrated Circuit (ASIC)	Mobile phones, automotive electronics, industrial controls, notebook computers, and personal computers and peripherals
Analog IC	Notebook computers, personal computers and peripherals, mobile phones, network infrastructure, and industrial control
Discrete componet	Notebook computers, tablets, mobile phones, network infrastructure, industrial control, and consumer electronics/toys
Memory IC	Mobile phones, industrial control, servers, notebook computers, and LCD TVs
Non-optical sensor component	Mobile phones, network infrastructure, notebook computers, consumer electronics/toys, and industrial control
Optical component	Consumer electronics/toys, LCD TVs, industrial control, personal computers and peripherals, and automotive electronics
Others	Industrial control, home appliances, network infrastructure, automotive electronics, and notebook computers

b.Production Processes of main products: Not applicable. (non-manufacturing industry)

3.Supply Status of Main Raw Materials: Not applicable. (non-manufacturing industry)

4.The names and procurement (sales) amounts and percentages of suppliers whose procurement (sales) accounted for more than 10% of the total procurement (sales) in any of the last two years.

a.Suppliers accounted for more than 10% of the total purchase in any of the past two years

Major suppliers' information for the last two years

Unit: NT$ thousands ; %

Item	2017				2018			
	Name	Amount	Percentage of net purchase for the year (%)	Relationship with Issuer	Name	Amount	Percentage of net purchase for the year (%)	Relationship with Issuer
1	A	53,366,053	27.79	None	AH	73,680,549	26.64	None
2	B	25,292,360	13.17	None	A	55,447,256	20.05	None
3					B	29,277,784	10.59	None
	Others	113,375,982	59.04	—	Others	118,178,659	42.72	—
	Net Purchases	192,034,395	100.00	—	Net Purchases	276,584,248	100.00	—

Reasons for the increase or decrease:
The Group has been maintaining a good relationship with major suppliers, thus inventory sources are stable. We currently act as agent for the end products including but not limited to industrial control, automotive electronics, smart phones, Netcom devices, home appliances and personal computers.In 2018, the Group has added new product lines and merged Maxtek Technology Co., Ltd, which caused operating revenue increased 44.34%.As a result, net purchase in 2018 has increased.

Note1:List the names and procurement amounts and percentages of suppliers whose procurement accounted for more than 10% of the total procurement in the last two years. However, if the name of the supplier shall not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note2:As of the date of this Annual Report, the 2019 Q1 financial information has not been reviewed by CPAs, so they are not disclosed.

b.Information of customers to whom the sales accounted for more than 10% of the total sales in any of the last two years

Major customers' information for the last two years

Unit: NT$ thousands ; %

Item	2017				2018			
	Name	Amount	Percentage of net sales for the year (%)	Relationship with Issuer	Name	Amount	Percentage of net sales for the year (%)	Relationship with Issuer
1	A	20,356,680	10.75	None	A	30,098,836	11.01	None
2	Others	169,062,555	89.25	—	Others	243,317,649	88.99	—
	Net Sales	189,419,235	100.00	—	Net Sales	273,416,485	100.00	—

Reasons for the increase or decrease:Not applicable

Note1:List the names and sales amounts and percentages of customers to whom sales accounted for more than 10% of the total sales in the last two years. However, if the name of the customer shall not be disclosed due to the contractual agreement, or the counterparty of the transaction is an individual and a non-related party, it may be listed by using a code.

Note2:As of the date of this annual report, the 2019 Q1 financial information has not been reviewed by CPAs, so they are not disclosed.

5.Production volume for the last two years : Not applicable. (non-manufacturing industry)

6.Sales volume for the last two years

Unit: NT$ thousands

Main Products \ Sales Volume / Year	2017				2018			
	Domestic Sales		Exports		Domestic Sales		Exports	
	Sales volume	Amount	Sales volume	Amount	Sales volume	Amount	Sales volume	Amount
Discrete component	1,802,458	2,538,590	4,114,150	11,518,841	2,006,648	2,759,130	7,372,560	13,182,933
Application specific IC	29,093	2,435,410	191,044	13,945,254	26,817	2,632,910	1,068,406	19,630,236
Memory IC	176,804	3,086,472	1,059,271	14,251,172	187,077	3,022,255	1,403,838	19,218,789
Chipset	72,209	2,151,570	404,165	9,718,131	86,215	3,335,101	395,570	11,314,732
Microprocessor	4,337	1,211,507	35,033	8,103,179	42,499	1,979,412	25,631,746	9,613,322
Analog IC (including linear IC)	1,015,802	8,005,110	6,464,758	67,831,302	1,312,928	17,329,640	7,375,996	98,684,527
Logic IC	88,829	1,009,793	677,401	3,070,391	97,103	871,310	781,164	2,620,016
Others	599,909	8,155,104	2,989,814	32,387,409	1,023,075	11,696,258	3,598,169	55,525,914
Total	3,789,441	28,593,556	15,935,636	160,825,679	4,782,362	43,626,016	47,627,449	229,790,469

C.Employees:

The following table summarizes the company’s workforce as of the printing date of the annual report:

Year		2017	2018	As of May 8, 2019
Number of employees	Sales and Marketing	1,522	1,680	1,678
	Administration	206	212	218
	R&D	468	507	504
	Total	2,196	2,399	2,400
Average Age		36.9	37.0	37.2
Average Years of Service		5.5	5.4	5.6
Education background (%)	Ph.D.	0.18%	0.17%	0.21%
	Master's	12.66%	13.17%	12.50%
	University/College	80.83%	79.53%	80.67%
	High School	5.87%	7.13%	6.62%
	Below high school	0.46%	0.00%	0.00%

D.Information on environmental protection expenses:

The Group is principally engaged in the IC distributors industry, and its main business is the trading and R&D of electronic components. Due to the non-manufacturing nature of the industry, there are no environmental pollution issues. However, the Group and its suppliers are still working together on the development and application of green environmental protection technologies, and are working hard to solve the environmental problems of gradually depleting Earth's energy. In addition, the Group always complies with the industrial regulations such as relevant environmental regulations and conflict minerals while purchasing goods.

E.Labor relations:

1.The Group’s various employee benefit measures, education, training, retirement system and its implementation, as well as labor-management agreements and various employee rights protection measures.

a.Employee benefit measures:

The Group provide comprehensive care of its employees and strives to create a warm, safe, and friendly workplace environment.

(1)Employee benefit subsidies

The Company's Welfare Committee provides various benefits such as: group insurance, public liability insurance, maternity subsidy, wedding and funeral allowance, monetary gifts of birthday and festivals, gifts for festivals and New Year, contracted store discount, etc.

(2)Diversified club activities

The Welfare Committee actively promotes the establishment of various clubs to enrich employees’ life and strengthen the internal cohesiveness of the Company. The types of clubs are divided into sports clubs, such as running club, basketball club, and badminton Club; and static clubs, including floral club, cooking club, board game club, etc. The diversified club activities enable employees to demonstrate self-confidence and enthusiasm, enhance their humanity literacy, and enrich artistic atmosphere, satisfying employees’ bodies and minds. Thus, employees can receive full care in a perfect working environment.

(3)Departmental activities

In order to promote the friendship and cohesiveness of the departmental colleagues, the Company is committed to promoting for departments to organize team incentive activities, and to hold parties for departmental colleagues during the Mid-Autumn Festival and Christmas Day.

(4)Healthy food

In order to provide employees with healthy and safe food, the Company provides high-quality fruits rich in vitamin C every week, coffee freshly brewed from fully automatic coffee machines, organic tea, fresh milk, etc. The Company also requires drinking water equipment vendors to regularly inspect and maintain the equipment, to provide conformity reports on drinking water, in order to take care of employees’ health.

(5)Cultivation of humanities

Books, magazines, corner promotion materials, etc., are provided for employees to read and relax at the rest area, so colleagues can cultivate humanistic literacy and relax their body and mind while resting.

(6)Combination of public interest and underprivileged groups

The masseurs from the Taiwan Blind Union are invited to the Company to provide professional neck and shoulder massage services for employees, in order to eliminate the stress of employees' sitting fatigue in the office.

In addition, the festival gifts the Company selects for employees are those festival and New Year gifts such as rice and healthy nuts sold by charitable organizations, small organic farmers, etc. In addition, the Company also organizes charitable donation events and charity auction during the Christmas festival, invites employees to participate in the event, and donates all the proceeds to social welfare groups.

(7)Health consultation

The Group has a full-time health manager and invites physicians to the Company to provide medical and health consultation services to employees. In addition to documenting employees' basic health information, the Company implements health checkups and expense subsidies for all employees, and provides automatic blood pressure monitor at each workplace to encourage employees to care about their health at all times.

(8)Caring for employees' family members

In order for employees to work without worries, the Company also value employees' family members. The Group provides self-pay health checkup preferential plans for employees and their family members. The Company organizes employee travel activities every year. It can improve the interpersonal relationship among employees, bring employees closer to their family, and create a good time and memories for employees and family.

b.Employee training:

The Group attaches importance to the comprehensive development of employees, and creates a suitable working environment, based on its belief in the cultivation of talents. In a rapidly changing environment, talents shall be reserved to have the energy to adapt to future changes, and through the development of training roadmap, learning can be effectively transformed into work results.

(1)The Group's training & development roadmap

Based on the future development of the organization and the needs of departments, each year, the human resources unit plans the training activities suitable for each level and function, cooperates with the unit supervisor to implement OJT (on the job training), and gradually cultivates the Group's employees with the knowledge and skills required.

The Group's training & development roadmap is constructed as follows:

(a)Enterprise's core value:The Croup's core value guides employees to move in the same direction as the Company does, and the Group cultivates employees to have mentality and behavior in line with core values.

(b)New employee orientation:The Group uses various training activities and guidance system to assist new employees to quickly integrate into the work environment, and then recognize the corporate culture and business philosophy.

(c)Working skill training:Regularly arrange trainings for employees' soft skills and hard skills required to improve work effectiveness and efficiency.

(d)Functional expertise training:All units have developed employees' relevant professional skills and knowledge through internal and external training and OJT.

(e)Leadership development:Different management and leadership modules are designed according to the hierarchy, and the management skills of the supervisors are continuously improved and the leadership thinking is established to drive the supervisors to lead the subordinates in achieving organizational goals.

(f)Language training:Cultivate talents with international perspectives through strengthening foreign language comprehension capability, and effectively improve communication efficiency and quality of business contacts.

(2)Implementation of employee education and training in this year:

Total number of trainees	Total training sessions	Total training hours
1,764	98 sessions	3,996 hours

c.Information on the relevant licenses specified by the competent authority obtained by the Goup’s personnel related to financial information transparency:

(1)Two Certified Internal Auditors.

(2)Two R.O.C. Certified Internal Auditors.

(3)Two R.O.C. CPAs.

(4)One U.S. CPA.

d.Retirement system and its implementation:

The Supervisory Committee of Business Entities’ Labor Retirement Reserve was established in February of 1998. It consists of 9 members, with 2 business representatives and 7 labor representatives, and they shall be re-elected every four years. They verify and audit the allocation account, the deposit and the disbursement of workers’ retirement reserve fund to ensure the rights and interests of workers. At present, the Company contributes 2% of total monthly salary as the workers’ retirement reserve fund to the account in the Bank of Taiwan (formerly known as the Central Trust of China).

Since July 1, 2005, based on the "Labor Pension Act", the Company has established a retirement regulation with the defined contribution plan that applies to employees with the ROC citizenship. The Company contributes a monthly pension of not less than 6% of the salary to individual accounts at the Bureau of Labor Insurance for employees applicable to the Act.

e.Agreement between labor and employer and the measures to safeguard employees' interests:

The Group has always attached great importance to employees’ benefits and interests and actively promoted the harmonious relationship between labor and employer. The Company has working rules and various personnel management regulations, which specifically regulate the rights and obligations of labor and employer and management matters, so employees can fully understand, abide by and protect their rights and interests. The Company also has an employee Complaint channel. Through emails or the stakeholder section on the Company's official website, employees can have two-way communication about the Company’s systems and regulations and problems they encounted in the workplace.

In addition, according to the Company's Articles of Association, if the Company has profit, it shall appropriate no less than 1% as employee compensation to reward staff .

As of the present time, the maintenance of employee rights is in good condition, and it is expected that both sides will continue to maintain harmonious relationship in the future with good interaction and communication.

f.Protective measures taken to ensure a safe working environment and maintain employees' personal safety:

The Group's primary goal is to provide employees with a safe, healthy and comfortable work environment, promoting a friendly working environment with harmonious management-labor relations and mutual trust and assistance. The Group also complies with laws and regulations related to environmental protection, safety and health policies.

The Group is committed to the following matters:

(1) Access security management

In addition to having security guards deployed in the industrial park, there is a 24-hour strict access control system monitoring day and night. Emergency pagers are installed in the restroom. Employees need to wear the identification cards when entering and leaving the office. The Company has also signed a contract with a security company to strengthen the security of the office and warehouse.

(2)Regular inspection on equipment and building maintenance

The Group complies with the relevant domestic EHS regulations, and requires regular maintenance on the security inspection of various office equipment such as equipment, buildings and fire-fighting equipment to meet the regulatory requirements.

(3)Hazard prevention

Establish safety and health work rules for employees to follow in order to prevent occupational disasters and protect the safety and health of employees. The Group has set class-1 labor safety and health affair supervisors and several on-site emergency personnel and fire fighting management personnel, and provide relevant training, with relevant training provided. In addition, the Group also organizes an employee self-prevention team, and conducts self-prevention fire drill training every six months.

(4)Environmental cleaning management

(a)The central air conditioning in the office is regularly maintained and cleaned every year to keep air fresh in the office; regular environmental disinfection is conducted every year to keep office clean.

(b)Automatic coffee machines are cleaned and maintained daily. The drinking water dispenser’s filter is regularly changed and the water quality is tested to ensure the quality of drinking water.

(5)Health management

(a)Organize health education lectures, occasionally advocate health knowledge, strengthen employees’ health and safety self-management, and prevent and reduce the chance of accidents.

(b)Regularly implement employee health checkups and health management follow-up every year.

(c)Alcohol disinfectant sprays and medical grade masks are provided at the entrance for employees, and decontamination hand sanitizer is prepared in pantries and on sink counters in restrooms to prevent the spread of epidemic diseases and maintain employees’ health.

(d)Smoking is completely banned in the office so that employees can work in a smoke-free work environment.

(6)Promotion of health activities

Cooperate with clubs to organize sports and running events, encouraging employees to develop exercise habits.

(7)Educational training and advocacy

(a)New employees must participate in new employee training, and it is to let new employees be familiar with the working environment and to promote employee safety.

(b)Promote energy saving and carbon reduction, reduce waste of resources, and promote environmental protection activities in office. From time to time, the Company will prepare promotion materials to educate employees to develop energy-saving and carbon-reducing habits, jointly saving the Earth.

(8)Resource recycling application

(a)Office resources are donated to the welfare groups for recycling and reuse, in order to reduce wastes and reduce the impacts on the environment.

(b)Recycle and reuse the purchase carton boxes and packaging materials.

(c)Promote electronic information management in office, paper double-sided printing, reusing the blank back side of recycled papers, and reusing manila envelopes internally. Add photocopiers with a scanning function to reduce the printing on paper.

2.The Group had no major labor disputes or labor-management agreement in the most recent year and as of the printing date of this annual report.

F.Material contracts (As of the printing date of the annual report on May 8, 2019):

Agreement	Counterparty	Period	Major Content	Restrictions
Distributor Agreement 【WT Microelectronics Co., Ltd.】	Maxim Integrated Products, Inc. Maxim Integrated Products International Limited	2017/9/14-2019/9/13 Unless terminated by either party, it shall only be renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Freescale Semiconductor Inc.	2014/8/20-2015/8/19 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	ON Semiconductor Trading Sarl	2015/12/19-2020/5/31 It can only be renewed by mutual agreement of the parties.	Agent distribution of semiconductor products	Restrictions on distribution region
	STMicroelectronics Asia Pacific Ltd.	2011/1/1-2011/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Marvell Asia Pte. Ltd.	2017/9/28-2018/9/27 Unless terminated by either party, it shall be automatically renewed monthly.	Agent distribution of semiconductor products	Restrictions on distribution region
	Texas Instrument	2018/10/1-2021/9/30	Agent distribution of semiconductor products	Restrictions on distribution region
	Fairchild Semiconductor Hong Kong Limited	2010/12/27-2011/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	California Micro Devices Corporation (CAMD)	2005/3/15-2006/3/14 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	AudioCode Ltd.	2005/12/1-2006/11/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Ambarella Inc.	2005/10/1-2006/9/30 If the contract continues to perform after termination, it can be automatically renew for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Taiwan Murata Electronics Co., Ltd.	2007/2/27-2008/2/26 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Numonyx Asia Pacific Pte. Ltd.	2008/12/29-2009/12/28 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	RiTdisplay Corporation	2008/1/1-2008/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Aptina Pte. Ltd.	It is perpetually effective since 2011/4/18.	Agent distribution of semiconductor products	Restrictions on distribution region
	PDA SAS	2009/8/1-2010/7/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region

Agreement	Counterparty	Period	Major Content	Restrictions
	Rfaxis Inc.	2010/12/21-2011/12/20 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Power Forest Technology Corporation	2011/4/6-2012/4/5 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	MagnaChip Semiconductor, Ltd.	2010/5/1-2011/4/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Micron Semiconductor Asia Pte.	It is perpetually effective since 2012/1/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nuvoton Technology Corporation	It is perpetually effective since 2011/4/2.	Agent distribution of semiconductor products	Restrictions on distribution region
	Dialog Semiconductor GmbH	2011/7/1-2013/6/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	U-blox AG	2010/9/6-2011/9/5 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Silicon Laboratories International Pte. Ltd.	2012/10/4-2013/10/3 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Philips Lumileds Lighting Company	2012/12/20-2013/12/19 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Sanken Electric, Co., Ltd.	2013/1/1-2016/5/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Pericom Semiconductor (HK) Limited	2014/7/1-2015/6/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nuvoton Electronics Technology (H.K.) Limited	It is perpetually effective since 2015/1/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Ineda Systems, Inc.,	2015/12/31-2016/12/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Uneo Inc.	2016/9/26-2017/9/26 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	NXP Semiconductors Netherlands B.V.,	2016/7/4-2017/7/3 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region

Agreement	Counterparty	Period	Major Content	Restrictions
	Silergy Corp.,	2016/3/7-2017/3/6 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	DIGITALPERSONA, INC	2013/7/23-2014/7/22 Unless terminated by either party, it shall be automatically renewed for one year, and it can be renewed up to 5 times.	Agent distribution of semiconductor products	Restrictions on distribution region
	Taiwan Semiconductor Co.	2017/6/2-2018/6/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Integrated Device Technology Malaysia Sdn. Bhd.	2017/10/2-2019/10/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	IDT Europe GmbH	2017/10/2-2019/10/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Synaptics Incorporated	2017/9/8-2018/9/7 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nuvoton Technology Corp.	2018/2/1-2019/1/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Active-Semi Hong Kong Limited	2018/4/24-2020/4/23 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	OSRAM Opto Semiconductors (Taiwan) Ltd.	2017/12/1-2021/11/30	Agent distribution of semiconductor products	Restrictions on distribution region
	Nanya Technology Corporation	2017/7/1-2018/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Gingy Technology Inc.	2018/6/6-2019/6/5	Agent distribution of semiconductor products	Restrictions on distribution region
	Microsemi Corporation	It is perpetually effective since 2018/3/16.	Agent distribution of semiconductor products	Restrictions on distribution region
	OmniVision Technologies Singapore Pte. Ltd.	2018/5/2-2019/5/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Semtech (International) AG	2018/9/1-2019/8/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Microchip Technology Ireland	It is perpetually effective since 2018/10/1.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【Nuvision	Innofidei Inc.	2010/12/13-2011/12/12 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region

Agreement	Counterparty	Period	Major Content	Restrictions
Technology Inc. 】	Realtek Semiconductor Corp,	It is perpetually effective since 2017/1/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Edison Opto Corporation	2011/1/1/-2011/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Huizhou Gaoshengda Technology Co., Ltd.	2018/2/25/-2019/2/25 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Allegro MicroSystems, inc.	It is perpetually effective since 2012/10/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Analog Devices International U.C	2018/8/13-2019/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Linear Technology Pte. Ltd.	2006/7/3-2007/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【Morrihan Singapore Pte.Ltd.】	Nanya Technology Corporation	2018/7/1-2019/6/30 Unless terminated by either party, it shall only be renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【WT Technology Korea Co., Ltd. 】	Heesung Electronics	2016/5/25-2017/5/24 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Cypress Semiconductor Corporaion	2012/4/16-2013/4/15 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【WT Microelectronics (Shenzhen)Co., Ltd.】	Bojuxing Industrial (Shenzhen)	It is perpetually effective since 2016/3/30.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【Techmosa Internaltional Incorporation】	Atmel Corporation	2008/4/1-2009/3/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Pericom Semiconductor Corporation	2001/5/1-2002/4/30 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Micrel Inc.	It is perpetually effective since 2008/4/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Synaptics Hong Kong Ltd	2007/7/27-2008/7/26 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	PowerDsine Ltd	2005/12/15-2006/12/14 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region

Agreement	Counterparty	Period	Major Content	Restrictions
	Kingston Technology Far East corporation	2006/11/15-2007/11/14 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Ramtron International Corporation	2009/1/1-2009/12/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Intersil Corporation	It is perpetually effective since 2014/5/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	HannsTouch Solution Incorporated	2010/12/20-2011/12/19 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	UPI Semiconductor Corp.	2011/3/1-2012/2/29 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Taiwan Surveillance Semiconductor Inc.	2010/9/1-2011/8/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nuvoton Electronics Technology (H.K.) Limited	2017/2/1-2018/1/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nanya Technology Corporation	2007/9/1-2008/8/31 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【Maxtek Technology Co., Ltd.】	Richpower Microelectronics Corporation	2018/1/1-2019/12/31	Agent distribution of semiconductor products	Restrictions on distribution region
	Richtek Technology Corporation	2018/1/1-2019/12/31	Agent distribution of semiconductor products	Restrictions on distribution region
Distributor Agreement 【Lacewood international corp.,】	Richpower Microelectronics Corporation	2012/1/1-2019/12/31	Agent distribution of semiconductor products	Restrictions on distribution region
	Richtek Technology Corporation	2018/1/1-2019/12/31	Agent distribution of semiconductor products	Restrictions on distribution region
Sales Representative Agreement 【WT Microelectronics Co., Ltd.】	Commit Incorporate	2008/1/2-2009/1/1 Unless terminated by either party, it shall be automatically renewed for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Xelerated AB	2006/2/16-2007/2/15 If the contract continues to perform after termination, it can be automatically renew for one year.	Agent distribution of semiconductor products	Restrictions on distribution region
	Nuvoton Technology Corporation	It is perpetually effective since 2012/7/1.	Agent distribution of semiconductor products	Restrictions on distribution region
	Pericom Semiconductor (HK) Limited	It is perpetually effective since 1996/6/14.	Agent distribution of semiconductor products	Restrictions on distribution region
	Ambarella Inc.	2011/1/31-2012/1/30 If the contract continues to perform after termination, it can be automatically renew for one year.	Agent distribution of semiconductor products	Restrictions on distribution region

Agreement	Counterparty	Period	Major Content	Restrictions
	Nexia Device Co., Ltd.,	It is perpetually effective since 2018/10/16.	Agent distribution of semiconductor products	Restrictions on distribution region
Sales Representative Agreement 【Techmosa Internaltional Incorporation】	Pericom Semiconductor Corporation	It is perpetually effective since 1996/6/14.	Agent distribution of semiconductor products	Restrictions on distribution region
Long-term loan contract	Export-Import Bank of the Republic of China	2017/1/25(first drawdown date)-2020/1/25	Medium-term overseas investment financing facility	
	Bank SinoPac	2017/10/3(first drawdown date)-2019/10/3	Medium-term loan facility	Current Ratio≧110%

VI.Financial highlights

A.Condensed Balance Sheet and Statement of Comprehensive Income for the last five years:

1.Condensed Balance Sheet and Statement of Comprehensive Income

a.Condensed Balance Sheet (Consolidated)

Unit: NT$ thousands

Item \ Year		Financial statements for the past five years. (Note 1)				
		2014	2015	2016	2017	2018
Current Assets		39,306,705	43,188,730	57,161,650	70,352,968	88,883,516
Property, Plant and Equipment (Note2)		635,157	524,676	473,907	785,965	995,294
Intangible Assets		1,543,533	1,576,655	1,550,858	1,663,682	1,878,609
Other Assets (Note2)		831,264	1,886,771	2,217,966	2,363,533	2,067,389
Total Assets		42,316,659	47,176,832	61,404,381	75,166,148	93,824,808
Current Liabilities	Before Distribution	26,361,469	28,062,866	42,787,905	52,450,078	71,284,303
	After Distribution	27,582,299	29,361,015	43,929,685	53,831,501	(Note 3)
Noncurrent Liabilities		2,079,017	2,189,291	1,713,366	2,634,502	732,917
Total Liabilities	Before Distribution	28,440,486	30,252,157	44,501,271	55,084,580	72,017,220
	After Distribution	29,661,316	31,550,306	45,643,051	56,466,003	(Note 3)
Equity Attributable to Shareholders of the Parent		13,875,641	16,924,092	16,902,470	20,080,934	21,806,876
Capital Stock		3,544,434	4,476,377	4,715,196	5,522,619	5,576,106
Capital Surplus		4,787,758	6,278,786	6,372,059	8,660,739	8,773,382
Retained Earnings	Before Distribution	4,116,498	4,466,459	4,635,715	6,006,678	7,600,956
	After Distribution	2,895,668	3,168,310	3,493,935	4,625,255	(Note 3)
Others		1,426,951	1,702,470	1,179,500	(109,102)	(143,568)
Treasury Stock		0	0	0	0	0
Noncontrolling Interests		532	583	640	634	712
Total Equity	Before Distribution	13,876,173	16,924,675	16,903,110	20,081,568	21,807,588
	After Distribution	12,655,343	15,626,526	15,761,330	18,700,145	(Note 3)

Note 1: The above financial statements have been audited or reviewed by an independent accountant.

Note 2:No asset revaluation has done during 2014 to 2018.

Note 3:As of the date of this annual report, 2018 dividend distribution has passed by the Board of Directors' resolutions, and pending for shareholders' approval.

Note 4:As of the date of this annual report, the financial statements of 2019 first quarter have not been audited by independent accountant, thus information is not disclosed in this report.

b.Condensed Balance Sheet (Parent Company Only)

Unit: NT$ thousands

Item \ year		Financial statements for the past five years. (Note 1)				
		2014	2015	2016	2017	2018
Current Assets		23,748,946	25,943,746	37,023,077	36,220,796	57,901,824
Property, Plant and Equipment (Note 2)		458,468	462,471	435,749	428,680	473,628
Intangible Assets		131,831	134,981	127,529	61,338	228,117
Other Assets (Note2)		12,175,689	13,715,558	15,096,602	18,498,226	19,311,502
Total Assets		36,514,934	40,256,756	52,682,957	55,209,040	77,915,071
Current Liabilities	Before Distribution	20,599,071	21,177,118	34,110,909	32,638,507	55,601,536
	After Distribution	21,819,901	22,475,267	35,252,689	34,019,930	(Note 3)
Noncurrent Liabilities		2,040,222	2,155,546	1,669,578	2,489,599	506,659
Total Liabilities	Before Distribution	22,639,293	23,332,664	35,780,487	35,128,106	56,108,195
	After Distribution	23,860,123	24,630,813	36,922,267	36,509,529	(Note 3)
Capital Stock		3,544,434	4,476,377	4,715,196	5,522,619	5,576,106
Capital Surplus		4,787,758	6,278,786	6,372,059	8,660,739	8,773,382
Retained Earnings	Before Distribution	4,116,498	4,466,459	4,635,715	6,006,678	7,600,956
	After Distribution	2,895,668	3,168,310	3,493,935	4,625,255	(Note 3)
Others		1,426,951	1,702,470	1,179,500	(109,102)	(143,568)
Treasury Stock		0	0	0	0	0
Total Equity	Before Distribution	13,875,641	16,924,092	16,902,470	20,080,934	21,806,876
	After Distribution	12,654,811	15,625,943	15,760,690	18,699,511	(Note 3)

Note1:The above financial statements have been audited or reviewed by an independent accountant.

Note2:No asset revaluation has done during 2014 to 2018.

Note3:As of the date of this annual report, 2018 dividend distribution has passed by the Board of Directors' resolutions, and pending for shareholders' approval.

c.Condensed Statement of Comprehensive Income (Consolidated)

Unit: NT$ thousands (Except EPS: NT$)

Year / Item	Financial statements for the past five years. (Note 1)				
	2014	2015	2016	2017	2018
Operating Revenue	107,766,685	113,598,195	144,147,461	189,419,235	273,416,485
Net Operating Margin	6,181,262	6,390,299	6,925,005	8,421,582	10,644,948
Operating Profit	2,461,914	2,475,682	2,460,528	3,918,170	5,253,715
Non-operating Income and Expenses	(216,552)	(126,115)	(422,814)	(813,280)	(1,632,905)
Profit Before Income Tax	2,245,362	2,349,567	2,037,714	3,104,890	3,620,810
Income from Continuing operation	1,837,340	1,983,418	1,699,670	2,520,136	2,778,515
Income (loss) on Discontinued Operations	0	0	0	0	0
Net Income	1,837,340	1,983,418	1,699,670	2,520,136	2,778,515
Other Comprehensive Income for the Year, Net of Income Tax	606,728	270,042	(531,221)	(1,295,829)	261,002
Total Comprehensive Income for the Year	2,444,068	2,253,460	1,168,449	1,224,307	3,039,517
Profit Attributable to Owners of the Parent	1,837,202	1,983,249	1,699,457	2,519,897	2,778,515
Profit Attributable to Noncontrolling Interest	138	169	213	239	286
Comprehensive Income (Loss) Attributable to Owners of the Parent	2,443,948	2,253,253	1,168,254	1,224,141	3,039,224
Comprehensive Income Attributable to Noncontrolling Interest	120	207	195	166	293
Earnings Per Share(Note2)	4.48	4.27	3.61	5.26	5.02

Note1:The above financial statements have been audited or reviewed by an independent accountant.

Note2:Based on weighted average shares outstanding in each year.

Note3:As of the date of this annual report, the financial statements of 2019 first quarter have not been audited by independent accountant, thus information is not disclosed in this report.

d.Condensed Statement of Comprehensive Income (Parent Company Only)

Unit: NT$ thousands (Except EPS: NT$)

Item \ Year	Financial statements for the past five years. (Note 1)				
	2014	2015	2016	2017	2018
Operating Revenue	83,407,830	87,510,801	113,704,123	146,986,637	213,640,619
Net Operating Margin	2,674,826	2,646,154	3,067,319	4,056,559	4,512,445
Operating Profit	1,068,911	1,035,860	1,250,268	2,098,084	2,272,517
Non-operating Income and Expenses	1,021,132	1,135,037	649,185	734,860	872,596
Income from Continuing Operation	2,090,043	2,170,897	1,899,453	2,832,944	3,145,113
Net Income	1,837,202	1,983,249	1,699,457	2,519,897	2,778,229
Other Comprehensive Income for the Year	606,746	270,004	(531,203)	(1,295,756)	260,995
Total Comprehensive Income for the Year	2,443,948	2,253,253	1,168,254	1,224,141	3,039,224
Earnings Per Share (Note2)	4.48	4.27	3.61	5.26	5.02

Note1:The above financial statements have been audited or reviewed by an independent accountant.

Note2:Based on weighted average shares outstanding in each year.

2.Auditors' Opinions for the last five years

Year	CPA firm	CPA	Audit Opinion
2014 (2014.1.1～2014.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	An Unqualified Opinion
2015 (2015.1.1～2015.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	An Unqualified Opinion
2016 (2016.1.1～2016.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	An Unqualified Opinion
2017 (2017.1.1～2017.12.31)	PricewaterhouseCoopers Taiwan	Hsu, Sheng-Chung and Hsu, Yung-Chien	An Unqualified Opinion
2018 (2018.1.1～2018.12.31)	PricewaterhouseCoopers Taiwan	Wu,Han-Chi and Hsu, Sheng-Chung	An Unqualified Opinion

B.Financial analysis of the last five years:

1.Financial Analysis (Consolidated)

Item		Financial analysis for the past five years. (Note 1) 2014	2015	2016	2017	2018
Capital Structure Analysis (%)	Debts Ratio	67.21	64.13	72.47	73.28	76.76
	Long-term Fund to Property, Plant and Equipment	2,512.01	3,643.00	3,928.30	2,890.21	2,264.71
Liquidity Analysis (%)	Current Ratio	149.11	153.90	133.59	134.13	124.69
	Quick Ratio	89.17	94.33	81.43	70.34	58.45
	Times Interest Earned	13.87	12.75	8.24	6.83	5.09
Operating Performance Analysis	Average Collection Turnover (Times)	8.40	6.15	5.38	5.92	7.71
	Average Collection Days	43	59	68	62	47
	Average Inventory Turnover (Times)	7.30	6.72	7.09	6.55	6.57
	Average Payables Turnover (Times)	8.83	9.10	9.18	8.40	8.41
	Average Inventory Turnover Days	50	54	51	56	56
	Property, Plant and Equipment Turnover (Times)	169.56	195.89	288.70	300.70	306.99
	Total Assets Turnover (Times)	2.80	2.54	2.66	2.77	3.24
Profitability Analysis	Return on Total Assets (%)	5.15	4.80	3.56	4.34	4.13
	Return on Equity (%)	14.06	12.88	10.05	13.63	13.27
	Pre-tax Income to Paid-in Capital Ratio (%)	63.35	52.49	43.22	56.22	64.93
	Net Margin (%)	1.70	1.75	1.18	1.33	1.02
	Earnings Per Share (NT$)	4.48	4.27	3.61	5.26	5.02
Cash Flow	Cash Flow Ratio (%) (Note 2)	—	—	—	—	—
	Cash Flow Adequacy Ratio (%) (Note 2)	—	—	—	—	—
	Cash Flow Reinvestment Ratio (%) (Note 2)	—	—	—	—	—
Leverage	Operating Leverage	2.40	2.44	2.60	2.04	1.91
	Financial Leverage	1.08	1.09	1.13	1.16	1.20

Analysis of 2017 versus 2018 for deviation over 20%

1.Long-term fund to property plant and equipment ratio decreased from 2,890.21% to 2,264.71% was mainly due to purchase of property in Beijing for operating use.

2.Net Margin decreased from 1.33% to 1.02% was due to increase of the Group's revenue, which has increased 44.34% compare to previous yearr. The needs of capital thus increased, and interest expenses and accounts receivable factoring fees also increased. Consequently, net margin decreased.

3.The increase of average collection turnover from 5.92 to 7.71 times was mainly due to the improvement of accounts receivable collection management for the purpose of improving working capital. Hence, average collection days decreased.

Note 1: The above financial statements have been audited or reviewed by an independent accountant.
Note 2: Negative results are not listed.
Note 3: The calculation is based on excluding cumulative effect of changes in accounting principle.
Note 4: As of the date of this annual report, the financial statements of 2019 first quarter have not been audited by independent accountant, thus information is not disclosed in this report.
Note 5: The formulas for financial analysis calculations are as follows.

1. Capital Structure Analysis
   (1) Debt Ratio = Total Liabilities / Total Assets
   (2) Long-term Fund to Property, Plant and Equipment Ratio = (Shareholders' Equity + Noncurrent Liabilities) / Net Property, Plant and Equipment
2. Liquidity Analysis
   (1) Current Ratio = Current Assets / Current Liabilities
   (2) Quick Ratio = (Current Assets – Inventories – Prepaid Expenses) / Current Liabilities
   (3)Times Interest Earned = Earnings before Interest and Taxes / Interest Expenses
3. Operating Performance Analysis
   (1) Average Collection Turnover = Net Sales / Average Trade Receivables (including all accounts receivable and all notes receivable resulting from trade)
   (2) Average Collection Days = 365 / Average Collection Turnover
   (3) Average Inventory Turnover = Cost of Sales / Average Inventory
   (4) Average Payables Turnover = Cost of Sales / Average Trade Payables (including all accounts payable and all notes payable resulting from trade)
   (5) Average Inventory Turnover Days = 365 / Average Inventory Turnover
   (6) Property, Plant and Equipment Turnover = Net Sales / Average Net Property, Plant and Equipment
   (7) Total Assets Turnover = Net Sales / Average Total Assets
4. Profitability Analysis
   (1) Return on Total Assets = (Net Income + Interest Expenses * (1-Effective Tax Rate)) / Average Total Assets
   (2) Return on Equity = Net Income / Average Equity
   (3) Net Margin = Net Income / Net Sales
   (4) Earnings Per Share = (Net Income Attributable to Shareholders of the Parent – Preferred Stock Dividend) / Weighted Average Number of Shares Outstanding
5. Cash Flow
   (1) Cash Flow Ratio = Net Cash Provided by Operating Activities / Current Liabilities
   (2) Cash Flow Adequacy Ratio = Five-year Sum of Cash from Operations / Five-year Sum of Capital Expenditures, Inventory Additions, and Cash Dividend
   (3) Cash Flow Reinvestment Ratio = (Cash Provided by Operating Activities – Cash Dividends) / (Gross Property, Plant and Equipment + Long-term Investments + Other Noncurrent Assets + Working Capital)
6. Leverage
   (1) Operating Leverage = (Net Sales – Variable Cost) / Income from Operations
   (2) Financial Leverage = Income from Operations / (Income from Operations – Interest Expenses)

2.Financial Analysis (Parent Company Only)

Item		Financial analysis for the past five years. (Note 1)				
	Year	2014	2015	2016	2017	2018
Capital Structure Analysis (%)	Debts Ratio	62.00	57.96	67.92	63.63	72.01
	Long-term Fund to Property, Plant and Equipment	3,471.53	4,125.59	4,262.10	5,265.12	4,711.19
Liquidity Analysis (%)	Current Ratio	115.29	122.51	108.54	110.98	104.14
	Quick Ratio	56.59	61.82	59.67	45.45	43.03
	Times Interest Earned	15.42	14.63	10.23	9.55	7.61
Operating Performance Analysis	Average Collection Turnover (Times)	13.40	9.14	7.84	9.58	11.78
	Average Collection Days	27	40	47	38	31
	Average Inventory Turnover (Times)	7.36	6.90	7.54	7.56	7.60
	Average Payables Turnover (Times)	9.30	9.77	9.58	8.82	8.48
	Average Inventory Turnover Days	50	53	48	48	48
	Property, Plant and Equipment Turnover (Times)	181.90	190.05	253.18	340.08	473.54
	Total Assets Turnover (Times)	2.51	2.28	2.45	2.72	3.21
Profitability Analysis	Return on Total Assets (%)	5.90	5.51	4.02	5.18	4.75
	Return on Equity (%)	14.06	12.88	10.05	13.63	13.27
	Pre-tax Income to Paid-in Capital Ratio (%)	58.97	48.50	40.28	51.30	56.40
	Net Margin (%)	2.20	2.27	1.49	1.71	1.30
	Earnings Per Share (NT$)	4.48	4.27	3.61	5.26	5.02
Cash Flow	Cash Flow Ratio (%) (Note 2)	—	—	—	10.37	—
	Cash Flow Adequacy Ratio (%) (Note 2)	—	—	—	—	—
	Cash Flow Reinvestment Ratio (%) (Note 2)	—	—	—	—	—
Leverage	Operating Leverage	2.38	2.33	2.15	1.80	1.81
	Financial Leverage	1.16	1.18	1.20	1.19	1.26

*The footnotes for this chart are the same as the chart in previous page.

C.Supervisor’s or Audit Committee's review report in the most recent year:

1.Supervisor's Review Report

WT Microelectronics Co., Ltd.
Supervisor's Review Report

The Board of Directors have prepared and submitted to us 2018 Parent Company Only Financial Statements and Consolidated Financial Statements audited by CPA Hsu, Sheng-Chung and CPA Wu, Han-Chi from PricewaterhouseCoopers Taiwan and 2018 Business Report,. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2019 Regular Shareholders’ Meeting in accordance to Article 219 of Company Act.

Sincerely,

2019 Regular Shareholders’ Meeting
WT Microelectronics Co., Ltd.

Supervisor: TangYe Investment Co., Ltd.
Representative: Wu, Chih-Hsiung

Supervisor: Hu, Hsiu-Hsing

March 22, 2019

WT Microelectronics Co., Ltd.
Supervisor's Review Report

The Board of Directors have prepared and submitted to us Table for Distribution of Earnings in 2018. We, the Supervisors, have duly examined the same as correct and accurate. We hereby report to the 2019 Regular Shareholders' Meeting in accordance to Article 219 of Company Act.

Sincerely,

2019 Regular Shareholders' Meeting
WT Microelectronics Co., Ltd.

Supervisor: TangYe Investment Co., Ltd.
Representative: Wu, Chih-Hsiung

Supervisor: Hu, Hsiu-Hsing

May 8, 2019

2.Audit Committee’s review report: The Company has not established an audit committee, so it is not applicable.

D.Latest consolidated financial statements:

REPORT OF INDEPENDENT ACCOUNTANTS

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

Opinion

We have audited the accompanying consolidated balance sheets of WT Microelectronics Co., Ltd. and its subsidiaries (the "Group") as at December 31, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the "Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

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

Recognition of supplier rebates

Description

Refer to Note 4(13) for accounting policies on supplier rebates.

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

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

How our audit addressed the matter

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

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

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

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

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

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

Impairment assessment of goodwill

Description

Refer to Note 4(19) 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(8) 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, 2018, the Group's goodwill amounted to NT$1,867,821 thousand.

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

How our audit addressed the matter

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

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

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

C. As the recoverable amount was determined by value-in–use, ascertained the reasonableness of each estimated growth rate, discount rate and other significant assumptions and performed the following:
   (a) Compared the reasonableness of estimated growth rate with historical data, economic and external industry forecast information;
   (b) Compared discount rate assumptions with respect to cash generating units' capital cost and similar return on assets; and
   (c) Checked the parameters of valuation model and the setting of calculation formula.

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

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(13) 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, 2018, the Group's inventories and allowance for inventory valuation losses were NT$47,835,404 thousand and NT$959,984 thousand, respectively.

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

How our audit addressed the matter

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

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

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

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

Other matter – Parent company only financial reports

We have audited and expressed an unqualified opinion on the parent company only financial statements of WT Microelectronics Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

B. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

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

D. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

E. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the pwc 資誠

underlying transactions and events in a manner that achieves fair presentation.

F. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Hsu, Sheng-Chung

Hsu, Sheng-Chung

Wu, Han-Chi

Wu, Han-Chi

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2019

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 3,335,181	4	$ 2,288,075	3
1120	Financial assets at fair value through other comprehensive income - current	6(2)	24,350	-	-	-
1125	Available-for-sale financial assets - current	12(4)	-	-	466,686	1
1170	Accounts receivable, net	6(3)	36,127,336	39	32,326,085	43
1200	Other receivables	6(3)	2,089,219	2	1,344,146	2
130X	Inventories	6(4)	46,875,420	50	33,113,757	44
1410	Prepayments		342,572	-	347,727	-
1470	Other current assets	6(1) and 8	89,438	-	466,492	1
11XX	**Total current assets**		88,883,516	95	70,352,968	94
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	521,477	-	-	-
1523	Available-for-sale financial assets, net - non-current	12(4)	-	-	642,252	1
1543	Financial assets carried at cost – non-current	12(4)	-	-	9,143	-
1550	Investments accounted for using equity method	6(5)	246,346	-	348,138	-
1600	Property, plant and equipment	6(6)	995,294	1	785,965	1
1760	Investment property - net	6(7)	104,942	-	105,756	-
1780	Intangible assets	6(8)	1,878,609	2	1,663,682	2
1840	Deferred income tax assets	6(29)	660,027	1	567,902	1
1900	Other non-current assets	6(9)	534,597	1	690,342	1
15XX	**Total non-current assets**		4,941,292	5	4,813,180	6
1XXX	**Total assets**		$ 93,824,808	100	$ 75,166,148	100

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 26,112,763	28	$ 24,362,972	32
2110	Short-term notes and bills payable	6(11)	1,828,513	2	1,499,017	2
2120	Financial liabilities at fair value through profit or loss - current	6(12)	3,994	-	7,777	-
2130	Contract liabilities - current	6(23)	118,246	-	-	-
2170	Accounts payable		37,997,769	40	24,462,653	33
2200	Other payables	6(13)	1,722,862	2	1,418,610	2
2230	Current income tax liabilities		639,616	1	537,108	1
2320	Long-term liabilities, current portion	6(14)(15)	1,937,468	2	-	-
2365	Refund liabilities - current	6(23)	879,111	1	-	-
2399	Other current liabilities		43,961	-	161,941	-
21XX	**Total current liabilities**		71,284,303	76	52,450,078	70
	Non-current liabilities					
2530	Bonds payable	6(14)	-	-	1,216,527	2
2540	Long-term loans	6(15)	122,860	-	982,120	1
2570	Deferred income tax liabilities	6(29)	465,646	1	352,924	-
2600	Other non-current liabilities	6(16)	144,411	-	82,931	-
25XX	**Total non-current liabilities**		732,917	1	2,634,502	3
2XXX	**Total liabilities**		72,017,220	77	55,084,580	73
	Equity attributable to owners of parent					
	Share capital	6(18)				
3110	Share capital - common stock		5,551,889	6	5,522,227	7
3130	Certificates of entitlement to new shares from convertible bonds		24,217	-	392	-
	Capital surplus	6(19)				
3200	Capital surplus		8,773,382	9	8,660,739	12
	Retained earnings	6(20)				
3310	Legal reserve		1,741,965	2	1,489,975	2
3320	Special reserve		109,102	-	-	-
3350	Unappropriated retained earnings		5,749,889	6	4,516,703	6
	Other equity interest	6(21)				
3400	Other equity interest		(143,568)	-	(109,102)	-
31XX	**Equity attributable to owners of the parent**		21,806,876	23	20,080,934	27
36XX	**Non-controlling interest**	6(22)	712	-	634	-
3XXX	**Total equity**		21,807,588	23	20,081,568	27
	Commitments and contingent liabilities	9				
3X2X	**Total liabilities and equity**		$ 93,824,808	100	$ 75,166,148	100

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

	Items	Notes	Year ended December 31 2018 AMOUNT	%	2017 AMOUNT	%
4000	**Operating revenue**	6(23)	$ 273,416,485	100	$ 189,419,235	100
5000	**Operating costs**	6(4)	(262,771,537)	(96)	(180,997,653)	(96)
5900	**Net operating margin**		10,644,948	4	8,421,582	4
	Operating expenses	6(27)				
6100	Selling expenses		(4,017,488)	(2)	(3,160,726)	(2)
6200	General and administrative expenses		(946,308)	-	(1,023,960)	-
6300	Research and development expenses		(367,592)	-	(318,726)	-
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(59,845)	-	-	-
6000	**Total operating expenses**		(5,391,233)	(2)	(4,503,412)	(2)
6900	**Operating profit**		5,253,715	2	3,918,170	2
	Non-operating income and expenses					
7010	Other income	6(24)	67,535	-	43,859	-
7020	Other gains and losses	6(25)	101,904	-	200,822	-
7050	Finance costs	6(26)	(1,698,684)	(1)	(962,791)	-
7060	Share of loss of associates and joint ventures accounted for using equity method	6(5)	(103,660)	-	(95,170)	-
7000	**Total non-operating income and expenses**		(1,632,905)	(1)	(813,280)	-
7900	**Profit before income tax**		3,620,810	1	3,104,890	2
7950	Income tax expense	6(29)	(842,295)	-	(584,754)	-
8200	**Profit for the year**		$ 2,778,515	1	$ 2,520,136	2

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(16)	($ 6,446)	-	($ 8,620)	-
8316	Unrealised loss on valuation of equity investment instruments measured at fair value through other comprehensive income	6(21)	(317,172)	-	-	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(29)	1,661	-	1,466	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		(321,957)	-	(7,154)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss	6(21)(22)				
8361	Financial statements translation differences of foreign operations		590,295	-	(1,139,887)	(1)
8362	Unrealised loss on valuation of available-for-sale financial assets		-	-	(151,466)	-
8370	Share of other comprehensive (loss) income of associates and joint ventures accounted for using equity method	6(5)	(5,941)	-	806	-
8399	Income tax related to components of other comprehensive (loss) income that will be reclassified to profit or loss	6(29)	(1,395)	-	1,872	-
8360	**Other comprehensive income (loss) that will be reclassified to profit or loss**		582,959	-	(1,288,675)	(1)
8300	**Total other comprehensive income (loss) for the year**		$ 261,002	-	($ 1,295,829)	(1)
8500	**Total comprehensive income for the year**		$ 3,039,517	1	$ 1,224,307	1
	Profit attributable to:					
8610	Owners of the parent		$ 2,778,229	1	$ 2,519,897	2
8620	Non-controlling interest		286	-	239	-
			$ 2,778,515	1	$ 2,520,136	2
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 3,039,224	1	$ 1,224,141	1
8720	Non-controlling interest		293	-	166	-
			$ 3,039,517	1	$ 1,224,307	1
	Earnings per share (in dollars)	6(30)				
9750	**Basic earnings per share**		$ 5.02		$ 5.26	
9850	**Diluted earnings per share**		$ 4.71		$ 4.89	

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, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent											
		Share capital			Retained earnings			Other equity interest					
	Notes	Share capital - common stock	Certificates of bond-to-stock conversion	Capital reserves	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Total	Non-controlling interest	Total equity
2017													
Balance at January 1, 2017		$ 4,715,196	$ -	$ 6,372,059	$ 1,320,029	$ -	$ 3,315,686	$ 162,084	$ -	$ 1,017,416	$ 16,902,470	$ 640	$ 16,903,110
Consolidated net income		-	-	-	-	-	2,519,897	-	-	-	2,519,897	239	2,520,136
Other comprehensive loss	6(21)	-	-	-	-	-	(7,154)	(1,137,136)	-	(151,466)	(1,295,756)	(73)	(1,295,829)
Total comprehensive income (loss)		-	-	-	-	-	2,512,743	(1,137,136)	-	(151,466)	1,224,141	166	1,224,307
Issuance of common stock for cash	6(18)	750,000	-	2,100,000	-	-	-	-	-	-	2,850,000	-	2,850,000
Share-based payments	6(17)	-	-	49,037	-	-	-	-	-	-	49,037	-	49,037
Appropriations of 2016 earnings:	6(20)												
Legal reserve		-	-	-	169,946	-	(169,946)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(1,141,780)	-	-	-	(1,141,780)	-	(1,141,780)
Conversion of convertible bonds	6(18)(19)	57,031	392	140,164	-	-	-	-	-	-	197,587	-	197,587
Changes in equity of associates accounted for using equity method	6(19)	-	-	(521)	-	-	-	-	-	-	(521)	-	(521)
Changes in non-controlling interest	6(22)	-	-	-	-	-	-	-	-	-	-	(172)	(172)
Balance at December 31, 2017		$ 5,522,227	$ 392	$ 8,660,739	$ 1,489,975	$ -	$ 4,516,703	($ 975,052)	$ -	$ 865,950	$ 20,080,934	$ 634	$ 20,081,568
2018													
Balance at January 1, 2018		$ 5,522,227	$ 392	$ 8,660,739	$ 1,489,975	$ -	$ 4,516,703	($ 975,052)	$ -	$ 865,950	$ 20,080,934	$ 634	$ 20,081,568
Effects of retrospective application	12(4)	-	-	-	-	-	(75,668)	-	843,629	(865,950)	(97,989)	-	(97,989)
Adjusted balance at January 1, 2018		5,522,227	392	8,660,739	1,489,975	-	4,441,035	(975,052)	843,629	-	19,982,945	634	19,983,579
Consolidated net income		-	-	-	-	-	2,778,229	-	-	-	2,778,229	286	2,778,515
Other comprehensive income (loss)	6(21)	-	-	-	-	-	(4,785)	582,952	(317,172)	-	260,995	7	261,002
Total comprehensive income (loss)		-	-	-	-	-	2,773,444	582,952	(317,172)	-	3,039,224	293	3,039,517
Appropriations of 2017 earnings:	6(20)												
Legal reserve		-	-	-	251,990	-	(251,990)	-	-	-	-	-	-
Special reserve		-	-	-	-	109,102	(109,102)	-	-	-	-	-	-
Cash dividends		-	-	-	-	-	(1,381,423)	-	-	-	(1,381,423)	-	(1,381,423)
Conversion of convertible bonds	6(18)(19)	29,662	23,825	112,643	-	-	-	-	-	-	166,130	-	166,130
Changes in non-controlling interest	6(22)	-	-	-	-	-	-	-	-	-	-	(215)	(215)
Disposal of financial assets at fair value through other comprehensive income	6(21)	-	-	-	-	-	277,925	-	(277,925)	-	-	-	-
Balance at December 31, 2018		$ 5,551,889	$24,217	$ 8,773,382	$ 1,741,965	$ 109,102	$ 5,749,889	($ 392,100)	$ 248,532	$ -	$ 21,806,876	$ 712	$ 21,807,588

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, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,620,810	$ 3,104,890
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(27)	83,271	62,882
Amortisation	6(27)	10,642	10,874
Impairment loss determined in accordance with IFRS 9/ Provision for doubtful accounts	12(2)	59,845	199,421
Net (income) loss on financial liabilities at fair value through profit or loss	6(25)	(80,128)	6,862
Impairment loss on financial assets carried at cost	6(25)	-	7,694
Other current liabilities transferred to revenue	6(24)	-	(2,888)
Share-based payment	6(17)	-	49,037
Share of loss of associates and joint ventures accounted for using equity method	6(5)	103,660	95,170
Loss on disposal of property, plant and equipment, net	6(25)	838	425
Gain on disposal of investments	6(25)	-	(243,817)
Interest expense	6(26)	902,649	549,716
Interest income	6(24)	(13,232)	(9,217)
Dividends income	6(24)	(17,634)	(8,250)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(2,483,886)	(28,859)
Other receivables		(703,121)	1,309,985
Inventories		(12,660,421)	(11,299,814)
Prepayments		30,863	(118,821)
Changes in operating liabilities			
Financial assets and liabilities at fair value through profit or loss		76,352	915
Contract liabilities		(10,553)	-
Accounts payable		12,189,354	6,242,518
Other payables		193,667	162,811
Other current liabilities (included in refund liabilities)		(16,418)	(59,713)
Accrued pension liabilities		(180)	(5,228)
Cash inflow generated from operations		1,286,378	26,593
Interest received		13,232	9,217
Dividends received		17,634	8,250
Interest paid		(862,978)	(527,359)
Income taxes paid		(673,951)	(487,302)
Net cash flows used in operating activities		(219,685)	(970,601)

(Continued)

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets at fair value through other comprehensive income		($ 31,601)	$ -
Proceeds from disposal of financial assets at fair value through other comprehensive income	6(2)	305,528	-
Proceeds from disposal of available-for-sale financial assets		-	255,168
Decrease (increase) in other financial assets		382,482	(8,293)
Proceeds from capital reduction of financial assets at cost		-	5,700
Acquisition of investments accounted for using equity method		-	(237,685)
Acquisition of property, plant and equipment	6(32)	(168,353)	(98,431)
Proceeds from disposal of property, plant and equipment		1,495	1,976
Acquisition of intangible assets	6(8)	(3,262)	(4,810)
Net cash payments for business combination	6(31)	(191,729)	(609,641)
Increase in other non-current assets		(73,602)	(114,337)
Net cash flows from (used in) investing activities		220,958	(810,353)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term loans	6(33)	2,495,603	(1,764,589)
Increase in short-term notes and bills payable	6(33)	318,426	1,199,116
Proceeds from long-term loans	6(33)	-	982,120
Payments of long-term loans	6(33)	(750,000)	-
Increase (decrease) in other non-current liabilities		55,220	(197)
Issuance of common stock for cash	6(18)(19)	-	2,850,000
Cash dividends paid to non-controlling interest	6(22)	(215)	(172)
Cash dividends paid	6(20)	(1,381,423)	(1,141,780)
Net cash flows from financing activities		737,611	2,124,498
Effect of exchange rate changes		308,222	(136,241)
Net increase in cash and cash equivalents		1,047,106	207,303
Cash and cash equivalents at beginning of year		2,288,075	2,080,772
Cash and cash equivalents at end of year		$ 3,335,181	$ 2,288,075

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

WT MICROELECTRONICS CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, expect as otherwise indicated)

1. HISTORY AND ORGANISATION

WT Microelectronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company and its subsidiaries (collectively referred herein as the “Group”) are primarily engaged in the development and sales of electronic and communication components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These consolidated financial statements were authorised for issuance by the Board of Directors on March 22, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards (“IFRS”) as endorsed by the Financial Supervisory Commission (“FSC”)

New standards, interpretations and amendments as endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, ‘Classification and measurement of share-based payment transactions’	January 1, 2018
Amendments to IFRS 4, ‘Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts’	January 1, 2018
IFRS 9, ‘Financial instruments’	January 1, 2018
IFRS 15, ‘Revenue from contracts with customers’	January 1, 2018
Amendments to IFRS 15, ‘Clarifications to IFRS 15, Revenue from contracts with customers’	January 1, 2018
Amendments to IAS 7, ‘Disclosure initiative’	January 1, 2017
Amendments to IAS 12, ‘Recognition of deferred tax assets for unrealised losses’	January 1, 2017
Amendments to IAS 40, ‘Transfers of investment property’	January 1, 2018
IFRIC 22, ‘Foreign currency transactions and advance consideration’	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, ‘First-time adoption of International Financial Reporting Standards’	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Group shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The Group has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B and C.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

The Group has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

(a) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to $1,218,886.

(b) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $102,535.

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Group

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Group expects to recognise the lease contract of lessees in line with IFRS 16. However, the Group does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $950,016 and $682,856, respectively, and 'long-term prepaid rents' will be decreased by $267,160.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendment to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal significant accounting policies applied in the preparation of these consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the "IFRSs").

(2) Basis of preparation

A. Except for the following items, these consolidated financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income/Available-for-sale financial assets measured at fair value.

(c) Defined benefit assets (liabilities) recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with IFRSs requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Group has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39 ('IAS 39'), International Accounting Standard 11 ('IAS 11'), International Accounting Standard 18 ('IAS 18') and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies and details of significant accounts.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

(a) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(c) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(d) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

(e) When the Group loses control of a subsidiary, the Group remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognised in profit or loss. All amounts previously recognised in other comprehensive income in relation to the subsidiary are reclassified to profit or loss from equity.

B. Subsidiaries included in the consolidated financial statements:

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Note
WT Microelectronics Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	99.65	99.65	
WT Microelectronics Co., Ltd.	Morrihan International Corp.	Trading Company	100.00	100.00	
WT Microelectronics Co., Ltd.	BSI Semiconductor Pte. Ltd.	Trading Company	100.00	100.00	
WT Microelectronics Co., Ltd.	Nuvision Technology Inc.	Trading Company	99.91	99.91	
WT Microelectronics Co., Ltd.	Milestone Investment Co., Ltd.	Investment Company	100.00	100.00	
WT Microelectronics Co., Ltd.	SinYie Investment Co., Ltd.	Investment Company	100.00	100.00	
WT Microelectronics Co., Ltd.	AboveE Technology Inc.	Software Services	100.00	100.00	
WT Microelectronics Co., Ltd.	Techmosa International Inc.	Trading Company	100.00	100.00	
WT Microelectronics Co., Ltd.	MSD Holdings Pte. Ltd.	Trading Company	100.00	100.00	
WT Microelectronics Co., Ltd.	Maxtek Technology Co., Ltd.	Trading Company	100.00	100.00	
Wintech Microelectronics Holding Limited	WT Microelectronics (Shanghai) Co., Ltd.	Trading Company	100.00	100.00	
Wintech Microelectronics Holding Limited	Promising Investment Limited	Investment Company	100.00	100.00	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Ltd.	Trading Company	100.00	100.00	
Wintech Microelectronics Holding Limited	Wintech Microelectronics Limited	Investment Company	100.00	100.00	
Wintech Microelectronics Holding Limited	WT Technology Pte. Ltd.	Trading Company	100.00	100.00	
Wintech Microelectronics Holding Limited	Wintech Investment Co., Ltd.	Investment Company	100.00	100.00	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	December 31, 2017	Note
Wintech Microelectronics Holding Limited	Anius Enterprise Co., Ltd.	Trading Company	100.00	100.00	
Wintech Microelectronics Holding Limited	Mega Source Co., Ltd.	Trading Company	100.00	100.00	
BSI Semiconductor Pte. Ltd.	Wonchang Semiconductor Co., Ltd.	Trading Company	100.00	100.00	
BSI Semiconductor Pte. Ltd.	WT Technology Korea Co., Ltd.	Trading Company	4.53	4.53	
Morrihan International Corp.	Hotech Electronics Corp.	Trading Company	100.00	100.00	
Morrihan International Corp.	Asia Latest Technology Limited	Investment Company	100.00	100.00	
Promising Investment Limited	WT Technology (H.K.) Limited	Trading Company	100.00	100.00	
Promising Investment Limited	WT Solomon QCE Ltd.	Trading Company	100.00	100.00	
Promising Investment Limited	WT Microelectronics (Hong Kong) Limited	Trading Company	100.00	100.00	
Promising Investment Limited	Nino Capital Co., Ltd.	Investment Company	100.00	100.00	
Promising Investment Limited	Rich Web Ltd.	Investment Company	100.00	100.00	
Wintech Investment Co., Ltd.	WT Microelectronics Singapore Pte. Ltd.	Trading Company	100.00	100.00	
Wintech Investment Co., Ltd.	WT Microelectronics (Malaysia) Sdn. Bhd.	Trading Company	100.00	100.00	
Wintech Investment Co., Ltd.	WT Technology Korea Co., Ltd.	Trading Company	95.47	95.47	
Nino Capital Co., Ltd.	Shanghai WT Microelectronics Co., Ltd.	Trading Company	100.00	100.00	
Rich Web Ltd.	WT Microelectronics (Shenzhen) Co., Ltd.	Trading Company	100.00	100.00	
WT Microelectronics Singapore Pte. Ltd.	WT Microelectronics (Thailand) Co., Limited.	Trading Company	100.00	100.00	
SinYie Investment Co., Ltd.	Wintech Microelectronics Holding Limited	Investment Company	0.35	0.35	

Name of Investor	Name of Subsidiary	Main Business Activities	Ownership (%) December 31, 2018	Ownership (%) December 31, 2017	Note
Asia Latest Technology Limited	Morrihan International Trading (Shanghai) Co., Ltd.	Trading Company	100.00	100.00	
Techmosa International Inc.	Techmosa International Holding Ltd.	Investment Company	100.00	100.00	
Techmosa International Inc.	Morrihan Singapore Pte. Ltd.	Trading Company	100.00	100.00	
Maxtek Technology Co., Ltd.	HongTech Electronics Co., Ltd.	Trading Company	100.00	100.00	
Maxtek Technology Co., Ltd.	Lacewood International Corp.	Trading Company	100.00	100.00	
Maxtek Technology Co., Ltd.	Best Winner International Development Ltd.	Investment Company	100.00	100.00	
Best Winner International Development Ltd.	Maxtek International (HK) Limited.	Trading Company	100.00	100.00	

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different balance sheet dates: None.

E. Significant restrictions: None.

F. Subsidiaries that have non-controlling interests that are material to the Group: None.

(4) Foreign currency translation

A. The consolidated financial statements are presented in NT dollars, which is the Company's functional and the Group's presentation currency.

B. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within 'other gains and losses'.

C. Translation of foreign operations

(a) The operating results and financial position of all the group entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Group retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Group retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(5) <u>Classification of current and non-current items</u>

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:
   (a) Liabilities that are expected to be settled within the normal operating cycle;
   (b) Liabilities arising mainly from trading activities;
   (c) Liabilities that are to be settled within twelve months from the balance sheet date;
   (d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(7) Financial assets (liabilities) at fair value through profit or loss

Effective 2018

A. These are financial assets that are not measured at amortised cost or at fair value through other comprehensive income and are held for trading if acquired principally for the purpose of repurchasing in the short term. Derivatives are also categorized as financial labilities held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Group subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(8) Financial assets at fair value through other comprehensive income

Effective 2018

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Group has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Group measures the financial assets at fair value plus transaction costs. The Group subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition relating to the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Group and the amount of the dividend can be measured reliably.

(9) Accounts and notes receivable

A. Accounts and notes receivable entitle the Group a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Group's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in other comprehensive income.

(10) Impairment of financial assets

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Group recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Group recognises the impairment provision for lifetime ECLs.

(11) Derecognition of financial assets

The Group derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred, however, the Group has not retained control of the financial asset.

(12) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(13) Inventories

A. The cost of inventories includes the purchase price, import duties and other costs directly attributable to the acquisition of goods. The discount, allowance and others alike should be deducted from the cost.

B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(14) Investments accounted for using equity method / associates

A. Associates are all entities over which the Group has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

B. The Group's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

D. Unrealised gains on transactions between the Group and its associates are eliminated to the extent of the Group's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

E. In the case that an associate issues new shares and the Group does not subscribe or acquire new shares proportionately, which results in a change in the Group's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Group's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

F. When the Group disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

(15) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings	26 ~ 55 years
Office equipment	2 ~ 9 years
Other assets	2 ~ 12 years

(16) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(17) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 55 years.

(18) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

(19) Impairment of non-financial assets

A. The Group assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amount of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(20) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs.

(21) Convertible bonds payable

Convertible corporate bonds issued by the Group contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Group classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

B. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

D. When bondholders exercise conversion options, the liability component of the bonds (including ‘bonds payable) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – share options.

(22) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees’ compensation and directors’ and supervisors’ remuneration

Employees’ compensation and directors’ and supervisors’ remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(23) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of cash capital increase reserved for employee preemption is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.

(24) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(25) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities.

(26) Revenue recognition

A. The Group sells electronic and communication components. Sales are recognised when the control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Group has objective evidence that all criteria for acceptance have been satisfied.

B. The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 90~120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Group does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The customer pays at the time specified in the payment schedule. If the payments exceed the merchandise provided, a contract liability is recognised.

(27) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

(28) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker, who is responsible for allocating resources and assessing performance of the operating segments.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

(1) Critical judgements in applying the Group's accounting policies

Revenue recognition on a net/gross basis

The Group determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Group is a principal) or to arrange for the other party to provide those goods or services (i.e. the Group is an agent) based on the transaction model and its economic substance. The Group is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Group recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Group is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Group recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Group controls the goods or services before it is provided to a customer include the following:

A. The Group is primarily responsible for the provision of goods or services;

B. The Group assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Group has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Group makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Group's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(8) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Group must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Group evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 5,922	$ 2,852
Checking accounts and demand deposits	3,329,259	2,285,223
	$ 3,335,181	$ 2,288,075

A. The Group transacts with a variety of financial institutions all with good credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

B. The Group's deposits with banks that have been pledged as collateral were classified as 'other current assets'. Please refer to Note 8 for details. As of December 31, 2018 and 2017, the time deposits with maturity date over 3 months of $39,459 and $42,164, respectively, are recorded as "other current assets".

(2) Financial assets at fair value through other comprehensive income

Effective 2018

Items	December 31, 2018
Current items:	
Equity instruments	$ 24,350
Non-current items:	
Equity instruments	$ 521,477

A. The Group has elected to classify certain strategic investments in the aforementioned equity instruments, including publicly listed and privately held companies, as financial assets measured at fair value through other comprehensive income.

B. Aiming to satisfy its operating capital needs, the Group sold $305,528 of listed shares at fair value which resulted in a cumulative gain of $277,925 on disposal during the year ended December 31, 2018.

C. Please refer to Note 6(21) for information on changes in fair value recognised in other comprehensive income for the year ended December 31, 2018. Please refer to Note 6(14) for details of dividend income recognised in profit or loss of equity instruments at fair value through other comprehensive income held at end of year.

D. The Group has no financial assets measured at fair value through other comprehensive income pledged to others as of December 31, 2018.

E. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

F. Information on available-for-sale financial assets and financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 1,898,859	$ 1,824,444
Accounts receivable	34,665,485	32,428,068
Less: Allowance for sales returns and discounts	-	(1,655,266)
Allowance for uncollectible accounts	(437,008)	(271,161)
Notes and accounts receivable, net	36,127,336	32,326,085
Overdue receivables	845,997	916,444
Less: Allowance for uncollectible accounts	(845,997)	(830,735)
Overdue receivables, net (shown as 'other non-current assets')	-	85,709
	$ 36,127,336	$ 32,411,794

A. As of December 31, 2018 and 2017, the Group had outstanding discounted notes receivable amounting to $914,373 and $298,369, respectively. However, as notes receivable are bank's acceptance bills and are discounted without right of recourse, those discounted notes receivable were deducted directly from notes receivable.

B. Transferred financial assets that are derecognised in their entirety

The Group entered into a factoring agreement with a domestic financial institution to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. Thus, the Group derecognised the transferred accounts receivable, and the related information is as follows:

	December 31, 2018	December 31, 2017
Accounts receivable transferred (Amount derecognised)	$ 45,740,462	$ 31,829,608
Amount advanced	$ 44,738,105	$ 30,875,011
Amount retained	$ 1,002,357	$ 954,597

(a) The above amounts retained are shown as 'other receivables'. The Group transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(b) As of December 31, 2018 and 2017, the interest rates for amounts advanced ranged between 1.3270%~4.0698% and 1.712%~3.22%, respectively.

(c) As of December 31, 2018 and 2017, the total limits of the accounts receivable factoring were $78,873,368 and $55,529,472, respectively.

(d) As of December 31, 2018 and 2017, the Group has issued a promissory note of $125,690,581 and $56,015,136, respectively, as performance guarantee against any business dispute.

C. Transferred financial assets that are not derecognised in their entirety

The Group entered into a factoring agreement with domestic financial institutions to sell its accounts receivable. Under the agreement, the Group can transfer non-L/C accounts receivable financing to financial institution, and the bank has the right of recourse to the transferred accounts receivable. For accounts receivable that will not be recovered in the specific period, the Group will retain risk and returns of such accounts receivable. Accordingly, the Group did not derecognise the accounts receivable where the bank has the right of recourse.

Related advance payments are recorded under short-term borrowings, and the information on outstanding borrowings are as follows:

	December 31, 2018	December 31, 2017
Accounts receivable that are financed	$ -	$ 881,273
Amount advanced	$ -	$ 719,730

(a) As of December 31, 2017, the Group entered into a factoring agreement with recourse, and the range of interest of amount advanced was 1.87%~2.93%.

(b) As of December 31, 2018 and 2017, the total limits of the accounts receivable financing were $0 and $2,375,000, respectively.

D. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 80%~90% of the receivable amount can be covered when the receivables are uncollectible. As at December 31, 2018, and 2017, without taking into account any collateral held or other credit enhancements, the maximum exposure to credit risk in respect of the amount that best represents the Group's notes and accounts receivable was the carrying amount of the notes and accounts receivable.

E. Please refer to Note 8 for details of accounts receivable pledged as security.

F. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2018	December 31, 2017
Merchandise inventory	$ 47,835,404	$ 34,176,655
Less: Allowance for inventory obsolescence and market value decline	(959,984)	(1,062,898)
	$ 46,875,420	$ 33,113,757

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 262,718,911	$ 180,889,018
Loss on disposal of inventory	173,621	-
(Gain on reversal of) loss on decline in market value	(121,256)	108,483
Loss on physical inventory	261	152
	$ 262,771,537	$ 180,997,653

The Group reversed a previous inventory write-down as certain inventory which were previously provided with allowance were subsequently disposed during the year ended December 31, 2018.

(5) Investments accounted for using equity method

	December 31, 2018	December 31, 2017
JCD Optical (Cayman) Co., Ltd.	$ 86,146	$ 97,855
Supreme Mega Ltd.	57,694	148,511
Qwave Technology Co., Ltd.	40,305	40,000
Rainbow Star Group Limited	31,406	31,040
Joy Capital Ltd.	30,795	30,732
	$ 246,346	$ 348,138

A. The carrying amount of the Group's interests in all individually immaterial associates and the Group's share of the operating results are summarised below:

	Years ended December 31, 2018	2017
Loss for the year from continuing operations	($ 103,660)	($ 95,170)
Other comprehensive (loss) income, net of tax	(5,941)	806
Total comprehensive loss	($ 109,601)	($ 94,364)

B. In December 2017, the Group acquired the newly issued ordinary shares of Qwave Technology Co., Ltd. by asset contribution, which acquired 40% of equity, for a total amount of $40,000.

(6) Property, plant and equipment

	Land	Buildings	Office equipment	Others	Total
At January 1, 2018					
Cost	$ 225,459	$ 496,075	$ 339,669	$ 230,936	$1,292,139
Accumulated depreciation and impairment	-	(86,466)	(228,327)	(191,381)	(506,174)
	$ 225,459	$ 409,609	$ 111,342	$ 39,555	$ 785,965
2018					
Opening net book amount	$ 225,459	$ 409,609	$ 111,342	$ 39,555	$ 785,965
Additions	-	-	78,325	78,555	156,880
Disposals	-	-	(778)	(1,555)	(2,333)
Reclassifications	-	148,399	-	-	148,399
Depreciation charge	-	(12,107)	(45,625)	(24,725)	(82,457)
Net exchange differences	-	(10,081)	(870)	(209)	(11,160)
Closing net book amount	$ 225,459	$ 535,820	$ 142,394	$ 91,621	$ 995,294
At December 31, 2018					
Cost	$ 225,459	$ 634,212	$ 360,629	$ 296,940	$1,517,240
Accumulated depreciation and impairment	-	(98,392)	(218,235)	(205,319)	(521,946)
	$ 225,459	$ 535,820	$ 142,394	$ 91,621	$ 995,294

	Land	Buildings	Office equipment	Others	Total
At January 1, 2017					
Cost	$ 225,459	$ 217,449	$ 320,854	$ 186,885	$ 950,647
Accumulated depreciation and impairment	-	(75,260)	(234,923)	(166,557)	(476,740)
	$ 225,459	$ 142,189	$ 85,931	$ 20,328	$ 473,907
2017					
Opening net book amount	$ 225,459	$ 142,189	$ 85,931	$ 20,328	$ 473,907
Acquired from business combinations	-	-	3,646	12,784	16,430
Additions	-	13,677	59,211	24,516	97,404
Disposals	-	-	(289)	(2,112)	(2,401)
Reclassifications	-	261,559	(82)	(2,627)	258,850
Depreciation charge	-	(11,094)	(37,640)	(13,334)	(62,068)
Net exchange differences	-	3,278	565	-	3,843
Closing net book amount	$ 225,459	$ 409,609	$ 111,342	$ 39,555	$ 785,965
At December 31, 2017					
Cost	$ 225,459	$ 496,075	$ 339,669	$ 230,936	$1,292,139
Accumulated depreciation and impairment	-	(86,466)	(228,327)	(191,381)	(506,174)
	$ 225,459	$ 409,609	$ 111,342	$ 39,555	$ 785,965

A. The information on property, plant and equipment acquired through business combinations for the year ended December 31, 2017 is provided in Note 6(31).

B. The Company's indirect investee, WT Microelectronics (Shanghai) Co., Ltd., entered into agreements for presale of commodity houses with the non-related parties in the first quarter of 2016. The agreements are purchases of property located in Beijing Municipality for business use for a contract price of $225,976 (RMB 48,732 thousand) which has been settled by the Group. In the first and fourth quarter of 2018, the transfer of the properties has been completed and accepted by WT Microelectronics (Shanghai) Co., Ltd. Thus, the amount previously recorded in 'other non-current assets – prepayment for property' was transferred to 'property, plant, equipment – buildings and structures' and 'other non-current assets-long-term prepaid rents' in the amounts of $148,399 and $77,577, respectively. Please refer to Note 6(9) for details.

C. The Company's indirect investee, WT Microelectronics (Shanghai) Co., Ltd., entered into agreements for presale of commodity houses with non-related parties in the second quarter of 2015. The agreements are purchases of property located in Shanghai Municipality for business use for a contract price of $450,407 (RMB 99,800 thousand) which has been settled by the Group. In the first quarter of 2017, the process for ownership transfer and acceptance had been completed. Thus, the amount previously recorded in 'other non-current assets – prepayment for property' was transferred to ‘property, plant and equipment – buildings and structures’ and ‘other non-current assets – long-term prepaid rents’ in the amounts of $261,559 and $188,848, respectively. Please refer to Note 6(9) for details.

(7) Investment property

	Land	Buildings	Total
At January 1, 2018			
Cost	$ 84,736	$ 37,099	$ 121,835
Accumulated depreciation and impairment	(1,897)	(14,182)	(16,079)
	$ 82,839	$ 22,917	$ 105,756
2018			
Opening net book amount	$ 82,839	$ 22,917	$ 105,756
Depreciation charge	-	(814)	(814)
Closing net book amount	$ 82,839	$ 22,103	$ 104,942
At December 31, 2018			
Cost	$ 84,736	$ 37,099	$ 121,835
Accumulated depreciation and impairment	(1,897)	(14,996)	(16,893)
	$ 82,839	$ 22,103	$ 104,942

	Land	Buildings	Total
At January 1, 2017			
Cost	$ 84,736	$ 37,099	$ 121,835
Accumulated depreciation and impairment	(1,897)	(13,368)	(15,265)
	$ 82,839	$ 23,731	$ 106,570
2017			
Opening net book amount	$ 82,839	$ 23,731	$ 106,570
Depreciation charge	-	(814)	(814)
Closing net book amount	$ 82,839	$ 22,917	$ 105,756
At December 31, 2017			
Cost	$ 84,736	$ 37,099	$ 121,835
Accumulated depreciation and impairment	(1,897)	(14,182)	(16,079)
	$ 82,839	$ 22,917	$ 105,756

A. Rental income from the lease of the investment property and direct operating expenses arising from the investment property are shown below:

	Years ended December 31, 2018	Years ended December 31, 2017
Rental income from the lease of the investment property	$ 2,597	$ 2,467
Direct operating expenses arising from the investment property that generated rental income during the year	$ 814	$ 814

B. The fair values of the investment property held by the Group as at December 31, 2018 and 2017 were $130,104 and $131,513, respectively, which were based on the valuation of market prices estimated using comparison approach and is categorised within Level 2 in the fair value hierarchy.

(8) Intangible assets

	Goodwill	Software	Total
At January 1, 2018			
Cost	$ 1,819,565	$ 75,639	$ 1,895,204
Accumulated amortisation and impairment	(170,309)	(61,213)	(231,522)
	$ 1,649,256	$ 14,426	$ 1,663,682
2018			
Opening net book amount	$ 1,649,256	$ 14,426	$ 1,663,682
Additions	191,729	3,262	194,991
Amortisation charge (shown as 'general and administrative expenses')	-	(6,900)	(6,900)
Net exchange differences	26,836	-	26,836
Closing net book amount	$ 1,867,821	$ 10,788	$ 1,878,609
At December 31, 2018			
Cost	$ 2,038,130	$ 78,901	$ 2,117,031
Accumulated amortisation and impairment	(170,309)	(68,113)	(238,422)
	$ 1,867,821	$ 10,788	$ 1,878,609

	Goodwill	Software	Total
At January 1, 2017			
Cost	$ 1,707,300	$ 60,166	$ 1,767,466
Accumulated amortisation and impairment	(170,309)	(46,299)	(216,608)
	$ 1,536,991	$ 13,867	$ 1,550,858
2017			
Opening net book amount	$ 1,536,991	$ 13,867	$ 1,550,858
Acquired from business combinations	246,302	5,949	252,251
Adjustment	(63,839)	-	(63,839)
Additions	-	4,810	4,810
Reclassifications	-	(2,447)	(2,447)
Amortisation charge (shown as 'general and administrative expenses')	-	(7,751)	(7,751)
Net exchange differences	(70,198)	(2)	(70,200)
Closing net book amount	$ 1,649,256	$ 14,426	$ 1,663,682
At December 31, 2017			
Cost	$ 1,819,565	$ 75,639	$ 1,895,204
Accumulated amortisation and impairment	(170,309)	(61,213)	(231,522)
	$ 1,649,256	$ 14,426	$ 1,663,682

A. The information on intangible assets acquired through business combinations for the year ended December 31, 2018 and 2017 is provided in Note 6(31).

B. In 2017, the acquisition price was adjusted pursuant to the contingent consideration provision in the business transfer agreement signed in 2011 with Kei Kong Electronic Ltd. As a result, the goodwill from the business combination was also adjusted in the amount of $63,839.

C. The Group evaluated the impairment of recoverable amount of the goodwill at each reporting date and used the value-in-use calculation as basis for recoverable amount. These calculations use future cash flow projections based on financial budgets approved by the management covering a five-year period.

   The future cash flows were estimated based on the annual revenue, gross profit and other operating expenses in the future. The Group's estimated average annual revenue growth rate is 5%~10%, and adopted discount rate is the pre-tax ratio of weighted average capital cost to reflect risk of related cash-generating units. Based on the aforementioned assessment, no recognition of impairment loss of goodwill was recognised for the years ended December 31, 2018 and 2017.

(9) Other non-current assets

	December 31, 2018	December 31, 2017
Long-term prepaid rents	$ 267,160	$ 188,026
Refundable deposit	134,775	114,897
Prepayment for property	53,393	222,614
Prepayment for machinery	25,899	11,247
Net defined benefit asset	1,365	1,125
Overdue receivables	-	85,709
Others	52,005	66,724
	$ 534,597	$ 690,342

A. Because the ownership transfer and acceptance of the property have been completed in the first quarter of 2018 and 2017, the prepayment for property was then transferred to 'long-term prepaid rents' and 'property, plant and equipment'. Please refer to Note 6(6) for details.

The amount transferred to 'long-term prepaid rents' resulted from the Group's land use right contract in China. For the years ended December 31, 2018 and 2017, the Group recognised rent for the land use right amounting to $3,742 and $3,123, respectively.

B. The Company's indirect investee, WT Microelectronics (Shanghai) Co., Ltd., entered into agreements for property development with third parties in the fourth quarter of 2018. The agreements pertain to purchases of property located in Hangzhou Municipality for business use. The agreement amounted to RMB 11,707 thousand. As of December 31, 2018, the Group has already paid $53,393 (approximately RMB 11,707 thousand, shown as 'prepayment for property').

(10) Short-term borrowings

	December 31, 2018	December 31, 2017
Credit loans	$ 25,997,237	$ 20,708,832
Secured borrowings	115,526	3,654,140
	$ 26,112,763	$ 24,362,972
Interest rates per annum	0.9114%~4.7894%	0.9066%~5.0025%

Please refer to Note 8 for details of the collaterals of abovementioned secured borrowings.

(11) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper	$ 1,830,000	$ 1,500,000
Amortisation of discount	(1,487)	(983)
	$ 1,828,513	$ 1,499,017
Coupon rate	0.57%~0.89%	0.53%~0.85%

The notes and bills were issued under securities and acceptance offered by the financial institutions to fund short-term capital. The issuance period is within 90 days.

(12) Financial liabilities at fair value through profit or loss

Liabilities	December 31, 2018	December 31, 2017
Current items:		
Derivatives	$ 3,994	$ 7,777

A. The Group recognised net gain of $77,103 and net loss of $6,862 (shown as 'other gains and losses') on financial liabilities at fair value through profit or loss for the years ended December 31, 2018 and 2017, respectively.

B. The non-hedging derivative instruments and contract information are as follows:

Derivative financial liabilities	December 31, 2018 Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	18,000	2018.11.28~2019.3.28
Cross currency swap contracts	USD (BUY)	10,000	2018.12.26~2019.2.26

Derivative financial liabilities	December 31, 2017 Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	12,000	2017.12.5~2018.3.21
Cross currency swap contracts	USD (BUY)	15,000	2017.12.21~2018.3.20

(a) The Group entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(b) The cross currency swap contracts signed by the Company are to fulfill capital movement. For exchange rate, principals denominated in two currencies are exchanged at the same exchange rate at the initial and final exchanges. Thus, there is no foreign exchange risk. For interest rate, to hedge the exchange risk of floating rate, the Company exchanged fixed rate of NTD for floating rate of USD. However, these cross currency swap contracts are not accounted for under hedge accounting.

C. For the derivative transactions, the Group deals with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

(13) Other payables

	December 31, 2018	December 31, 2017
Salaries and bonuses payable	$ 819,302	$ 761,196
Accrued VAT payable	220,901	47,805
Finance cost payable	176,467	104,081
Costs to provide technical services payable	73,454	86,311
Insurance expense payable	68,311	37,565
Freight payable	59,439	55,978
Pension expense payable	13,065	14,710
Others	291,923	310,964
	$ 1,722,862	$ 1,418,610

(14) Bonds payable

	December 31, 2018	December 31, 2017
Bonds payable	$ 1,074,200	$ 1,242,200
Less: Discount on bonds payable	(7,452)	(25,673)
	1,066,748	1,216,527
Less: Bonds payable, current portion	(1,066,748)	-
	$ -	$ 1,216,527

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $1,500,000, 0%, fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 7, 2016 ~July 7, 2019) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 7, 2016.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds (with the conversion price at NT$40.5 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. On December 31, 2018, the conversion price was NT$31.3 per share.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from securities trading markets), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $40,362 were separated from the liability component and were recognised in 'capital surplus-share options' as of December 31, 2018, in accordance with IAS 32.

C. As of December 31, 2018, the convertible bonds converted into 12,591 thousand common shares totaled $425,800 at par value.

D. For the years ended December 31, 2018 and 2017, the amortised discount of bonds payable was $16,351 and $17,579, respectively.

(15) Long-term loans

		December 31, 2018	
Type of loans	Period	Credit line	Amount
Mid-term borrowings (Bank SinoPac)	2017/10/3~2019/10/3	$ 1,500,000	$ 625,000
Mid-term borrowings (The Export-Import Bank of the Republic of China)	2017/1/25~2020/1/25	368,580	368,580
		$ 1,868,580	993,580
Less: Long-term borrowings, current portion			(870,720)
			$ 122,860
Range of interest rates			1.05%~3.7526%

		December 31, 2017	
Type of loans	Period	Credit line	Amount
Syndicated loans (Mega Bank and 7 other banks)	2013/12/18~2018/12/18	$ 1,333,333	$ -
Mid-term borrowings (Bank SinoPac)	2017/10/3~2019/10/3	1,500,000	625,000
Mid-term borrowings (The Export-Import Bank of the Republic of China)	2017/1/25~2020/1/25	357,120	357,120
		$ 3,190,453	$ 982,120
Range of interest rates			1.06%~2.589%

A. The Group has signed a syndicated loan agreement whereby the Group is obligated to avail of borrowings equivalent to a certain percentage of the credit line during the period from six months after the date of first drawdown. If the total borrowings do not reach the minimum availment amount as specified in the loan agreement, the Group is required to pay a commitment fee of 0.1% per annum based on the unavailed portion of the credit line. As of December 31, 2017, the Company has not used any of the aforementioned syndicated loans. However, in June 2018, the Group applied for the cancellation of the credit line in advance. As of December 31, 2018, the undrawn credit line of the syndicated loans amounting to $1,000,000 had all been cancelled.

B. The loan is classified as long-term liabilities since the term of the loan is more than one year and the Group plans to re-finance. Under the syndicated loan agreement, the credit line decreases equally during the remaining contract period from 3 years after the date of first drawdown.

C. Under the Bank SinoPac borrowing contract, the Group should maintain the required current ratio, gearing ratio and interest coverage ratio based on the annual and semi-annual consolidated financial statements during the terms of the syndicated loans. The Group's financial ratios in the consolidated financial statements for the year ended December 31, 2018 met the financial commitment of abovementioned borrowing contract.

D. The Group's liquidity risk is provided in Note 12.

(16) Pensions

A. Defined benefit pension plan

(a) The Company and its domestic subsidiaries have a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company and its domestic subsidiaries contribute monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Group would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Group will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 197,029	$ 186,079
Fair value of plan assets	(126,437)	(119,705)
Net defined benefit liability	$ 70,592	$ 66,374
Shown as 'other non-current assets'	$ 1,365	$ 1,125
Shown as 'other non-current liabilities'	$ 71,957	$ 67,499

(c) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2018			
Balance at January 1	$ 186,079	$ 119,705	$ 66,374
Current service cost	1,153	-	1,153
Interest (expense) income	2,444	1,514	930
	189,676	121,219	68,457
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	3,294	(3,294)
Change in financial assumptions	6,703	-	6,703
Experience adjustments	3,037	-	3,037
	9,740	3,294	6,446
Pension fund contribution	-	4,311	(4,311)
Paid pension	(2,387)	(2,387)	-
Balance at December 31	$ 197,029	$ 126,437	$ 70,592

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	$ 112,479	$ 100,251	$ 12,228
Acquired from business combinations	65,298	14,545	50,753
Past service cost	(2,715)	-	(2,715)
Current service cost	1,055	-	1,055
Interest (expense) income	1,951	1,584	367
	178,068	116,380	61,688
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(609)	609
Change in financial assumptions	2,958	-	2,958
Experience adjustments	5,053	-	5,053
	8,011	(609)	8,620
Pension fund contribution	-	3,934	(3,934)
Balance at December 31	$ 186,079	$ 119,705	$ 66,374

The information on net defined benefit liability acquired through business combinations for the year ended December 31, 2017 is provided in Note 6(31).

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company’s and domestic subsidiaries’ defined benefit pension plan in accordance with the Fund’s annual investment and utilisation plan and the “Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund” (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being approval by the Regulator. The Company and domestic subsidiaries have no right to participate in managing and operating that fund and hence the Company and domestic subsidiaries are unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	0.9%~1.2%	1.1%~1.63%
Future salary increases	3%	3%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2018				
Effect on present value of defined benefit obligation	($ 5,785)	$ 6,013	$ 5,389	($ 5,225)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 5,858)	($ 6,125)	$ 5,646	($ 5,441)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same. The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2019 amount to $4,286.

(g) As of December 31, 2018, the weighted average duration of the retirement plan is 10~18 years.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company and its domestic subsidiaries have established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company and its domestic subsidiaries contribute monthly an amount based on 6% of the employees’ monthly salaries and wages to the employees’ individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The Company’s subsidiaries in Mainland China have a defined contribution plan in accordance with the pension regulations in the People’s Republic of China (PRC). These companies contribute monthly an amount based on 1%~21% of the employees’ monthly salaries based on the employees’ domiciles to their independent funds administered by the government. For the subsidiaries in Hong Kong, these companies and its employees each contribute monthly an amount equal to 5% of the employees’ monthly salaries pursuant to the legislation in Hong Kong. Each fund is managed by the government. Except for the monthly contribution, these companies have no other obligation.

(c) The pension costs under the defined contribution pension plan of the Group for the years ended December 31, 2018 and 2017 were $179,621 and $139,363, respectively.

(17) Share-based payment

A. For the year ended December 31, 2017, the Group's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2017.11.13	5,479 thousand shares	-	Vested immediately

B. The fair value of stock options granted on November 13, 2017 is measured as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividend	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2017.11.13	$46.95	$38	-	-	-	-	$8.95

Compensation cost of share-based payment of $49,037 was recognised for cash capital increase reserved for employee preemption for the year ended December 31, 2017.

(18) Share capital

A. As of December 31, 2018, the Company's authorised capital was $10,000,000, consisting of 1 billion shares of ordinary stock (including 82 million shares reserved for employee stock options), and the paid-in capital was $5,551,889 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	2018	2017
	Shares (in thousands)	Shares (in thousands)
At January 1	552,262	471,519
Cash capital increase	-	75,000
Shares converted from bonds	5,349	5,743
At December 31	557,611	552,262

C. For the fourth quarter of 2018, convertible bonds amounting to $75,800 in total par value were requested for conversion into 2,422 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the change in registration has not yet been completed as of December 31, 2018.

(19) Capital surplus

A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. For the information relating to capital surplus-share options, please refer to Note 6(14).

	2018			
	Share premium	Treasury share transactions	Stock options	Net change in equity of associates
At January 1	$ 8,565,163	$ 40,742	$ 46,675	$ 8,159
Conversion of convertible bonds	118,956	-	(6,313)	-
At December 31	$ 8,684,119	$ 40,742	$ 40,362	$ 8,159

	2017			
	Share premium	Treasury share transactions	Stock options	Net change in equity of associates
At January 1	$ 6,268,305	$ 40,742	$ 54,332	$ 8,680
Issuance of common stock for cash	2,100,000	-	-	-
Share-based payments	49,037	-	-	-
Conversion of convertible bonds	147,821	-	(7,657)	-
Recognition of change in equity of associates in proportion to the Group's ownership	-	-	-	(521)
At December 31	$ 8,565,163	$ 40,742	$ 46,675	$ 8,159

(20) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. Special reserve shall be set aside or reversed as required by regulations or the Competent Authority when necessary. The remainder, if any, along with beginning unappropriated earnings is the accumulated distributable earnings. The amounts of abovementioned accumulated distributable earnings to be reserved or to be allocated and the way of distribution shall be determined based on the Company’s dividend policy, taking into account the indispensability of taking the earnings to back up the capital needs. The appropriation shall be proposed by the Board of Directors and resolved by the shareholders.

B. The Company’s dividend policy is regulated by the Board of Directors taking into consideration the Company’s operations, future investment plans, capital budget and internal/external situations. As the Company is in the growth stage, most of retained earnings will be used to support business development and investment requirements and consequently, the minimum cash dividend and extra dividend policy is adopted by the Company. The Company’s dividend policy is summarised below:

At least 40% of the Company’s earnings shall be appropriated as stock dividends and cash dividends, taking into account profits in the future and capital needs, and cash dividends shall account for at least 10% of the total dividends distributed. In the event the total earnings appropriation exceeds 30% of the Company’s paid-in capital before appropriation, cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company’s paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. According to the resolutions adopted by the stockholders during their meetings in June 2018 and 2017, the distribution information of the Company’s 2017 and 2016 earnings is as follows:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 251,990		$ 169,946	
Special reserve	109,102		-	
Cash dividends	1,381,423	$ 2.5	1,141,780	$ 2.4
	$ 1,742,515		$ 1,311,726	

(a)As of March 22, 2019, the appropriation of 2018 earnings has not yet been resolved by the Board of Directors.

(b)Information on the appropriation of the Company’s earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the “Market Observation Post

System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(28).

(21) Other equity items

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2018	$ 865,950	($ 975,052)	($ 109,102)
Effects on retrospective application of IFRS 9	(22,321)	-	(22,321)
Valuation adjustment on equity instruments	(317,172)	-	(317,172)
Disposals reclassified as retained earnings	(277,925)	-	(277,925)
Currency translation differences:			
– Group	-	588,893	588,893
– Associates	-	(5,941)	(5,941)
At December 31, 2018	$ 248,532	($ 392,100)	($ 143,568)

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2017	$ 1,017,416	$ 162,084	$ 1,179,500
Valuation losses on equity instruments	(151,466)	-	(151,466)
Currency translation differences:			
– Group	-	(1,137,942)	(1,137,942)
– Associates	-	806	806
At December 31, 2017	$ 865,950	($ 975,052)	($ 109,102)

(22) Non-controlling interests

	2018	2017
At January 1	$ 634	$ 640
Share attributable to non-controlling interest:		
Profit for the year	286	239
Exchange differences on translation of foreign financial statements	3	(74)
Unrealised gains on available-for-sale financial assets	-	1
Unrealised financial assets at fair value through other comprehensive income	4	-
Decrease in non-controlling interests	(215)	(172)
At December 31	$ 712	$ 634

(23) Operating revenue

	Years ended December 31,	
	2018	2017
Contract revenue		
Sale of electronic components	$ 273,277,356	$ 189,225,055
Other operating revenue	139,129	194,180
	$ 273,416,485	$ 189,419,235

A. The Group's revenue from customers' contracts primarily arise from the transfer of goods at a point in time. Please refer to Note 14(4) for revenue information by category.

B. The Group has recognised the following revenue-related contract liabilities provisions for estimated sales discounts:

	December 31, 2018
Refund liabilities-sales discounts and returns	$ 879,111
Contract liabilities-advance sales receipts	$ 118,246

(24) Other income

	Years ended December 31,	
	2018	2017
Interest income	$ 13,232	$ 9,217
Dividend income	17,634	8,250
Rent revenue	2,746	2,893
Other current liabilities recognised as other revenue	-	2,888
Other income	33,923	20,611
	$ 67,535	$ 43,859

(25) Other gains and losses

	Years ended December 31, 2018	Years ended December 31, 2017
Foreign exchange loss, net	$ 25,435	($ 25,997)
Gain on financial assets and liabilities at fair value through profit or loss - derivatives	77,103	(6,862)
Gain on financial assets at fair value through profit or loss – equity instruments	3,025	-
Impairment loss on financial intruments	-	(7,694)
Loss on disposal of property, plant and equipment	(838)	(425)
Gain on disposal of investment	-	243,817
Other losses	(2,821)	(2,017)
	$ 101,904	$ 200,822

(26) Finance costs

	Years ended December 31, 2018	Years ended December 31, 2017
Interest expense:		
Bank borrowings	$ 875,228	$ 525,261
Convertible bonds	16,351	17,579
Interest on short-term notes	11,070	6,876
Financing charges on accounts receivable factoring	766,080	387,665
Other finance costs	29,955	25,410
	$ 1,698,684	$ 962,791

(27) Expenses by nature

	Years ended December 31, 2018	Years ended December 31, 2017
Employee benefit expense	$ 3,223,705	$ 2,554,946
Depreciation	83,271	62,882
Amortisation	10,642	10,874
	$ 3,317,618	$ 2,628,702

(28) Employee benefit expense

	Years ended December 31,	
	2018	2017
Employee benefit expense		
Wages and salaries	$ 2,653,598	$ 2,118,801
Labour and health insurance fees	101,830	83,700
Pension costs	181,704	139,363
Other personnel expenses	286,573	213,082
	$ 3,223,705	$ 2,554,946

A. In accordance with the Articles of Incorporation of the Company as approved by the stockholders on June 3, 2016, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at \$31,900 and \$28,740, respectively; while directors' and supervisors' remuneration was accrued at \$12,000 and \$12,000, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year for the years ended December 31, 2018 and 2017.

   Employees' compensation and directors' and supervisors' remuneration for 2017 as resolved by the directors during its meeting were in agreement with those amounts recognised in profit or loss for 2017.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(29) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profit for the year	$ 743,718	$ 673,505
Tax on undistributed surplus earnings	77,023	37,950
Prior year income tax underestimation	(1,036)	(768)
Total current tax	819,705	710,687
Deferred tax:		
Origination and reversal of temporary differences	37,894	(125,712)
Impact of change in tax rate	(14,135)	-
Effect of exchange rate	(1,169)	(221)
Total deferred tax	22,590	(125,933)
Income tax expense	$ 842,295	$ 584,754

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurements of defined benefit obligations	$ 1,289	$ 1,466
Currency translation differences	(3,951)	1,872
Impact of change in tax rate	2,928	-
	$ 266	$ 3,338

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 1,127,328	$ 750,248
Effects from items disallowed by tax regulation	(348,159)	(201,292)
Change in assessment of realisation of deferred tax assets	-	(1,384)
Additional 10% tax on undistributed earnings	77,023	37,950
Prior year income tax overestimation	(1,036)	(768)
Effects from Alternative Minimum Tax	1,274	-
Effect from changes in tax regulation	(14,135)	-
Income tax expense	$ 842,295	$ 584,754

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	Year ended December 31, 2018				
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	December 31
-Deferred tax assets:					
Allowance for sales returns and discounts	$ 218,469	$ 81,331	$ -	$ -	$ 299,800
Allowance for doubtful accounts	113,359	4,268	-	3,047	120,674
Reserve for inventory obsolescence and market price decline	185,703	7,781	-	(6)	193,478
Others	50,371	(4,524)	369	(141)	46,075
	$ 567,902	$ 88,856	$ 369	$ 2,900	$ 660,027
-Deferred tax liabilities:					
Foreign investment income using equity method	($ 350,908)	($ 100,920)	$ -	$ -	($ 451,828)
Others	(2,016)	(11,695)	(103)	(4)	(13,818)
	($ 352,924)	($ 112,615)	($ 103)	($ 4)	($ 465,646)

	Year ended December 31, 2017					
	January 1	Acquisition from business combinations	Recognised in profit or loss	Recognised in other comprehensive income	Effect of exchange rate	December 31
-Deferred tax assets:						
Allowance for sales returns and discounts	$ 149,056	$ 7,069	$ 62,344	$ -	$ -	$ 218,469
Allowance for doubtful accounts	88,124	301	31,706	-	(6,772)	113,359
Reserve for inventory obsolescence and market price decline	156,511	10,582	18,597	-	13	185,703
Others	14,134	17,324	13,685	4,987	241	50,371
	$ 407,825	$ 35,276	$ 126,332	$ 4,987	($ 6,518)	$ 567,902
-Deferred tax liabilities:						
Foreign investment income using equity method	($ 246,873)	($ 68,117)	($ 35,918)	$ -	$ -	($ 350,908)
Others	(37,732)	2,061	35,298	(1,649)	6	(2,016)
	($ 284,605)	($ 66,056)	($ 620)	($ 1,649)	$ 6	($ 352,924)

The information on deferred tax assets and liabilities acquired through business combinations as of December 31, 2017 is provided in Note 6(31).

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 14,469	$ 14,593

E. The Company has assessed that the taxable temporary differences arising on investments in subsidiaries will not reverse in the foreseeable future. Accordingly, the Company did not recognise the full amount as deferred tax liabilities. As of December 31, 2018 and 2017, the temporary differences of unrecognised deferred tax liabilities were $3,640,781 and $5,338,854, respectively.

F. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company's applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Group has assessed the impact of the change in income tax rate.

(30) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to shareholders of the parent	$ 2,778,229	553,629	$ 5.02
Diluted earnings per share			
Profit attributable to shareholders of the parent	2,778,229	553,629	
Assumed conversion of all dilutive potential ordinary shares			
Conversion of convertible bonds	16,351	38,315	
Employees' compensation	-	831	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,794,580	592,775	$ 4.71

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to shareholders of the parent	$ 2,519,897	479,475	$ 5.26
Diluted earnings per share			
Profit attributable to shareholders of the parent	2,519,897	479,475	
Assumed conversion of all dilutive potential ordinary shares			
Conversion of convertible bonds	17,579	38,989	
Employees' compensation	-	790	
Profit attributable to shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 2,537,476	519,254	$ 4.89

(31) Business combination

The following business combinations occurred during the years ended December 31, 2018 and 2017:

A. Acquisition of all the equity shares of Maxtek Technology Co., Ltd. ("Maxtek") and its subsidiaries

(a) In accordance with the resolution adopted by the stockholders in June, 2017, the Company decided to acquire all shares of Maxtek Technology Co., Ltd. (Maxtek) through stock swap at $27 (in dollars) per share. Total acquisition consideration was $1,895,949, and the effective date was October 1, 2017. Maxtek engages mainly in the sales of integrated circuits and other electronic components. The purpose for the acquisition was to integrate resources and expand operating scales and enhance competition, as well as, to improve the diversity of the Group's product and customer services.

(b) The following table summarises the consideration paid for Maxtek Technology Co., Ltd. and the fair values of the assets acquired and liabilities assumed at the acquisition date:

Purchase consideration - Cash	$ 1,895,949
Fair value of the identifiable assets acquired and liabilities assumed	
Cash	1,286,308
Notes and accounts receivable	4,114,423
Other receivables	78,185
Inventories	1,367,045
Prepayments	80,138
Other current assets	425,878
Non-current available-for-sale financial assets	112,113
Property, plant and equipment	16,430
Intangible assets	5,949
Deferred income tax assets	35,276
Other non-current assets	15,026
Short-term borrowings	(4,118,893)
Accounts payable	(1,470,028)
Other payables	(139,918)
Current income tax liabilities	(14,436)
Other current liabilities	(27,024)
Deferred income tax liabilities	(66,056)
Net defined benefit liability	(50,753)
Other non-current liabilities	(16)
Total identifiable net assets	1,649,647
Goodwill	$ 246,302

(c) On October 1, 2017, Maxtek Technology Co., Ltd. was included in the Group. Had Maxtek Technology Co., Ltd. been consolidated from January 1, 2017, the consolidated statement of comprehensive income would show operating revenue of $199,715,571 and profit before income tax of $3,124,053 for the year ended December 31, 2017.

B. The subsidiary, Morrihan International Corp., acquired a part of the electronic component distribution business of Promate Electronic Co., Ltd. (“Promate Electronic”).

(a) On October 31, 2017, the Group signed a business transfer agreement with Promate Electronic, acquiring a part of the company’s electronic component distribution business for $17,500. The record date of the transfer was February 1, 2018.

(b) Promate Electronic is a distributor of electronic components with the greater China region as its primary market.

(c) As of December 31, 2018, actual payment of $22,439 was made in full under the business transfer agreement, after the amount was adjusted pursuant to certain terms in the agreement.

(d) As of December 31, 2018, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

C. The Company acquired part of the electronic component distribution business of STC Corporation.

(a) In June 2018, the Group signed a business transfer agreement with STC Corporation, acquiring part of the company's electronic component distribution business in cash. The record date of the transfer was October 5, 2018.

(b) If the gross profit exceeds US$4 million during the period from July 2018 to June 2020, 70% of excess amounts shall be paid in cash as additional consideration as stipulated in a contingent consideration agreement, which were included in considerations payable amounting to $169,920 (US$5,500 thousand) under the business transfer agreement. The Company has evaluated the possibility of contingent events that may occur based on the cost of distribution business.

(c) STC Corporation is a distributor of electronic components with the greater Korea region as its primary market.

(d) The actual consideration payment will be adjusted during the period from July 2018 to June 2020 according to the conditions stipulated in the business transfer agreement.

(e) As of December 31, 2018, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

(32) Supplemental cash flow information

A. Cash paid for property, plant and equipment:

	Years ended December 31, 2018	Years ended December 31, 2017
Purchase of property, plant and equipment	$ 156,880	$ 97,404
Add: Opening balance of payable on equipment	10,216	-
Ending balance of prepayments for business facilities	25,899	11,247
Less: Ending balance of payable on equipment	(13,396)	(10,216)
Opening balance of prepayments for business facilities	(11,247)	-
Effect of foreign exchange	1	(4)
Cash paid during the year	$ 168,353	$ 98,431

B. Cash paid for the acquisition of business subsidiary:

	Year ended December 31, 2017
Current assets	$ 7,351,977
Non-current available-for-sale financial assets	112,113
Property, plant and equipment	16,430
Goodwill	246,302
Other non-current assets	56,251
Short-term borrowings	(4,118,893)
Other current liabilities	(1,651,406)
Non-current liabilities	(116,825)
Total consideration	1,895,949
Less: Cash of subsidiary	(1,286,308)
Net cash paid for acquisition of business and subsidiary	$ 609,641

(33) Changes in liabilities from financing activities

	Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	Long-term loans	Liabilities from financing activities-gross
At January 1, 2018	$ 24,362,972	$ 1,499,017	$ 1,216,527	$ 982,120	$ 28,060,636
Changes in cash flow from financing activities	2,495,603	318,426	-	(750,000)	2,064,029
Impact of changes in foreign exchange rate	4,188	-	-	11,460	15,648
Interest expense from amortisation of short-term notes and bills payable	-	11,070	-	-	11,070
Reclassification to long-term liabilities - current portion	1,187,468	-	(1,066,748)	(120,720)	-
Interest expense from amortisation of convertible bonds	-	-	16,351	-	16,351
Conversion of convertible bonds	-	-	(166,130)	-	(166,130)
At December 31, 2018	$ 28,050,231	$ 1,828,513	$ -	$ 122,860	$ 30,001,604

Note: Including long-term liabilities - current portion

7. RELATED PARTY TRANSACTIONS

(1) Significant related party transactions

The Company’s significant related party transactions are included in the consolidated financial statements. The related transactions were eliminated when preparing the consolidated financial statements. Details of transactions with other related parties are provided in Note 13.

(2) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 86,339	$ 117,147
Post-employment benefits	713	1,251
Share-based payments	-	806
	$ 87,052	$ 119,204

8. PLEDGED ASSETS

The details of the Group's assets pledged as collateral are as follows:

		Book value	
Pledged asset	Purpose	December 31, 2018	December 31, 2017
Accounts receivable, net:			
Pledged accounts receivable	Bank loan	$ -	$ 881,273
Other current assets:			
Bank deposits	Bank loan	36,244	394,032
	Guarantee for customs duties	10,756	27,409
	Bid bond	2,979	2,887
		$ 49,979	$ 1,305,601

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Operating lease commitments

Most of the Group's operating leases are for the lease of offices and warehouses which can be renewed at market price at the end of the lease period. The total minimum future lease payments are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 195,184	$ 152,278
Later than one year but not later than five years	430,026	304,350
Over 5 years	155,003	211,845
	$ 780,213	$ 668,473

B. Outstanding letters of credit

The amounts of outstanding letters of credit for the purchase of inventories by the Group are as follows:

	December 31, 2018	December 31, 2017
Outstanding letters of credit	$ 4,876,723	$ 4,986,386

C. Guarantee for customs duties

The total guarantee for customs duties is as follows:

	December 31, 2018	December 31, 2017
Customs duties guarantee	$ 86,022	$ 69,409

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Group may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Group monitors capital on the basis of the financial debt ratio. This ratio is calculated as total liabilities with interests divided by total net assets. Total liabilities with interest is calculated as total amount of long-term and short-term borrowings, short-term bills payable and corporate bonds payable in the consolidated balance sheet. Total equity is calculated as the 'equity' in the consolidated balance sheet.

In 2018 and 2017, the Group's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

The types of financial instruments held by the Group include cash and cash equivalents, financial assets measured at fair value through other comprehensive income/available-for-sale financial assets, net accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, financial assets and liabilities measured at fair value through profit or loss, accounts payable, other payables, bonds payable, and long-term loans. Please refer to Note 6 and the consolidated balance sheets for more information.

B. Risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Group, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk. In addition, foreign exchange risk is managed by matching the payment periods of foreign currency assets and liabilities.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(12).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company and its subsidiaries in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Group treasury.

iii. The Group hedges foreign exchange rate by using forward exchange contracts. However, the Group does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(12).

iv. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other subsidiaries' functional currency: RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$1,164,613	30.715	$ 35,771,088	1%	$ 357,711
USD:RMB	1,482	6.8540	45,520	1%	455
USD:KRW	17,482	1,121.4	536,960	1%	5,370
Non-monetary items					
USD:NTD	10,888	30.715	334,412		
Foreign operations					
USD:NTD	350,189	30.715	10,745,345		
Financial liabilities					
Monetary items					
USD:NTD	1,178,851	30.715	36,208,408	1%	362,084
USD:RMB	25,113	6.8540	771,346	1%	7,713
USD:KRW	25,053	1,121.4	769,503	1%	7,695

	December 31, 2017				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 803,612	29.76	$ 23,915,493	1%	$ 239,155
USD:RMB	6,407	6.5148	41,740	1%	417
Non-monetary items					
USD:NTD	30,119	29.76	896,342		
Foreign operations					
USD:NTD	354,650	29.76	10,541,188		
Financial liabilities					
Monetary items					
USD:NTD	819,737	29.76	24,395,373	1%	243,954
USD:RMB	18,695	6.5148	121,794	1%	1,218

v. The total exchange gain (loss), including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2018 and 2017, amounted to $25,435 and ($25,997), respectively.

Price risk

i. The Group's equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income and available-for-sale financial assets. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

ii. The Group's investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the years ended December 31, 2018 and 2017, other components of equity would have increased/decreased by $5,458 and $11,089, respectively, as a result of other comprehensive income classified as available-for-sale equity investment and equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Group's main interest rate risk arises from bank borrowings with variable rates and advance receipt of factoring accounts receivable, which expose the Group to cash flow interest rate risk. During the years ended December 31, 2018 and 2017, the Group's borrowings at variable rate were mainly denominated in US Dollars.

ii. The Group's borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 25 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have increased/decreased by $72,377 and $62,908, respectively. The main factor is that changes in interest expense result on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Group manages their credit risk taking into consideration the entire group's concern. For banks and financial institutions, only approved by FSC are accepted. According to the credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 180 days.

iv. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable is as follows:

	Notes and accounts receivable	
	December 31, 2018	December 31, 2017
Not past due	$ 30,510,181	$ 26,313,778
Up to 90 days	5,596,250	5,992,844
91 to 180 days	130,296	90,447
Over 180 days	1,173,614	1,116,621
	$ 37,410,341	$ 33,513,690

(i) The above ageing analysis was based on days past due.

(ii) Abovementioned notes receivable are not past due.

v. The Group assesses the expected credit losses of its accounts receivable as follows:

(i) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;

(ii) The remaining receivables are segmented according to the Group's credit ratings of its customers. Different loss rates or provision matrices are applied to the different segments when estimating expected credit losses;

(iii) Loss rates, calculated from historical and current information, are adjusted according to forward-looking information such as the business indicators published by the National Development Council.

(iv) As of December 31, 2018, loss allowances of accounts receivable and notes receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

December 31, 2018	Individual	Group A & B	Group C	Group D	Total
Expected loss rate	90.86%	0.05%	0.03%~17.48%	4.44%~41.41%	
Total book value	$ 1,241,425	$ 20,121,594	$ 14,504,225	$ 1,543,097	$ 37,410,341
Loss allowance	$ 1,127,919	$ 10,061	$ 29,506	$ 115,519	$ 1,283,005

Group A: Customers with excellent credit rating

Group B: Customers with fine credit rating

Group C: Customers with normal credit rating

Group D: Rated as other than A, B and C

vi. Movements in relation to the Group applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	Year ended December 31, 2018
At January 1_IAS 39	$ 1,101,896
Adjustments under new standards	97,989
At January 1_IFRS 9	1,199,885
Provision for impairment	59,845
Effect of exchange rate changes	23,275
At December 31	$ 1,283,005

vii. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(15)) at all times so that the Group does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Group's debt financing plans, covenant compliance, compliance with internally assessed financial ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Group treasury. The Group treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and expects to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Group's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2018

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Bonds payable	$ 1,074,200	$ -	$ -	$ 1,074,200
Long-term borrowings	870,720	122,860	-	993,580
	$ 1,944,920	$ 122,860	$ -	$ 2,067,780

December 31, 2017

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Bonds payable	$ -	$ 1,242,200	$ -	$ 1,242,200
Long-term borrowings	-	863,080	119,040	982,120
	$ -	$ 2,105,280	$ 119,040	$ 2,224,320

Except for the abovementioned, the Group's non-derivative financial liabilities are due in one year.

Derivative financial liabilities

As of December 31, 2018 and 2017, all derivative financial liabilities of the Group are due in one year.

iv. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. This includes the fair value of all investments in publicly listed companies.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes the fair value of all investments in derivative financial instruments.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Group's investment in equity investment without active market is included in Level 3.

B. Fair value information of investment property at cost is provided in Note 6(7).

C. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, corporate bonds payable and long-term borrowings, are approximate to their fair values.

D. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks are as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ 505,969	$ -	$ 39,858	$ 545,827
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instrument	$ -	$ 3,994	$ -	$ 3,994

December 31, 2017	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Available-for-sale financial assets				
Equity securities	$ 1,108,938	$ -	$ -	$ 1,108,938
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instrument	$ -	$ 7,777	$ -	$ 7,777

(b) The methods and assumptions the Group used to measure fair value are as follows:

i. The instruments the Group used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the consolidated balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, cross currency swap contracts, the Group adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Group takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Group's credit quality.

E. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

F. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	Equity securities	
	2018	2017
At January 1	$ -	$ -
Adjustment on transfer of IFRS 9	9,143	-
Acquired in the year	29,105	-
Effect of exchange rate changes	1,610	-
At December 31	$ 39,858	$ -

For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

G. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 39,858	Latest transaction price without active market	N/A	N/A	N/A

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017

(a)Financial assets (liabilities) at fair value through profit or loss

i. Financial assets at fair value through profit or loss are financial assets (liabilities) held for trading. Financial assets (liabilities) are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets (liabilities) held for trading unless they are designated as hedges.

ii. Financial assets (liabilities) at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets (liabilities) are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(b)Available-for-sale financial assets

i. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.

ii. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.

iii. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in ‘financial assets carried at cost’.

(c)Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a ‘loss event’) and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower’s financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

(i) Financial assets carried at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(ii) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognised in profit or loss, and is reclassified from 'other comprehensive income' to 'profit or loss'. If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognised, then such impairment loss is reversed through profit or loss. Impairment loss of an investment in an equity instrument recognised in profit or loss shall not be reversed through profit or loss. Impairment loss is recognised and reversed by adjusting the carrying amount of the asset directly.

B. The reconciliation of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

	Available-for-sale-equity-current	Available-for-sale-equity-non-current			Effects	
	Measured at fair value through other comprehensive income-equity-current	Measured at fair value through other comprehensive income-equity-non-current	Measured at cost	Total	Retained earnings	Other equity
IAS 39	$ 466,686	$ 642,252	$ 9,143	$ 1,118,081	$ -	$ -
Transferred into and measured at fair value through other comprehensive income-equity	-	9,143	(9,143)	-	-	-
Impairment loss adjustment	-	-	-	-	22,321	(22,321)
IFRS 9	$ 466,686	$ 651,395	$ -	$ 1,118,081	$ 22,321	($ 22,321)

C. The reconcilation of allowance for impairment from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

	Accounts receivable
IAS 39	$ 32,326,085
Impairment loss adjustment	(97,989)
IFRS 9	$ 32,228,096

D. The significant accounts as of December 31, 2017 are as follows:

(a) Available-for-sale financial assets

Items	December 31, 2017
Current items:	
Listed stocks	$ 29,050
Valuation adjustment	437,636
	$ 466,686
Non-current items:	
Listed stocks	$ 67,560
Emerging stocks	26,551
	94,111
Valuation adjustment	548,141
	$ 642,252

i. Please refer to Note 6(21) for information on changes in fair value recognised in other comprehensive income for the year ended December 31, 2017. This included amounts resulting from the disposal of certain financial assets, which were reclassified from “unrealised gains or losses on available-for-sale financial assets” to “other gains and losses-gains on investment disposals”. Please refer to Note 6(25) for more information.

ii. The Group has no debt instruments available-for-sale financial assets.

iii. As of December 31, 2017, no available-for-sale financial assets held by the Group were pledged to others.

(b) Financial assets at cost

Items	December 31, 2017
Non-current items:	
Unlisted shares	$ 9,143

i. According to the Group’s intention, its investment in unlisted stocks should be classified as ‘available-for-sale financial assets’. However, as unlisted stocks are not traded in active market, and no sufficient industry information of companies similar to unlisted companies’ financial information cannot be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. The Group classified those stocks as ‘financial assets measured at cost’.

ii. As of December 31, 2017, no financial assets measured at cost held by the Group were pledged to others.

E. Credit risk information for the year ended December 31, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Because the counterparties of the Group and performing parties are banks with good credit and financial institutions and government organisations with investment grade or above have no significant compliance concern, there is no significant credit risk.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of notes and accounts receivable that were neither past due nor impaired was in the following categories based on the Group’s Credit Quality Control Policy:

	December 31, 2017
Group A	$ 7,016,237
Group B	6,195,663
Group C	12,803,577
Group D	242,189
	$ 26,257,666

Group A：Customers with excellent credit rating

Group B：Customers with fine credit rating

Group C：Customers with normal credit rating

Group D：Rated as other than A, B or C.

(d) The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

		December 31, 2017
Up to 30 days	$	4,969,824
31 to 180 days		1,056,524
181 to 365 days		7,352
Over 365 days		120,428
	$	6,154,128

The above aging analysis was based on past due date.

(e) As of December 31, 2017, the Group's accounts receivable that were impaired amounted to $1,101,896.

Movements in allowance for individual provision for doubtful accounts were as follows:

		2017
At January 1	$	908,998
Provision for doubtful accounts		199,421
Effect of changes in exchange rate	(	6,523)
At December 31	$	1,101,896

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Revenue recognition

(a) The Group sells electronic and communication components. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b) The Group offers customers volume discounts and estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sales quantities.

B. In line with IFRS 15 requirements, the Group changed the presentation of certain accounts in the balance sheet as follows:

(a) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as contract liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to $1,218,886.

(b) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as other current liabilities-advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $102,535.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(12).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

14. SEGMENT INFORMATION

(1) General information

The Group is engaged in the development and sales of electronic and communication components. The chief operating decision maker considered the business and determined to separate segments from a perspective of sales region, which are mainly divided into Greater China, South Asia and North Asia. The Group has identified the Greater China shall be a reportable operating segment, and for other segments which have not met the quantitative threshold are not disclosed individually.

The Group’s operating segment information is prepared in accordance with the Group’s accounting policies. The chief operating decision maker allocates resources and assesses performance of the operating segments primarily based on the operating revenue and profit (loss) before tax of individual operating segment.

(2) Financial information of reportable segment

The financial information on reportable segment provided to the chief operating decision maker is as follows:

	Greater China Region	
	Years ended December 31,	
	2018	2017
Revenue from external customers	$ 254,093,172	$ 169,722,818
Segment income	$ 3,528,551	$ 2,835,703
Segment assets (Note)	$ -	$ -

Note: The chief operating decision maker does not use the measured amount of the assets as a measurement indicator; therefore, the measured amount of the Group’s assets shall be disclosed as zero.

(3) Reconciliation information on reportable segment revenue and profit (loss)

A reconciliation of reportable segment income or loss to the income / (loss) before tax from continuing operations is as follows:

	Years ended December 31,	
Operating revenue	2018	2017
Total reported segment revenue	$ 254,093,173	$ 169,722,818
Other operating segment revenue	19,323,312	19,696,417
Total operating revenue	$ 273,416,485	$ 189,419,235

	Years ended December 31,	
Profit and loss	2018	2017
Income of reported segment	$ 3,528,551	$ 2,835,703
Income of other operating segments	92,259	269,187
Income before income tax from continuing operations	$ 3,620,810	$ 3,104,890

(4) Revenue information by category

	2018		2017	
	Amount	%	Amount	%
Analog IC	$ 116,014,167	42	$ 75,836,412	40
IC Memory	22,241,044	8	17,337,644	9
Application-Specific IC	22,263,146	8	16,380,664	9
Discrete Devices	15,942,063	6	14,057,431	7
Chipset	14,649,833	5	11,869,701	6
Others	82,306,232	31	53,937,383	29
	$ 273,416,485	100	$ 189,419,235	100

(5) Revenue information by geographic area

Geographical information for the years ended December 31, 2018 and 2017 were as follows:

	2018		2017	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 43,657,362	$ 1,995,490	$ 28,593,556	$ 1,813,433
China	199,202,138	468,114	132,931,807	724,856
Others	30,556,985	518,776	27,893,872	505,725
	$ 273,416,485	$ 2,982,380	$ 189,419,235	$ 3,044,014

The above revenue by geographic area is calculated based on sales to external customers at the location where payments are collected.

(6) Major customers' information

Major customer information of the Group for the year ended December 31, 2017 is as follows:

	Year ended December 31, 2017
Customer A	$ 20,356,680

For the year ended December 31, 2018, the amount of sales to each customer has not exceeded 10% of total sales revenue.

WT Microelectronics Co., Ltd. and subsidiaries
Loans to others
Year ended December 31, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Other receivables - related parties	Y	$ 897,500	$ 896,300	$ -	1.00%	2	$ -	Business Operation	$ -	-	$ -	$ 2,180,688	$ 8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Other receivables - related parties	Y	1,200,000	-	-	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Other receivables - related parties	Y	350,000	350,000	307,150	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Other receivables - related parties	Y	350,000	350,000	307,150	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	LACEWOOD INTERNATIONAL CORP.	Other receivables - related parties	Y	309,750	307,150	107,503	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
1	WT MICROELECTRONICS (HONG KONG) LIMITED	WT SOLOMON QCE LIMITED	Other receivables - related parties	Y	766,875	-	-	2.00%	2	-	Business Operation	-	-	-	1,762,480	1,762,480	Note 2
2	WINTECH MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	154,150	153,575	153,575	2.60%	2	-	Business Operation	-	-	-	2,658,725	3,544,966	Note 4
2	WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Other receivables - related parties	Y	681,450	675,730	534,441	2.00%	2	-	Business Operation	-	-	-	8,862,415	8,862,415	Note 2
3	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Other receivables - related parties	Y	187,044	-	-	1.00%	2	-	Business Operation	-	-	-	735,513	735,513	Note 2
4	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	294,263	291,793	291,793	2.3% ~2.788%	2	-	Business Operation	-	-	-	513,352	513,352	Note 2
5	MORRIHAN SINGAPORE PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	238,080	-	-	2.00%	2	-	Business Operation	-	-	-	212,927	212,927	Note 2
6	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	86,730	86,002	86,002	2.30%	2	-	Business Operation	-	-	-	91,956	91,956	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is ‘0’.
(2)The subsidiaries are numbered in order starting from ‘1’.

Note 2: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries and limit on loans granted by an overseas subsidiary to a single overseas subsidiary are the Creditor's net assets.

Note 3: The policy for loans between the Company and subsidiaries is as follows: limit on loans granted by subsidiary to a single party is 10% of the subsidiary’s net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an subsidiary is 40% of the subsidiary’s net assets.

Note 4: The policy for loans between the Company and subsidiaries and companies with short-term capital needs is as follows: limit on loans granted by the Company and subsidiaries to a single party is 30% of the company’s net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an company is 40% of the company’s net assets.

Note 5: The net assets referred to above are based on the latest audited or reviewed financial statements.

WT Microelectronics Co., Ltd. and subsidiaries

Provision of endorsements and guarantees to others

Year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2018	Outstanding endorsement / guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	2	$ 17,445,501	$ 350,000	$ 350,000	$ 350,000	-	1.60%	$ 17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	2	17,445,501	262,000	262,000	135,239	-	1.20%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	2	17,445,501	154,875	153,575	69,136	-	0.70%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	2	17,445,501	619,500	614,300	307,150	-	2.82%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	2	17,445,501	2,168,250	2,150,050	2,150,050	-	9.86%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	2	17,445,501	89,280	64,502	43,444	-	0.30%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	2	17,445,501	1,549	1,536	85	-	0.01%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.	2	17,445,501	309,750	307,150	-	-	1.41%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	LACEWOOD INTERNATIONAL CORP.	2	17,445,501	247,800	245,720	-	-	1.13%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	2	17,445,501	3,342,900	3,328,928	1,614,261	-	15.27%	17,445,501	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	2	17,445,501	1,574,762	1,554,158	761,855	-	7.13%	17,445,501	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	2	17,445,501	185,850	184,290	19,863	-	0.85%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	2	17,445,501	1,239,000	1,228,600	1,228,600	-	5.63%	17,445,501	Y	N	N	
1	TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL INC.	1	1,209,309	10,000	10,000	10,000	-	0.66%	1,209,309	N	N	N	Note 4
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN INTERNATIONAL CORP.	1	2,989,730	14,000	14,000	14,000	-	0.37%	2,989,730	N	N	N	Note 4
3	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	1	876,582	56,113	53,778	26,889	10,756	4.91%	876,582	N	N	Y	Note 4
4	MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	3	1,610,410	555,980	313,575	9,500	-	15.58%	1,610,410	N	N	N	
4	MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	3	1,610,410	225,484	214,575	-	-	10.66%	1,610,410	N	N	N	
4	MAXTEK TECHNOLOGY CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	1	1,610,410	9,500	9,500	9,500	-	0.47%	1,610,410	N	N	N	Note 4
5	HONGTECH ELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	1	547,151	9,500	9,500	9,500	-	1.39%	547,151	N	N	N	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: The total endorsements and guarantees of the Company to others or mutually between subsidiaries should not be in excess of 80% of the endorser/ guarantor's net assets, and for a single party the Company and its subsidiaries hold more than 50% of common shares should not be in excess of 80% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: The Company's subsidiaries' guarantee for customs duties to itself.

WT Microelectronics Co., Ltd. and subsidiaries

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2018				Footnote
					Number of shares	Book value	Ownership (%)	Fair value	
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	$ 5,963	2.19	$ 5,963	
WT MICROELECTRONICS CO., LTD.	Common stock	AIPTEK INTERNATIONAL INC.	None	2	309,929	-	0.27	-	
WT MICROELECTRONICS CO., LTD.	Common stock	SANJET TECHNOLOGY CORP.	None	2	43,588	205	0.14	205	
WT MICROELECTRONICS CO., LTD.	Common stock	CORERIVER SEMICONDUCTOR CO., LTD.	None	2	28,570	2,675	0.73	2,675	
WT MICROELECTRONICS CO., LTD.	Common stock	FORTUNE SERVICE INNOVATION FUND I	None	2	30,000	300	3.00	300	
NUVISION TECHNOLOGY INC.	Common stock	EIRGENIX, INC.	None	2	711,587	22,059	0.48	22,059	
WINTECH MICROELECTRONICS HOLDING LTD.	Common stock	AMBARELLA INC.	None	1、2	282,664	303,697	0.88	303,697	
WINTECH MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION	None	2	2,702,703	30,715	0.79	30,715	
MILESTONE INVESTMENT CO.,LTD.	Common stock	GRAND FORTUNE SECURITIES CO., LTD.	None	2	5,637,500	42,681	2.33	42,681	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPOWER INTEGRATED TECHNOLOGY INC.	None	2	2,967,505	109,501	1.82	109,501	
HONGTECH ELECTRONICS CO., LTD.	Common stock	FITIPOWER INTEGRATED TECHNOLOGY INC.	None	2	759,652	28,031	0.47	28,031	

Note 1 : Code of general ledger accounts: 1- Financial assets at fair value through other comprehensive income - current
2- Financial assets at fair value through other comprehensive income - non-current

WT Microelectronics Co., Ltd. and subsidiaries

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	$ 45,867,046	21	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	$ 6,582,968	31	
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	18,715,251	9	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	878,546	4	
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	10,434,535	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	6,966,792	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	6,168,945	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	897,976	4	
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	2,503,727	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	794,442	4	
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	Affiliates	Sales	2,338,450	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	407,472	2	
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	1,450,374	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	686,785	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	15,075	-	
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	4,413,815	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(68,153)	-	
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	4,367,513	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	2,288,238	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(232,957)	1	
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	1,718,915	16	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	348,946	25	
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	1,336,343	12	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	113,045	8	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	$ 890,981	8	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	$ 347,876	25	
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	3,270,593	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	1,509,833	23	
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	846,130	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	85,240	1	
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	319,794	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	191,041	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	49,143	1	
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	170,040	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	25,132	-	
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	542,295	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	153,878	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	39,279	3	
TECHMOSA INTERNATIONAL INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	134,067	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	36,777	2	
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	Affiliates	Sales	1,247,139	13	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	109,006	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	838,190	23	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	283,185	-	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	5,314,228	70	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	782,989	100	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	2,319,354	30	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT TECHNOLOGY (H.K.) LIMITED	WT TECHNOLOGY KOREA CO., LTD	Affiliates	Sales	379,343	91	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	32,416	86	

WT Microelectronics Co., Ltd. and subsidiaries

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	$ 6,582,968	13.89	$ 32,171	Subsequent collection	$ 6,582,968	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	897,976	6.96	-		897,976	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	878,546	11.18	-		831,351	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	794,442	4.02	-		260,450	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	Affiliates	407,472	8.60	285,354	Subsequent collection	407,472	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	348,946	5.65	-		-	-
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	347,876	3.05	-		347,876	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	232,957	4.69	-		232,957	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	113,045	11.61	-		113,045	-
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	1,509,833	4.15	-		1,509,833	
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	283,185	3.87	-		283,185	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	782,989	8.28	-		782,989	-

Note: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4) General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 5)
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Sales	$ 45,867,046	(Note 3)	17
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Accounts receivable	6,582,968	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	1	Sales	18,715,251	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	1	Accounts receivable	878,546	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	1	Sales	10,434,535	(Note 3)	4
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	1	Sales	6,966,792	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	1	Sales	6,168,945	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	1	Accounts receivable	897,976	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	1	Sales	2,503,727	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	1	Accounts receivable	794,442	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	1	Sales	2,338,450	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	1	Accounts receivable	407,472	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	1	Sales	1,450,374	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	1	Sales	686,785	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	1	Purchases	4,413,815	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Purchases	4,367,513	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	1	Purchases	2,288,238	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	1	Accounts payable	232,957	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	3	Sales	1,718,915	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	3	Accounts receivable	348,946	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	1,336,343	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Accounts receivable	113,045	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	3	Sales	890,981	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	3	Accounts receivable	347,876	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	3	Sales	3,270,593	(Note 3)	1
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	3	Accounts receivable	1,509,833	(Note 3)	2
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	3	Sales	846,130	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	3	Sales	319,794	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	3	Sales	191,041	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	170,040	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	542,295	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	3	Sales	153,878	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT TECHNOLOGY PTE. LTD.	3	Sales	134,067	(Note 3)	-
4	MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	3	Sales	1,247,139	(Note 3)	-
4	MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	3	Sales	109,006	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	3	Sales	838,190	(Note 3)	-
5	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	3	Accounts receivable	283,185	(Note 3)	-

WT Microelectronics Co., Ltd. and subsidiaries

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4) General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 5)
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	3	Sales	$ 5,314,228	(Note 3)	2
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	3	Accounts receivable	782,989	(Note 3)	1
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	3	Sales	2,319,354	(Note 3)	1
7	WT TECHNOLOGY (H.K.) LIMITED	WT TECHNOLOGY KOREA CO., LTD	3	Sales	379,343	(Note 3)	-

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in "Number" column.
(1) Number 0 represents the Company.
(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:
(1) The Company to the consolidated subsidiary.
(2) The consolidated subsidiary to the Company.
(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The prices and terms to related parties were similar to third parties. The credit term is 90 days after the end of each month.

Note 4: For sales, purchases and account receivables, transactions reaching NT$100 million or 20% of paid-in capital or more should be disclosed.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd. and subsidiaries

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	$ 3,644,147	$ 3,644,147	115,323,691	99.65	$ 8,815,533	$ 315,879	$ 315,879	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,080,880	342,793	342,793	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	3,737,104	484,786	484,786	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	747,806	18,859	18,859	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	790,392	317,619	317,333	Subsidiary
WT MICROELECTRONICS CO., LTD.	ABOVEE TECHNOLOGY INC.	Taiwan	Information software and service	41,856	41,856	500,000	100.00	9,426	33	33	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	64,676	7,527	7,527	Subsidiary
WT MICROELECTRONICS CO., LTD.	SINYIE INVESTMENT CO., LTD.	Taiwan	General investment	52,000	52,000	2,900,000	100.00	44,820	50	50	Subsidiary
WT MICROELECTRONICS CO., LTD.	MSD HOLDINGS PTE. LTD.	Singapore	Sale of electronic components	215,559	215,559	200,001	100.00	223,531	3,580	3,580	Subsidiary
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	1,895,949	1,895,949	70,220,331	100.00	2,259,315	340,344	340,344	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,914,543	1,914,543	62,332,506	100.00	3,229,831	265,024	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belis	General investment	645,659	645,659	21,020,957	100.00	1,029,087	132,063	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belis	Sale of electronic components	92,148	92,148	3,000,100	100.00	84,114	(9,426)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	154	154	5,000	100.00	6	-	Note 1	Subsidiary

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
WINTECH MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	$ 153,575	$ 153,575	5,000,000	100.00	$ 2,184,277	$ 568	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	72,914	72,914	5,869,093	23.07	86,146	(49,502)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	SUPREME MEGA LTD.	Seychelles	Holding company	562,453	562,453	14,917,000	47.98	57,694	(189,705)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	ANIUS ENTERPRISE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	MEGA SOURCE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JOY CAPITAL LTD.	Seychelles	General investment	36,858	36,858	1,200,000	17.65	30,795	(5,146)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	30,715	30,715	18,924	24.65	31,405	(2,512)	Note 1	Associates
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONK KONG) LIMITED	Hong Kong	Sale of electronic components	384,786	384,786	12,527,632	100.00	1,762,480	193,594	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	9,552	9,552	311,000	100.00	36,823	(140)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	705,660	705,660	22,974,430	100.00	735,620	3,858	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,921	3,921	1,000,000	100.00	109,307	3,085	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	809,866	809,866	110,000,000	100.00	585,570	64,626	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	33,720	33,720	1,500,000	100.00	239,016	79,686	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,688	3,688	500,000	100.00	3,764	(105)	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	559,225	559,225	3,800,000	95.47	785,487	59,303	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,848	2,848	300,000	100.00	3,720	(371)	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value			
SINYIE INVESTMENT CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	$ 69,042	$ 69,042	407,469	0.35	$ 46,882	$ 315,878	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	HOTECH ELECTRONICS CORP.	Taiwan	Sale of electronic components	14,770	14,770	500,000	100.00	31,976	711	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	46,339	624	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	53,276	53,276	180,472	4.53	28,641	59,303	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	24,089	24,089	53,505	100.00	185,005	13,659	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	155,820	9,500,000	100.00	212,927	9,194	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL HOLDING LTD.	Anguilla	Holding company	-	-	1	100.00	17,515	249	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Taiwan	Sale of electronic components	115,000	115,000	11,500,000	100.00	683,939	142,992	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	British Virgin Islands	Sale of electronic components	194,366	194,366	29,500	100.00	567,788	432	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	69,840	69,840	21,000	100.00	67,024	(1,598)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	QWAVE TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	40,000	40,000	4,000,000	40.00	40,305	2,385	Note 1	Associates
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	23,526	23,526	6,000,000	100.00	18,460	(1,710)	Note 1	Subsidiary

Note 1: Profit (loss) of investee has been included in the investor, and will not be disclosed separately.

WT Microelectronics Co., Ltd. and subsidiaries

Information on investments in Mainland China

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD
(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2)	Book value of investment in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	$ 9,215	2	$ 9,215	$ -	$ -	$ 9,215	($ 138)	100.00	($ 138)	$ 36,732	$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	697,938	2	645,668	-	-	645,668	3,858	100.00	3,858	735,513	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	1,079,632	2	588,192	-	-	588,192	17,818	100.00	17,818	1,095,727	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	40,851	3	30,715	-	-	30,715	624	100.00	624	46,339	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	125,932	2	20,395	-	-	20,395	(48,012)	23.07	(11,076)	60,128	-	Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WT MICROELECTRONICS CO., LTD.	$ 1,294,185	$ 2,025,256	$ 13,084,553

Note 1: The investment methods are classified into the following three categories:
(1) Directly investing in Mainland China.
(2) Through investing in companies in the third area, which then invested in the investee in Mainland China.
(3) Others.

Note 2: Investment gains or losses were recognised based on audited financial statements.

Note 3: The amount disclosed was 60% of net assets and based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: This is a China subsidiary which was reinvested through the company in the third area when Morrihan International Corp. was acquired in September 2009.

Note 5: This is a China company which was invested through the company, NINO CAPITAL CO., LTD., in the third area.

Note 6: This is a China company which was invested through the company, RICH WEB LTD., in the third area.

Note 7: This is a China company which was reinvested through the company, WINTECH MICROELECTRONICS HOLDING LIMITED, in the third area.

Note 8: This is a China company which was reinvested through the company, JCD OPTICAL (CAYMAN) CO., LTD., in the third area.

E.Latest financial statements:

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

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

Opinion

We have audited the accompanying parent company only balance sheets of WT Microelectronics Co., Ltd. (the “Company”) as at December 31, 2018 and 2017, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying parent company only financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

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

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company only financial statements of the current period. These matters were addressed in the context of our audit of the parent company only financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Key audit matters for the parent company only financial statements of the current period are stated as follows:

Recognition of supplier rebates

Description

Refer to Note 4(12) for accounting policies on supplier rebates.

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

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

How our audit addressed the matter

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

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

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

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

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

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

Impairment assessment of investments accounted for using equity method and goodwill

Description

Refer to Notes 4(13) and 4(18) for accounting policies on investments accounted for using equity method and goodwill impairment, Note 5(2) for the uncertainty of accounting estimates and assumptions in relation to goodwill impairment, and Notes 6(5) and 6(7) for details of investments accounted for using equity method and goodwill impairment.

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

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

How our audit addressed the matter

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

A. Assessed the consistency of smallest cash generating unit which was identified by management and used in goodwill allocation, and the lowest level at which management monitored the goodwill;
B. Assessed management's assessment process of each cash generating unit and determined whether the future cash flows used in valuation model for the next 5 years are consistent with the operating plan which was approved by the Board of Directors;
C. As the recoverable amount was determined by value-in–use, ascertained reasonableness of each estimated growth rate, discount rate and other significant assumptions and performed the following:
   (a) Compared the reasonableness of estimated growth rate with historical data, economic and external industry forecast information;
   (b) Compared discount rate assumptions with respect to cash generating units' capital cost and similar return on assets; and
   (c) Checked the parameters of valuation model and the setting of calculation formula.
D. Compared the higher of recoverable amount and book value of each cash generating unit to verify the appropriateness of impairment assessment.

Assessment of allowance for inventory valuation losses

Description

Refer to Note 4(12) 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, 2018, the Company's inventories and allowances for inventory valuation losses were NT$34,445,437 thousand and NT$678,676 thousand, respectively.

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

How our audit addressed the matter

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the parent company only financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

A. Identify and assess the risks of material misstatement of the parent company only financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
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 parent company only financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
E. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the parent company only financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
F. Obtain sufficient appropriate audit evidence regarding the parent company only financial information of the entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

For and on behalf of PricewaterhouseCoopers, Taiwan

March 22, 2019

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

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 361,779	1	$ 398,883	1
1170	Accounts receivable, net	6(3)	12,348,685	16	9,541,275	17
1180	Accounts receivable, net - related parties	7	9,658,282	12	4,281,760	8
1200	Other receivables	6(3)	814,646	1	608,035	1
1210	Other receivables - related parties	7	740,199	1	4,715	-
130X	Inventories	6(4)	33,766,761	43	21,257,304	39
1410	Prepayments		211,472	-	128,824	-
11XX	**Total current assets**		57,901,824	74	36,220,796	66
	Non-current assets					
1517	Financial assets at fair value through other comprehensive income - non-current	6(2)	12,175	-	-	-
1543	Financial assets carried at cost - non-current	12(4)	-	-	12,175	-
1550	Investments accounted for using equity method	6(5)	18,773,483	24	18,031,583	32
1600	Property, plant and equipment	6(6)	473,628	1	428,680	1
1780	Intangible assets	6(7)	228,117	-	61,338	-
1840	Deferred income tax assets	6(26)	408,584	1	367,186	1
1900	Other non-current assets		117,260	-	87,282	-
15XX	**Total non-current assets**		20,013,247	26	18,988,244	34
1XXX	**Total assets**		$ 77,915,071	100	$ 55,209,040	100

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	December 31, 2018 AMOUNT	%	December 31, 2017 AMOUNT	%
	Current liabilities					
2100	Short-term borrowings	6(8)	$ 16,486,561	21	$ 12,451,991	22
2110	Short-term notes and bills payable	6(9)	1,348,885	2	1,149,289	2
2120	Financial liabilities at fair value through profit or loss - current	6(10)	3,537	-	7,777	-
2130	Contract liabilities - current	6(20) and 7	2,145,327	3	-	-
2170	Accounts payable		31,458,629	40	16,097,844	29
2180	Accounts payable - related parties	7	313,360	-	1,469,396	3
2200	Other payables	6(11)	899,979	1	700,121	1
2220	Other payables - related parties	7	3,871	-	7,121	-
2230	Current income tax liabilities		287,843	-	315,707	1
2320	Long-term liabilities, current portion	6(12)(13)	1,937,468	3	-	-
2365	Refund liabilities - current	6(20)	519,642	1	-	-
2399	Other current liabilities	7	196,434	-	439,261	1
21XX	**Total current liabilities**		55,601,536	71	32,638,507	59
	Non-current liabilities					
2530	Bonds payable	6(12)	-	-	1,216,527	2
2540	Long-term loans	6(13)	122,860	-	982,120	2
2570	Deferred income tax liabilities	6(26)	368,005	1	276,261	1
2600	Other non-current liabilities	6(14)	15,794	-	14,691	-
25XX	**Total non-current liabilities**		506,659	1	2,489,599	5
2XXX	**Total liabilities**		56,108,195	72	35,128,106	64
	Equity					
	Share capital	6(16)				
3110	Share capital - common stock		5,551,889	7	5,522,227	10
3130	Certificates of entitlement to new shares from convertible bonds		24,217	-	392	-
	Capital surplus	6(17)				
3200	Capital surplus		8,773,382	11	8,660,739	15
	Retained earnings	6(18)				
3310	Legal reserve		1,741,965	2	1,489,975	3
3320	Special reserve		109,102	-	-	-
3350	Unappropriated retained earnings		5,749,889	8	4,516,703	8
	Other equity interest	6(19)				
3400	Other equity interest		(143,568)	-	(109,102)	-
3XXX	**Total equity**		21,806,876	28	20,080,934	36
	Commitments and contingent liabilities	9				
3X2X	**Total liabilities and equity**		$ 77,915,071	100	$ 55,209,040	100

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars, except for earnings per share)

			Year ended December 31			
			2018		2017	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	6(20) and 7	$ 213,640,619	100	$ 146,986,637	100
5000	**Operating costs**	6(4) and 7	(209,128,174)	(98)	(142,930,078)	(97)
5900	**Net operating margin**		4,512,445	2	4,056,559	3
	Operating expenses	6(24) and 7				
6100	Selling expenses		(1,586,704)	(1)	(1,346,283)	(1)
6200	General and administrative expenses		(448,318)	-	(428,874)	(1)
6300	Research and development expenses		(199,519)	-	(183,318)	-
6450	Impairment loss determined in accordance with IFRS 9	12(2)	(5,387)	-	-	-
6000	**Total operating expenses**		(2,239,928)	(1)	(1,958,475)	(2)
6900	**Operating profit**		2,272,517	1	2,098,084	1
	Non-operating income and expenses					
7010	Other income	6(21)	17,579	-	16,852	-
7020	Other gains and losses	6(22)	35,478	-	(42,231)	-
7050	Finance costs	6(23)	(1,011,645)	(1)	(662,788)	-
7070	Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		1,831,184	1	1,423,027	1
7000	**Total non-operating income and expenses**		872,596	-	734,860	1
7900	**Profit before income tax**		3,145,113	1	2,832,944	2
7950	Income tax expense	6(26)	(366,884)	-	(313,047)	-
8200	**Profit for the year**		$ 2,778,229	1	$ 2,519,897	2
	Other comprehensive income (loss)					
	Components of other comprehensive income (loss) that will not be reclassified to profit or loss					
8311	Losses on remeasurements of defined benefit plans	6(14)	($ 2,291)	-	($ 18,897)	-
8330	Share of other comprehensive (loss) income of subsidiaries, associates and joint ventures accounted for using equity method	6(27)	(320,963)	-	8,530	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(26)	1,297	-	3,213	-
8310	**Other comprehensive loss that will not be reclassified to profit or loss**		(321,957)	-	(7,154)	-
	Components of other comprehensive income (loss) that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(19)	569,283	-	(1,074,520)	(1)
8380	Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for using equity method	6(27)	13,669	-	(214,082)	-
8360	**Other comprehensive income (loss) that will be reclassified to profit or loss**		582,952	-	(1,288,602)	(1)
8300	**Total other comprehensive income (loss) for the year**		$ 260,995	-	($ 1,295,756)	(1)
8500	**Total comprehensive income for the year**		$ 3,039,224	1	$ 1,224,141	1
	Earnings per share (in dollars)	6(28)				
9750	**Basic earnings per share**		$	5.02	$	5.26
9850	**Diluted earnings per share**		$	4.71	$	4.89

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

		Share capital			Retained earnings			Other equity interest			
	Notes	Share capital - common stock	Certificates of bond-to-stock conversion	Capital reserves	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealised gains (losses) from financial assets measured at fair value through other comprehensive income	Unrealised gain or loss on available-for-sale financial assets	Total equity
2017											
Balance at January 1, 2017		$ 4,715,196	$ -	$ 6,372,059	$ 1,320,029	$ -	$ 3,315,686	$ 162,084	$ -	$ 1,017,416	$ 16,902,470
Profit for the year		-	-	-	-	-	2,519,897	-	-	-	2,519,897
Other comprehensive loss	6(14)(19)(26)	-	-	-	-	-	(7,154)	(1,137,136)	-	(151,466)	(1,295,756)
Total comprehensive income (loss)		-	-	-	-	-	2,512,743	(1,137,136)	-	(151,466)	1,224,141
Issuance of common stock for cash	6(16)	750,000	-	2,100,000	-	-	-	-	-	-	2,850,000
Share-based payments		-	-	49,037	-	-	-	-	-	-	49,037
Appropriations of 2016 earnings:	6(18)										
Legal reserve		-	-	-	169,946	-	(169,946)	-	-	-	-
Cash dividends		-	-	-	-	-	(1,141,780)	-	-	-	(1,141,780)
Conversion of convertible bonds	6(16)	57,031	392	140,164	-	-	-	-	-	-	197,587
Changes in equity of associates accounted for using equity method		-	-	(521)	-	-	-	-	-	-	(521)
Balance at December 31, 2017		$ 5,522,227	$ 392	$ 8,660,739	$ 1,489,975	$ -	$ 4,516,703	($ 975,052)	$ -	$ 865,950	$ 20,080,934
2018											
Balance at January 1, 2018		$ 5,522,227	$ 392	$ 8,660,739	$ 1,489,975	$ -	$ 4,516,703	($ 975,052)	$ -	$ 865,950	$ 20,080,934
Effects of retrospective application		-	-	-	-	-	(75,668)	-	843,629	(865,950)	(97,989)
Adjusted balance at January 1, 2018		5,522,227	392	8,660,739	1,489,975	-	4,441,035	(975,052)	843,629	-	19,982,945
Profit for the year		-	-	-	-	-	2,778,229	-	-	-	2,778,229
Other comprehensive loss	6(14)(19)(26)	-	-	-	-	-	(4,785)	582,952	(317,172)	-	260,995
Total comprehensive income (loss)		-	-	-	-	-	2,773,444	582,952	(317,172)	-	3,039,224
Appropriations of 2017 earnings:	6(18)										
Legal reserve		-	-	-	251,990	-	(251,990)	-	-	-	-
Special reserve		-	-	-	-	109,102	(109,102)	-	-	-	-
Cash dividends		-	-	-	-	-	(1,381,423)	-	-	-	(1,381,423)
Conversion of convertible bonds	6(16)	29,662	23,825	112,643	-	-	-	-	-	-	166,130
Disposal of financial assets at fair value through other comprehensive income		-	-	-	-	-	277,925	-	(277,925)	-	-
Balance at December 31, 2018		$ 5,551,889	$ 24,217	$ 8,773,382	$ 1,741,965	$ 109,102	$ 5,749,889	($ 392,100)	$ 248,532	$ -	$ 21,806,876

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

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 3,145,113	$ 2,832,944
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(24)	47,630	38,108
Amortisation	6(24)	5,773	7,162
Impairment loss determined in accordance with IFRS 9/Provision for doubtful accounts	12(2)	5,387	50,741
Net (income) loss on financial liabilities at fair value through profit or loss	6(22)	(73,458)	6,862
Share-based payments	6(15)	-	49,037
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method		(1,831,184)	(1,423,027)
Loss on disposal of property, plant and equipment, net		-	187
Interest expense	6(23)	492,004	353,953
Interest income	6(21)	(14,737)	(10,815)
Dividend income	6(21)	-	(440)
Changes in operating assets and liabilities			
Changes in operating assets			
Accounts receivable		(2,323,463)	3,601,939
Accounts receivable - related parties		(5,376,522)	(985,777)
Other receivables		(220,293)	960,095
Inventories		(12,509,457)	(4,686,978)
Prepayments		(82,648)	(30,540)
Changes in operating liabilities			
Financial liabilities at fair value through profit or loss		69,218	915
Contract liabilities		1,728,700	-
Accounts payable		15,360,785	1,841,825
Accounts payable - related parties		(1,156,036)	871,087
Other payables		180,476	15,165
Other current liabilities		173,800	(276,471)
Accrued pension liabilities		(1,188)	(1,650)
Cash (outflow) inflow generated from operations		(2,380,100)	3,214,322
Interest received		14,737	10,815
Dividends received		975,455	750,335
Interest paid		(451,555)	(337,775)
Income taxes paid		(343,105)	(253,364)
Net cash flows (used in) from operating activities		(2,184,568)	3,384,333

(Continued)

WT MICROELECTRONICS CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(Expressed in thousands of New Taiwan dollars)

	Notes	2018	2017
CASH FLOWS FROM INVESTING ACTIVITIES			
(Increase) decrease in other receivables - related parties	7	($ 721,803)	$ 1,731,641
Proceeds from capital reduction of financial assets carried at cost		-	5,700
Acquisition of investments accounted for using equity method		-	(3,495,949)
Proceeds from capital reduction of subsidiaries		-	1,380
Acquisition of property, plant and equipment	6(6)	(92,578)	(31,254)
Proceeds from disposal of property, plant and equipment		-	28
Net cash payments for business combination	6(29)	(169,290)	-
Acquisition of intangible assets	6(7)	(3,262)	(4,810)
(Increase) decrease in other non-current assets		(34,504)	3,587
Net cash flows used in investing activities		(1,021,437)	(1,789,677)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings	6(30)	4,784,570	(4,962,591)
Increase in short-term notes and bills payable	6(30)	191,630	949,303
Proceeds from long-term loans	6(30)	-	982,120
Repayments of long-term loans	6(30)	(738,540)	-
Issuance of common stock for cash	6(16)	-	2,850,000
Cash dividends paid	6(19)	(1,381,423)	(1,141,780)
Net cash flows from (used in) financing activities		2,856,237	(1,322,948)
Effect of exchange rate changes		312,664	(435,627)
Net decrease in cash and cash equivalents		(37,104)	(163,919)
Cash and cash equivalents at beginning of year		398,883	562,802
Cash and cash equivalents at end of year		$ 361,779	$ 398,883

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

WT MICROELECTRONICS CO., LTD.

NOTES TO THE PARENT COMPANY ONLY FINANCIAL STATEMENTS

DECEMBER 31, 2018 AND 2017

(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

WT Microelectronics Co., Ltd. (the "Company") was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.). The Company is primarily engaged in the development and sales of electronic and communication components.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE PARENT COMPANY ONLY FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These parent company only financial statements were authorised for issuance by the Board of Directors on March 22, 2019.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

(1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRS") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments as endorsed by FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9, Financial instruments with IFRS 4, Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15, Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

A. IFRS 9, 'Financial instruments'

(a) Classification of debt instruments is driven by the entity's business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to present subsequent changes in the fair value of an investment in an equity instrument that is not held for trading in other comprehensive income.

(b) The impairment losses of debt instruments are assessed using an 'expected credit loss' approach. An entity assesses at each balance sheet date whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses ('ECL') or lifetime ECL (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

(c) The Company has elected not to restate prior period financial statements using the modified retrospective approach under IFRS 9. For details of the significant effect as at January 1, 2018, please refer to Note 12(4)B and C.

B. IFRS 15, 'Revenue from contracts with customers' and amendments

The Company has elected not to restate prior period financial statements and recognised the cumulative effect of initial application as retained earnings at January 1, 2018, using the modified retrospective approach under IFRS 15. The significant effects of adopting the modified transition as of January 1, 2018 are summarised below:

(a) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as refund liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to $685,883.

(b) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $416,627.

C. Amendments to IAS 7, 'Disclosure initiative'

This amendment requires that an entity shall provide more disclosures related to changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes.

(2) Effect of new issuances of or amendments to IFRSs as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments endorsed by the FSC effective from 2019 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
IFRS 16, 'Leases'	January 1, 2019
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, 'Leases'

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

The Company expects to recognise the lease contract of lessees in line with IFRS 16. However, the Company does not intend to restate the financial statements of prior period (referred herein as the "modified retrospective approach"). On January 1, 2019, it is expected that 'right-of-use asset' and lease liability will be increased by $357,581 and $357,581, respectively.

(3) IFRSs issued by IASB but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, 'Disclosure Initiative-Definition of Material'	January 1, 2020
Amendments to IFRS 3, 'Definition of a business'	January 1, 2020
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 17, 'Insurance contracts'	January 1, 2021

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these parent company only financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

The parent company only financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers"

(2) Basis of preparation

A. Except for the following items, these parent company only financial statements have been prepared under the historical cost convention:

(a) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.

(b) Financial assets at fair value through other comprehensive income.

(c) Defined benefit assets (liabilities) recognised based on the net amount of pension fund assets less present value of defined benefit obligation.

B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations asendorsed by the FSC (collectively referred herein as the "IFRSs") requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Company's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the parent company only financial statements are disclosed in Note 5.

C. In adopting IFRS 9 and IFRS 15 effective January 1, 2018, the Company has elected to apply modified retrospective approach whereby the cumulative impact of the adoption was recognised as retained earnings or other equity as of January 1, 2018 and the financial statements for the year ended December 31, 2017 were not restated. The financial statements for the year ended December 31, 2017 were prepared in compliance with International Accounting Standard 39

(‘IAS 39’), International Accounting Standard 11 (‘IAS 11’), International Accounting Standard 18 (‘IAS 18’) and related financial reporting interpretations. Please refer to Notes 12(4) and (5) for details of significant accounting policies.

(3) Foreign currency translation

A. The parent company only financial statements are presented in NT dollars, which is the Company’s functional and presentation currency.

B. Foreign currency transactions and balances

(a) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognised in profit or loss in the period in which they arise.

(b) Monetary assets and liabilities denominated in foreign currencies at the period end are re-translated at the exchange rates prevailing at the balance sheet date. Exchange differences arising upon re-translation at the balance sheet date are recognised in profit or loss.

(c) Non-monetary assets and liabilities denominated in foreign currencies held at fair value through profit or loss are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in profit or loss. Non-monetary assets and liabilities denominated in foreign currencies held at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the balance sheet date; their translation differences are recognised in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.

(d) All other foreign exchange gains and losses are presented in the statement of comprehensive income within ‘other gains and losses’.

C. Translation of foreign operations

(a) The operating results and financial position of all the Company entities, associates and joint arrangements that have a functional currency different from the presentation currency are translated into the presentation currency as follows:

i. Assets and liabilities for each balance sheet presented are translated at the closing exchange rate at the date of that balance sheet;

ii. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and

iii. All resulting exchange differences are recognised in other comprehensive income.

(b) When the foreign operation partially disposed of or sold is an associate or joint arrangement, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company retains partial interest in the former foreign associate or joint arrangement after losing significant influence over the former foreign associate, or losing joint control of the former joint arrangement, such transactions should be accounted for as disposal of all interest in these foreign operations.

(c) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, even when the Company retains partial interest in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in the foreign operation.

(d) Goodwill and fair value adjustments arising on the acquisition of a foreign entity are treated as assets and liabilities of the foreign entity and translated at the closing exchange rates at the balance sheet date.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets; otherwise they are classified as non-current assets:

(a) Assets arising from operating activities that are expected to be realised, or are intended to be sold or consumed within the normal operating cycle;

(b) Assets held mainly for trading purposes;

(c) Assets that are expected to be realised within twelve months from the balance sheet date;

(d) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than twelve months after the balance sheet date.

Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be settled within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be settled within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(5) Cash equivalents

Cash equivalents refer to short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value. Time deposits that meet the definition above and are held for the purpose of meeting short-term cash commitments in operations are classified as cash equivalents.

(6) Financial assets (liabilities) at fair value through profit or loss

Effective 2018

A. These are financial assets that are not measured at amortised cost or at fair value through other comprehensive income and are held for trading if acquired principally for the purpose of selling or repurchasing in the short term. Derivatives are also categorised as financial labilities held for trading unless they are designated as hedges.

B. On a regular way purchase or sale basis, financial assets and liabilities at fair value through profit or loss are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial liabilities at fair value. All related transaction costs are recognised in profit or loss. The Company subsequently measures these financial liabilities at fair value with any gain or loss recognised in profit or loss.

(7) <u>Financial assets at fair value through other comprehensive income</u>

<u>Effective 2018</u>

A. Financial assets at fair value through other comprehensive income comprise equity securities which are not held for trading, and for which the Company has made an irrevocable election at initial recognition to recognise changes in fair value in other comprehensive income.

B. On a regular way purchase or sale basis, financial assets at fair value through other comprehensive income are recognised and derecognised using trade date accounting.

C. At initial recognition, the Company measures the financial assets at fair value plus transaction costs. The Company subsequently measures the financial assets at fair value. The changes in fair value of equity investments that were recognised in other comprehensive income are reclassified to retained earnings and are not reclassified to profit or loss following the derecognition relating to the investment. Dividends are recognised as revenue when the right to receive payment is established, future economic benefits associated with the dividend will flow to the Company and the amount of the dividend can be measured reliably.

(8) <u>Accounts and notes receivable</u>

A. Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for transferred goods or rendered services.

B. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

C. The Company's operating pattern of accounts receivable that are expected to be factored is for the purpose of receiving contract cash flow and selling, and the accounts receivable are subsequently measured at fair value, with any changes in fair value recognised in other comprehensive income.

(9) <u>Impairment of financial assets</u>

For financial assets at amortised cost including accounts receivable that have a significant financing component, at each reporting date, the Company recognises the impairment provision for 12 months expected credit losses if there has not been a significant increase in credit risk since initial recognition or recognises the impairment provision for the lifetime expected credit losses (ECLs) if such credit risk has increased since initial recognition after taking into consideration all reasonable and verifiable information that includes forecasts. On the other hand, for accounts receivable that do not contain a significant financing component, the Company recognises the impairment provision for lifetime ECLs.

(10) Derecognition of financial assets

The Company derecognises a financial asset when one of the following conditions is met:

A. The contractual rights to receive the cash flows from the financial asset expire.

B. The contractual rights to receive cash flows of the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.

C. The contractual rights to receive cash flows of the financial asset have been transferred, however, the Company has not retained control of the financial asset.

(11) Operating leases (lessor)

Lease income from an operating lease (net of any incentives given to the lessee) is recognised in profit or loss on a straight-line basis over the lease term.

(12) Inventories

A. The cost of inventories includes the purchase price, import duties and other costs directly attributable to the acquisition of goods. The discount, allowance and others alike should be deducted from the cost.

B. Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the applicable variable selling expenses.

(13) Investments accounted for using equity method / subsidiaries and associates

A. Subsidiaries are all entities (including structured entities) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.

B. Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Company are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

C. The Company’s share of its associates’ post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company’s share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise the losses in proportion to the ownership.

D. Changes in a parent’s ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognised directly in equity.

E. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognised at cost.

F. The Company's share of its associates' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognise further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

G. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognises change in ownership interests in the associate in 'capital surplus' in proportion to its ownership.

H. Unrealised gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealised losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

I. In the case that an associate issues new shares and the Company does not subscribe or acquire new shares proportionately, which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then 'capital surplus' and 'investments accounted for using equity method' shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

J. When the Company disposes its investment in an associate and loses significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate, are reclassified to profit or loss. If it retains significant influence over this associate, the amounts previously recognised in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately in accordance with the aforementioned approach.

K. Pursuant to the "Rules Governing the Preparation of Financial Statements by Securities Issuers," profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the consolidated financial statements. Owners' equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the consolidated financial statements.

(14) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost.

B. Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.

C. Land is not depreciated. Other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. Each part of an item of property, plant, and equipment with a cost that is significant in relation to the total cost of the item must be depreciated separately.

D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each balance sheet date. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors', from the date of the change. The estimated useful lives of property, plant and equipment are as follows:

Buildings and structures	26 ~ 55 years
Office equipment	2 ~ 5 years
Other assets	2 ~ 10 years

(15) Operating leases (lessee)

Payments made under an operating lease (net of any incentives received from the lessor) are recognised in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 ~ 55 years.

(17) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 3~5 years.

(18) Impairment of non-financial assets

A. The Company assesses at each balance sheet date the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognising impairment loss for an asset in prior years no longer exist or diminish, the impairment loss is reversed. The increased carrying amount due to reversal should not be more than what the depreciated or amortised historical cost would have been if the impairment had not been recognised.

B. The recoverable amount of goodwill shall be evaluated periodically. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognised in profit or loss shall not be reversed in the following years.

C. For the purpose of impairment testing, goodwill acquired in a business combination is allocated to each of the cash-generating units, or groups of cash-generating units, that is/are expected to benefit from the synergies of the business combination. Each unit or group of units to which the goodwill is allocated represents the lowest level within the entity at which the goodwill is monitored for internal management purposes. Goodwill is monitored at the operating segment level.

(19) Borrowings

A. Borrowings comprise long-term and short-term bank borrowings. Borrowings are recognised initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost; any difference between the proceeds (net of transaction costs) and the redemption value is recognised in profit or loss over the period of the borrowings using the effective interest method.

B. Fees paid on the establishment of loan facilities are recognised as transaction costs of the loan to the extent that it is probable that some or all of the facility will be drawn down. In this case, the fee is deferred until the drawdown occurs. To the extent there is no evidence that it is probable that some or all of the facility will be drawn down, the fee is capitalised as a pre-payment for liquidity services and amortised over the period of the facility to which it relates.

(20) Convertible bonds payable

Convertible corporate bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares by exchanging a fixed amount of cash for a fixed number of common shares). The Company classifies the bonds payable and derivative features embedded in convertible corporate bonds on initial recognition as a financial liability or an equity instrument ('capital surplus—share options') in accordance with the substance of the contractual arrangement and the definitions of a financial asset, a financial liability and an equity instrument. Convertible corporate bonds are accounted for as follows:

A. The host contracts of bonds are initially recognised at fair value. Any difference between the initial recognition and the redemption value is accounted for as the premium or discount on bonds payable and subsequently is amortised in profit or loss as an adjustment to 'finance costs' over the period of circulation using the effective interest method.

B. The embedded conversion options which meet the definition of an equity instrument are initially recognised in 'capital surplus—share options' at the residual amount of total issue price less the amount of financial assets or financial liabilities at fair value through profit or loss and bonds payable as stated above. Conversion options are not subsequently remeasured.

C. Any transaction costs directly attributable to the issuance are allocated to each liability or equity component in proportion to the initial carrying amount of each abovementioned item.

D. When bondholders exercise conversion options, the liability component of the bonds (including 'bonds payable) shall be remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the abovementioned liability component plus the book value of capital surplus – share options.

(21) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognised as expense in that period when the employees render service.

B. Pensions

(a) Defined contribution plans

For defined contribution plans, the contributions are recognised as pension expense when they are due on an accrual basis. Prepaid contributions are recognised as an asset to the extent of a cash refund or a reduction in the future payments.

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of high-quality corporate bonds that are denominated in the currency in which the benefits will be paid, and that have terms to maturity approximating to the terms of the related pension liability.

ii. Remeasurements arising on defined benefit plans are recognised in other comprehensive income in the period in which they arise and are recorded as retained earnings.

iii. Past service costs are recognised immediately in profit or loss.

C. Employees', directors' and supervisors' remuneration

Employees' remuneration and directors' and supervisors' remuneration are recognised as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates.

(22) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognised as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at each balance sheet date. Ultimately, the amount of compensation cost recognised is based on the number of equity instruments that eventually vest.

B. The grant date of cash capital increase reserved for employee preemption is the date at which the entity and the employee agree to a share-based payment arrangement, being when the entity and the counterparty have a shared understanding of the terms and conditions of the arrangement.

(23) Income tax

A. The tax expense for the period comprises current and deferred tax. Tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or items recognised directly in equity, in which cases the tax is recognised in other comprehensive income or equity.

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

C. Deferred tax is recognised, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the parent company only balance sheet. However, the deferred tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction, affects neither accounting profit nor taxable profit (tax loss). Deferred tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

D. Deferred tax assets are recognised only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. At each balance sheet date, unrecognised and recognised deferred tax assets are reassessed.

E. Current income tax assets and liabilities are offset and the net amount reported in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. Deferred tax assets and liabilities are offset on the balance sheet when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realise the asset and settle the liability simultaneously.

F. A deferred tax asset shall be recognised for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilised.

(24) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(25) Revenue recognition

A. The Company sells electronic and communication components. Sales are recognised when the control of the products has been transferred, being when the products are delivered to the customer, and there is no unfulfilled obligation that could affect the customer acceptance of the products. Delivery occurs when the products have been shipped to the specific location, the risks of obsolescence and loss have been transferred to the customer, and either the customer has accepted the products in accordance with the sales contract, or the Company has objective evidence that all criteria for acceptance have been satisfied.

B. The goods are often sold with volume discounts based on aggregate sales over a 12-month period. Revenue from these sales is recognised based on the price specified in the contract, net of the estimated sales discounts and allowances. Accumulated experience is used to estimate and provide for the sales discounts and allowances, using the expected value method, and revenue is only recognised to the extent that it is highly probable that a significant reversal will not occur. The estimation is subject to an assessment at each reporting date. A refund liability is recognised for expected volume discounts payable to customers in relation to sales made until the end of the reporting period. The sales usually are made with a credit term of 90~120 days. As the time interval between the transfer of committed goods or service and the payment of customer does not exceed one year, the Company does not adjust the transaction price to reflect the time value of money.

C. A receivable is recognised when the goods are delivered as this is the point in time that the consideration is unconditional because only the passage of time is required before the payment is due. The customer pays at the time specified in the payment schedule. If the payments exceed the merchandise provided, a contract liability is recognised.

(26) Business combinations

A. The Company uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Company measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognised amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. The excess of the consideration transferred, the amount of any non-controlling interest in the acquiree and the fair value of any previous equity interest in the acquiree over the fair value of the identifiable assets acquired and the liabilities assumed is recorded as goodwill at the acquisition date. If the total of consideration transferred, non-controlling interest in the acquire recognised and the fair value of previously held equity interest in the acquiree is less than the fair value of the identifiable assets acquired and the liabilities assumed, the difference is recognised directly in profit or loss on the acquisition date.

5. CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY

The preparation of these parent company only financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. The related information is addressed below:

(1) Critical judgements in applying the Company's accounting policies

Revenue recognition on a net/gross basis

The Company determines whether the nature of its performance obligation is to provide the specified goods or services itself (i.e. the Company is a principal) or to arrange for the other party to provide those goods or services (i.e. the Company is an agent) based on the transaction model and its economic substance. The Company is a principal if it controls a promised good or service before it transfers the good or service to a customer. The Company recognises revenue at gross amount of consideration to which it expects to be entitled in exchange for those goods or services transferred. The Company is an agent if its performance obligation is to arrange for the provision of goods or services by another party. The Company recognises revenue at the amount of any fee or commission to which it expects to be entitled in exchange for arranging for the other party to provide its goods or services.

Indicators that the Company controls the goods or services before it is provided to a customer include the following:

A. The Company is primarily responsible for the provision of goods or services;

B. The Company assumes the inventory risk before transferring the specified goods or services to the customer or after transferring control of the goods or services to the customer.

C. The Company has discretion in establishing prices for the goods or services.

(2) Critical accounting estimates and assumptions

The Company makes estimates and assumptions based on the expectation of future events that are believed to be reasonable under the circumstances at the end of the reporting period. The resulting accounting estimates might be different from the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

A. Impairment assessment of goodwill

The impairment assessment of goodwill relies on the Company's subjective judgement, including identifying cash-generating units, allocating assets and liabilities as well as goodwill to related cash-generating units, and determining the recoverable amounts of related cash-generating units. Please refer to Note 6(7) for the information of goodwill impairment.

B. Evaluation of inventories

As inventories are stated at the lower of cost and net realisable value, the Company must determine the net realisable value of inventories on balance sheet date using judgements and estimates. Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value on balance sheet date, and writes down the cost of inventories to the net realisable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2018	December 31, 2017
Cash on hand and revolving funds	$ 4,872	$ 1,074
Checking accounts and demand deposits	356,907	397,809
	$ 361,779	$ 398,883

The Company transacts with a variety of financial institutions all with good credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(2) Financial assets at fair value through other comprehensive income

Effective 2018

Items	December 31, 2018
Non-current items:	
Equity instruments	$ 12,175

A. The Company has elected to classify certain strategic investments in the aforementioned equity instruments, including emerging stocks and unlisted stock, as financial assets measured at fair value through other comprehensive income.

B. Please refer to Note 6(19) for information on changes in fair value recognised in other comprehensive income for the year ended December 31, 2018. Please refer to Note 6(21) for details of dividend income recognised in profit or loss of equity instruments at fair value through other comprehensive income held at end of year.

C. The Company has no financial assets measured at fair value through other comprehensive income pledged to others as of December 31, 2018.

D. Information relating to credit risk of financial assets at fair value through other comprehensive income is provided in Note 12(2).

E. Information on financial assets at cost as of December 31, 2017 is provided in Note 12(4).

(3) Notes and accounts receivable

	December 31, 2018	December 31, 2017
Notes receivable	$ 250,613	$ 102,584
Accounts receivable	13,083,932	10,710,895
Less: Allowance for sales returns and discounts	(788,008)	(1,110,047)
Allowance for uncollectible accounts	(197,852)	(162,157)
Notes and accounts receivable, net	12,348,685	9,541,275
Overdue receivables	48,638	44,112
Less: Allowance for uncollectible accounts	(48,638)	(44,112)
Overdue receivables, net (shown as 'other non-current assets')	-	-
	$ 12,348,685	$ 9,541,275

A. The Company entered into a factoring agreement with a domestic financial institution to sell its accounts receivable. Under the agreement, the Company is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Company does not have any continuing involvement in the transferred accounts receivable. Thus, the Company derecognised the transferred accounts receivable, and the related information is as follows:

	December 31, 2018	December 31, 2017
Accounts receivable transferred		
(Amount derecognised)	$ 28,486,250	$ 24,255,113
Amount advanced	$ 27,791,275	$ 23,718,836
Amount retained	$ 694,975	$ 536,277

(a) The above amounts retained are shown as 'other receivables'. The Company transacts with a variety of financial institutions all with high credit quality to disperse credit risk, so it expects that the probability of counterparty default is remote.

(b) As of December 31, 2018 and 2017, the interest rates for amounts advanced ranged between 2.4480%~4.0200% and 1.712%~3.22%, respectively.

(c) As of December 31, 2018 and 2017, the total limits of the accounts receivable factoring were $48,368,322 and $42,388,000, respectively.

(d) As of December 31, 2018 and 2017, the Company has issued a promissory note of $56,328,114 and $37,023,760, respectively, as performance guarantee against any business dispute.

B. The Group took out a credit insurance on the accounts receivable from certain main customers, whereby 80%~90% of the receivable amount can be covered when the receivables are uncollectible. The Group's maximum exposure to credit risk at balance sheet date is the carrying amount of notes and accounts receivable less 80%~90% covered amount of the insured accounts receivable.

C. The Company does not hold any collateral.

D. Information relating to credit risk of accounts receivable and notes receivable is provided in Note 12(2).

(4) Inventories

	December 31, 2018	December 31, 2017
Merchandise inventory	$ 34,445,437	$ 22,098,277
Less: Allowance for inventory valuation losses	(678,676)	(840,973)
	$ 33,766,761	$ 21,257,304

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2018	2017
Cost of inventories sold	$ 209,135,073	$ 142,862,551
Loss on disposal of inventory	173,621	-
(Gain on reversal of) loss on decline in market price	(180,477)	67,507
Loss on physical inventory	(43)	20
	$ 209,128,174	$ 142,930,078

The Company reversed a previous inventory write-down as certain inventory which were previously provided with allowance were subsequently disposed during the year ended December 31, 2018.

(5) Investments accounted for using equity method

	December 31, 2018	December 31, 2017
Subsidiaries:		
Wintech Microelectronics Holding Limited	$ 8,815,533	$ 8,745,556
Morrihan International Corp.	3,737,104	3,523,693
Techmosa International Inc.	2,080,880	2,053,747
Maxtek Technology Co., Ltd.	2,259,315	1,929,180
BSI Semiconductor Pte. Ltd.	747,806	713,645
Nuvision Technology Inc.	790,392	702,819
MSD Holdings Pte. Ltd.	223,531	214,602
Milestone Investment Co.,Ltd.	64,676	94,178
Sinyie Investment Co.,Ltd.	44,820	44,769
AboveE Technology Inc.	9,426	9,394
	$ 18,773,483	$ 18,031,583

A. Please refer to Note 4(3) in the consolidated financial statements for the year ended December 31, 2018 for the information regarding the Company's subsidiaries.

B. The Company acquired all shares of Maxtek Technology Co., Ltd. through stock swap at $27 (in dollars) per share with total acquisition consideration of $1,895,949 in October 2017. Please refer to Note 6(29) for related information.

C. The Company invested $1,600,000 in the capital increase raised by the subsidiary, Morrihan International Corp., in 2017 to increase the subsidiary's working capital. The disclosures on acquisition of securities are provided in Note 13(1).

(6) Property, plant and equipment

	Land	Buildings and structures	Office equipment	Others	Total
At January 1, 2018					
Cost	$ 225,459	$ 217,449	$ 227,930	$ 119,009	$ 789,847
Accumulated depreciation and impairment	-	(81,916)	(169,255)	(109,996)	(361,167)
	$ 225,459	$ 135,533	$ 58,675	$ 9,013	$ 428,680
2018					
Opening net book amount	$ 225,459	$ 135,533	$ 58,675	$ 9,013	$ 428,680
Additions	-	-	47,163	45,415	92,578
Depreciation charge	-	(6,656)	(28,429)	(12,545)	(47,630)
Closing net book amount	$ 225,459	$ 128,877	$ 77,409	$ 41,883	$ 473,628
At December 31, 2018					
Cost	$ 225,459	$ 217,449	$ 231,203	$ 153,958	$ 828,069
Accumulated depreciation and impairment	-	(88,572)	(153,794)	(112,075)	(354,441)
	$ 225,459	$ 128,877	$ 77,409	$ 41,883	$ 473,628

	Land	Buildings and structures	Office equipment	Others	Total
At January 1, 2017					
Cost	$ 225,459	$ 217,449	$ 222,493	$ 118,885	$ 784,286
Accumulated depreciation and impairment	-	(75,260)	(164,141)	(109,136)	(348,537)
	$ 225,459	$ 142,189	$ 58,352	$ 9,749	$ 435,749
2017					
Opening net book amount	$ 225,459	$ 142,189	$ 58,352	$ 9,749	$ 435,749
Additions	-	-	25,532	5,722	31,254
Disposals	-	-	-	(215)	(215)
Depreciation charge	-	(6,656)	(25,209)	(6,243)	(38,108)
Closing net book amount	$ 225,459	$ 135,533	$ 58,675	$ 9,013	$ 428,680
At December 31, 2017					
Cost	$ 225,459	$ 217,449	$ 227,930	$ 119,009	$ 789,847
Accumulated depreciation and impairment	-	(81,916)	(169,255)	(109,996)	(361,167)
	$ 225,459	$ 135,533	$ 58,675	$ 9,013	$ 428,680

(7) Intangible assets

	Goodwill	Software	Total
At January 1, 2018			
Cost	$ 208,132	$ 64,976	$ 273,108
Accumulated amortisation and impairment	(158,309)	(53,461)	(211,770)
	$ 49,823	$ 11,515	$ 61,338
2018			
Opening net book amount	$ 49,823	$ 11,515	$ 61,338
Additions	169,290	3,262	172,552
Amortisation charge (shown as 'general and administrative expenses')	-	(5,773)	(5,773)
Closing net book amount	$ 219,113	$ 9,004	$ 228,117
At December 31, 2018			
Cost	$ 377,422	$ 68,240	$ 445,662
Accumulated amortisation and impairment	(158,309)	(59,236)	(217,545)
	$ 219,113	$ 9,004	$ 228,117

	Goodwill	Software	Total
At January 1, 2017			
Cost	$ 271,971	$ 68,240	$ 340,211
Accumulated amortisation and impairment	(158,309)	(59,236)	(217,545)
	$ 113,662	$ 9,004	$ 122,666
2017			
Opening net book amount	$ 113,662	$ 13,867	$ 127,529
Adjustment	(63,839)	-	(63,839)
Additions	-	4,810	4,810
Amortisation charge (shown as 'general and administrative expenses')	-	(7,162)	(7,162)
Closing net book amount	$ 49,823	$ 11,515	$ 61,338
At December 31, 2017			
Cost	$ 208,132	$ 64,976	$ 273,108
Accumulated amortisation and impairment	(158,309)	(53,461)	(211,770)
	$ 49,823	$ 11,515	$ 61,338

A. The Company signed the business transfer agreement with STC Corporation in June 2018 and acquired part of the company's electronic components distribution business. The business acquisition date was set in October 2018. The information regarding the intangible assets arising from the transfer is provided in Note 6(29).

B. In 2017, the acquisition price was adjusted pursuant to the contingent consideration provision in the business transfer agreement signed in 2011 with Kei Kong Electronic Ltd. As a result, the goodwill from the business was also adjusted in the amount of $63,839.

C. The Company evaluated the impairment of recoverable amount of the goodwill at each reporting date and used the value-in-use calculation as basis for recoverable amount. These calculations use future cash flow projections based on financial budgets approved by the management covering a five-year period.

The future cash flows were estimated based on the annual revenue, gross profit and other operating expenses in the future. The Company's estimated average annual revenue growth rate is 5%~10%, and adopted discount rate is the pre-tax ratio of weighted average capital cost to reflect risk of related cash-generating units. Based on the aforementioned assessment, no recognition of impairment loss of goodwill was recognised for the years ended December 31, 2018 and 2017.

(8) Short-term borrowings

	December 31, 2018	December 31, 2017
Credit loans	$ 16,486,561	$ 12,451,991
Loan facilities	$ 19,556,306	$ 25,900,515
Interest rate range	0.57%~3.8266%	0.9066%~2.7696%
Contract period	2018/1/26~2019/8/29	2017/1/24~2018/8/29

Please refer to Note 8 for details of the collaterals of abovementioned secured borrowings.

(9) Short-term notes and bills payable

	December 31, 2018	December 31, 2017
Commercial paper	$ 1,350,000	$ 1,150,000
Amortisation of discount	(1,115)	(711)
	$ 1,348,885	$ 1,149,289
Coupon rate	0.57%~0.88%	0.53%~0.85%

The notes and bills were issued under securities and acceptance offered by the financial institutions to fund short-term capital. The issuance period is within 90 days.

(10) Financial liabilities at fair value through profit or loss

Items	December 31, 2018	December 31, 2017
Current items:		
Forward foreign exchange contracts	$ 2,055	$ 3,720
Cross currency swap contracts	1,482	4,057
	$ 3,537	$ 7,777

A. The Company recognised net gain of $70,433 and net loss of $6,862 on financial assets held for trading (shown as 'other gains and losses') on financial liabilities and at fair value through profit or loss for the years ended December 31, 2018 and 2017, respectively.

B. The non-hedging derivative instruments transactions and contract information are as follows:

(a)

Derivative financial liabilities	December 31, 2018 Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	17,000	2018.11.28~2019.3.28
Cross currency swap contracts	USD (BUY)	10,000	2018.12.26~2019.2.26

Derivative financial liabilities	December 31, 2017 Contract amount (Notional principal) (In thousands)		Contract period
Current items:			
Forward foreign exchange contracts	USD (BUY)	12,000	2017.12.5~2018.3.20
Cross currency swap contracts	USD (BUY)	15,000	2017.12.21~2018.3.21

(b) The Company entered into forward foreign exchange contracts to sell USD to hedge exchange rate risk of foreign currency. However, these forward foreign exchange contracts are not accounted for under hedge accounting.

(c) The cross currency swap contracts signed by the Company are to fulfill capital movement. For exchange rate, principals denominated in two currencies are exchanged at the same exchange rate at the initial and final exchanges. Thus, there is no foreign exchange risk. For interest rate, to hedge the exchange risk of floating rate, the Company exchanged fixed rate of NTD for floating rate of USD. However, these cross currency swap contracts are not accounted for under hedge accounting.

C. For the derivative transactions, the Company deals with a variety of financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

(11) Other payables

	December 31, 2018	December 31, 2017
Salaries and bonuses payable	$ 429,401	$ 355,169
Finance cost payable	112,859	59,139
Insurance expense payable	66,419	33,824
Cost to technical services payable	58,097	56,181
Freight payable	43,423	45,371
Others	189,780	150,437
	$ 899,979	$ 700,121

(12) Bonds payable

	December 31, 2018	December 31, 2017
Bonds payable	$ 1,074,200	$ 1,242,200
Less: Discount on bonds payable	(7,452)	(25,673)
	1,066,748	1,216,527
Less: Bonds payable, current portion	(1,066,748)	-
	$ -	$ 1,216,527

A. The issuance of domestic convertible bonds by the Company:

(a) The terms of the domestic unsecured convertible bonds issued by the Company are as follows:

i. The Company issued $1,500,000, 0%, fifth domestic unsecured convertible bonds, as approved by the regulatory authority. The bonds mature 3 years from the issue date (July 7, 2016 ~July 7, 2019) and will be redeemed in cash at face value at the maturity date. The bonds were listed on the Taipei Exchange on July 7, 2016.

ii. The bondholders have the right to ask for conversion of the bonds into common shares of the Company during the period from the date after one month of the bonds issue to the maturity date, except for the stop transfer period as specified in the terms of the bonds or the laws/regulations. The rights and obligations of the new shares converted from the bonds are the same as the issued and outstanding common shares.

iii. The conversion price of the bonds is set up based on the pricing model as specified in the terms of the bonds (with the conversion price at $40.5 per share), and is subject to adjustments if the condition of the anti-dilution provisions occurs subsequently. On December 31, 2018, the conversion price was $31.3 per share.

iv. Under the terms of the bonds, all bonds redeemed (including bonds repurchased from securities trading markets), matured and converted are retired and not to be re-issued; all rights and obligations attached to the bonds are also extinguished.

B. Regarding the issuance of convertible bonds, the equity conversion options amounting to $40,362 were separated from the liability component and were recognised in 'capital surplus-share options' as of December 31, 2018, in accordance with IAS 32.

C. As of December 31, 2018, the convertible bonds converted into 12,591 thousand common shares totaled $425,800 at par value.

D. For the years ended December 31, 2018 and 2017, the amortised discount of bonds payable was $16,351 and $17,579, respectively.

(13) Long-term loans

Type of loans	Period	December 31, 2018 Credit line		December 31, 2018 Amount	
Mid-term borrowings (Bank SinoPac)	2017/10/3~2019/10/3	$	1,500,000	$	625,000
Mid-term borrowings (The Export-Import Bank of the Republic of China)	2017/1/25~2020/1/25		368,580		368,580
		$	1,868,580		993,580
Less: Long-term borrowings, current portion				(	870,720)
				$	122,860
Range of interest rates					1.05%~3.7526%

Type of loans	Period	December 31, 2017 Credit line		December 31, 2017 Amount	
Syndicated loans (Mega Bank and 7 other banks)	2013/12/18~2018/12/18	$	1,333,333	$	-
Mid-term borrowings (Bank SinoPac)	2017/10/3~2019/10/3		1,500,000		625,000
Mid-term borrowings (The Export-Import Bank of the Republic of China)	2017/1/25~2020/1/25		357,120		357,120
		$	3,190,453	$	982,120
Range of interest rates					1.06%~2.589%

A. The Company has signed a syndicated loan agreement whereby the Company is obligated to avail of borrowings equivalent to a certain percentage of the credit line during the period from six months after the date of first drawdown. If the total borrowings do not reach the minimum availment amount as specified in the loan agreement, the Company is required to pay a commitment fee of 0.1% per annum based on the unavailed portion of the credit line. As of December 31, 2017, the Company has not used any of the aforementioned syndicated loans. However, in June 2018, the Company applied for the cancellation of the credit line in advance. As of December 31, 2018, the undrawn credit line of the syndicated loans had all been cancelled.

B. The loan is classified as long-term liabilities since the term of the loan is more than one year and the Company plans to re-finance. Under the syndicated loan agreement, the credit line decreases equally during the remaining contract period from 3 years after the date of first drawdown.

C. Under the Bank SinoPac borrowing contract, the Company should maintain the required current ratio, gearing ratio and interest coverage ratio based on the annual and semi-annual parent company only financial statements during the terms of the syndicated loans.

D. The Company’s liquidity risk is provided in Note 12.

(14) Pensions

A. Defined benefit pension plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Act, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Act. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is insufficient to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contributions for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2018	December 31, 2017
Present value of defined benefit obligations	$ 110,691	$ 103,594
Fair value of plan assets	(94,897)	(88,903)
Net defined benefit liability (assets) (shown as 'other non-current liabilities / assets')	$ 15,794	$ 14,691

(c) Movements in net defined benefit liabilities (assets) are as follows:

Year ended December 31, 2018	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
Balance at January 1	$ 103,594	$ 88,903	$ 14,691
Current service cost	1,078	-	1,078
Interest (expense) income	1,243	1,067	176
	105,915	89,970	15,945
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	2,485	(2,485)
Change in financial assumptions	2,527	-	2,527
Experience adjustments	2,249	-	2,429
	4,776	2,485	2,471
Pension fund contribution	-	2,442	(2,442)
Balance at December 31	$ 110,691	$ 94,897	$ 15,974

Year ended December 31, 2017	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability (asset)
Balance at January 1	$ 82,989	$ 85,545	($ 2,556)
Current service cost	886	-	886
Interest (expense) income	1,244	1,283	(39)
	85,119	86,828	(1,709)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(422)	422
Change in financial assumptions	3,748	-	3,748
Experience adjustments	14,727	-	14,727
	18,475	(422)	18,897
Pension fund contribution	-	2,497	(2,497)
Balance at December 31	$ 103,594	$ 88,903	$ 14,691

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitisation products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorised by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan assets fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2018 and 2017 is given in the Annual Labour Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2018	2017
Discount rate	1.0%	1.2%
Future salary increases	3.0%	3.0%

Future mortality rate was estimated based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
December 31, 2018	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
Effect on present value of defined benefit obligation	($ 3,146)	$ 3,263	$ 2,915	($ 2,832)
December 31, 2017				
Effect on present value of defined benefit obligation	($ 3,134)	$ 3,255	$ 2,931	($ 2,843)

The sensitivity analysis above is based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

The methods and types of assumptions used in preparing the sensitivity analysis did not change compared to the previous period.

(f) Expected contributions to the defined benefit pension plan of the Company for the year ending December 31, 2019 amount to $2,469.

(g) As of December 31, 2018, the weighted average duration of the retirement plan is 12 years.

B. Defined contribution pension plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the "New Plan") under the Labor Pension Act (the "Act"), covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2018 and 2017 were $32,550 and $29,185, respectively.

(15) Share-based payment

A. For the year ended December 31, 2017, the Company's share-based payment arrangements were as follows:

Type of arrangement	Grant date	Quantity granted	Contract period	Vesting conditions
Cash capital increase reserved for employee preemption	2017.11.13	5,479 thousand shares	-	Vested immediately

B. The fair value of stock options granted on November 13, 2017 is measured as follows:

Type of arrangement	Grant date	Stock price (in dollars)	Exercise price (in dollars)	Expected price volatility	Expected option life	Expected dividend	Risk-free interest rate	Fair value per unit (in dollars)
Cash capital increase reserved for employee preemption	2017.11.13	$46.95	$38	-	-	-	-	$8.95

Compensation cost of share-based payment of $49,037 was recognised for cash capital increase reserved for employee preemption for the year ended December 31, 2017.

(16) Share capital

A. As of December 31, 2018, the Company's authorised capital was $10,000,000, consisting of 1 billion shares of ordinary stock (including 82 million shares reserved for employee stock options), and the paid-in capital was $5,551,889 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Movements in the number of the Company's ordinary shares (including certificate of entitlement to new shares from convertible bonds) outstanding are as follows:

	2018	2017
	Shares (in thousands)	Shares (in thousands)
At January 1	552,262	471,519
Cash capital increase	-	75,000
Shares converted from bonds	5,349	5,743
At December 31	557,611	552,262

C. For the fourth quarter of 2018, convertible bonds amounting to $75,800 in total par value were requested for conversion into 2,422 thousand ordinary shares. The amount was recorded under 'certificate of entitlement to new shares from convertible bonds' because the change in registration has not yet been completed as of December 31, 2018.

(17) Capital surplus

A. Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Act requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

B. For the information relating to capital surplus-share options, please refer to Note 6(12).

2018	Share premium	Treasury share transactions	Stock options	Net change in equity of associates
At January 1	$ 8,565,163	$ 40,742	$ 46,675	$ 8,159
Conversion of convertible bonds	118,956	-	(6,313)	-
At December 31	$ 8,684,119	$ 40,742	$ 40,362	$ 8,159

2017	Share premium	Treasury share transactions	Stock options	Net change in equity of associates
At January 1	$ 6,268,305	$ 40,742	$ 54,332	$ 8,680
Issue of common stock for cash	2,100,000	-	(7,657)	-
Share-based payments	49,037	-	-	-
Conversion of convertible bonds	147,821	-	-	-
Recognition of change in equity of associates in proportion to the Company's ownership	-	-	-	(521)
At December 31	$ 8,565,163	$ 40,742	$ 46,675	$ 8,159

(18) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the legal reserve equals the paid-in capital. Special reserve shall be set aside or reversed as required by regulations or the Competent Authority when necessary. The remainder, if any, along with beginning unappropriated earnings is the accumulated distributable earnings. The amounts of abovementioned accumulated distributable earnings to be reserved or to be allocated and the way of distribution shall be determined based on the Company's dividend policy, taking into account the indispensability of taking the earnings to back up the capital needs. The appropriation shall be proposed by the Board of Directors and resolved by the shareholders.

B. The Company's dividend policy is regulated by the Board of Directors taking into consideration the Company's operations, future investment plans, capital budget and internal/external situations. As the Company is in the growth stage, most of retained earnings will be used to support business development and investment requirements and consequently, the minimum cash dividend and extra dividend policy is adopted by the Company. The Company's dividend policy is summarised below:

At least 40% of the Company's earnings shall be appropriated as stock dividends and cash dividends, taking into account profits in the future and capital needs, and cash dividends shall account for at least 10% of the total dividends distributed. In the event the total earnings appropriation exceeds 30% of the Company's paid-in capital before appropriation, cash dividends shall account for at least 20% of the total dividends distributed.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the balance of the reserve exceeds 25% of the Company's paid-in capital.

D. In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

E. According to the resolutions adopted by the stockholders during their meetings in June 2018 and 2017, the distribution information of the Company's 2017 and 2016 earnings is as follows:

	Years ended December 31,			
	2017		2016	
	Amount	Dividends per share (in dollars)	Amount	Dividends per share (in dollars)
Legal reserve	$ 251,990		$ 169,946	
Special reserve	109,102		-	
Cash dividends	1,381,423	$ 2.5	1,141,780	$ 2.4
	$ 1,742,515		$ 1,311,726	

(a) As of March 22, 2019, the appropriation of the Company's earnings has not yet been resolved by the Board of Directors.

(b) Information on the appropriation of the Company's earnings as resolved by the Board of Directors and approved by the stockholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

F. For the information relating to employees' compensation and directors' and supervisors' remuneration, please refer to Note 6(25).

(19) Other equity items

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2018	$ 865,950	($ 975,052)	($ 109,102)
Effects on retrospective application of IFRS 9	(22,321)	-	(22,321)
Valuation adjustment on equity instruments			
- Subsidiaries	(317,172)	-	(317,172)
Disposals reclassified as retained earnings			
- Subsidiaries	(277,925)	-	(277,925)
Currency translation differences:			
- Translation of foreign operations	-	569,283	569,283
- Subsidiaries and associates	-	13,669	13,669
At December 31, 2018	$ 248,532	($ 392,100)	($ 143,568)

	Unrealised gains (losses) on valuation	Currency translation	Total
At January 1, 2017	$ 1,017,416	$ 162,084	$ 1,179,500
Valuation adjustment on equity instruments			
- Subsidiaries	(151,466)	-	(151,466)
Currency translation differences:			
- Translation of foreign operations	-	(1,074,520)	(1,074,520)
- Subsidiaries and associates	-	(62,616)	(62,616)
At December 31, 2017	$ 865,950	($ 975,052)	($ 109,102)

(20) Operating revenue

	Years ended December 31,	
Contract revenue	2018	2017
Sale of electronic components	$ 213,486,599	$ 146,760,710
Other operating revenue	154,020	225,927
	$ 213,640,619	$ 146,986,637

A. The Company's revenue from customers' contracts primarily arise from the transfer of goods at a point in time. Please refer to Statement 6 for revenue information by category.

B. The Company has recognised the following revenue-related contract liabilities provisions for estimated sales discounts:

	December 31, 2018
Refund liabilities-sales discounts and returns	$ 519,642
Contract liabilities-advance sales receipts	$ 2,145,327

(21) Other income

	Years ended December 31,	
	2018	2017
Interest income	$ 14,737	$ 10,815
Dividend income	-	440
Other income	2,842	5,597
	$ 17,579	$ 16,852

(22) Other gains and losses

	Years ended December 31,	
	2018	2017
Gain (loss) on financial assets and liabilities at fair value through profit or loss - derivatives	$ 70,433	($ 6,862)
Foreign exchange loss, net	(35,838)	(31,448)
Gain on financial assets at fair value through profit or loss - equity instruments	3,025	-
Other losses	(2,142)	(3,921)
	$ 35,478	($ 42,231)

(23) Finance costs

	Years ended December 31,	
	2018	2017
Interest expense		
Bank borrowings	$ 467,687	$ 331,189
Convertible bonds	16,351	17,579
Interest on short-term notes	7,966	5,185
Financing charges on accounts receivable factoring	509,645	298,536
Other finance costs	9,996	10,299
	$ 1,011,645	$ 662,788

(24) Expenses by nature

	Years ended December 31,	
	2018	2017
Employee benefit expense	$ 1,043,814	$ 910,143
Depreciation	47,630	38,108
Amortisation	5,773	7,162
	$ 1,097,217	$ 955,413

(25) Employee benefit expense

	Years ended December 31,	
	2018	2017
Employee benefit expense		
Wages and salaries	$ 838,777	$ 726,141
Labour and health insurance fees	54,797	49,945
Pension costs	33,804	30,032
Directors' remuneration	9,000	9,000
Other personnel expenses	107,436	95,025
	$ 1,043,814	$ 910,143

A. For the years ended December 31, 2018 and 2017, the Company had 688 and 623 employees, excluding 4 and 4 directors, respectively.

B. In accordance with the Articles of Incorporation of the Company as approved by the stockholders on June 3, 2016, a ratio of distributable profit of the current year, after covering accumulated losses, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 1% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration.

C. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at $31,900 and $28,740, respectively; while directors' and supervisors' remuneration was accrued at $12,000 and $12,000, respectively. The aforementioned amounts were recognised in salary expenses. The employees' compensation and directors' and supervisors' remuneration were estimated and accrued based on distributable profit of current year for the years ended December 31, 2018 and 2017.

   Employees' compensation and directors' and supervisors' remuneration for 2017 as resolved by the directors during its meeting were in agreement with those amounts recognised in profit or loss for 2017.

   Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors and shareholders will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expense

(a) Components of income tax expense

	Years ended December 31, 2018	Years ended December 31, 2017
Current tax:		
Current tax on profit for the year	$ 238,218	$ 362,158
Tax on undistributed surplus earnings	77,023	37,950
Total current tax	315,241	400,108
Deferred tax:		
Origination and reversal of temporary differences	65,053	(87,061)
Impact of change in tax rate	(13,410)	-
Total deferred tax	51,643	(87,061)
Income tax expense	$ 366,884	$ 313,047

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2018	Years ended December 31, 2017
Remeasurement of defined benefit obligations	$ 458	$ 3,213
Impact of change in tax rate	839	-
	$ 1,297	$ 3,213

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2018	Years ended December 31, 2017
Tax calculated based on profit before tax and statutory tax rate	$ 629,023	$ 481,600
Effect from items disallowed by tax regulation	(325,752)	(206,503)
Additional 10% tax on undistributed earnings	77,023	37,950
Effect from changes in tax regulation	(13,410)	-
Income tax expenses	$ 366,884	$ 313,047

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2018			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Allowance for sales returns and discounts	$ 185,227	$ 54,945	$ -	$ 240,172
Reserve for inventory obsolescence and market price decline	149,466	(9,719)	-	139,747
Unrealised foreign exchange loss	8,731	(8,731)	-	-
Others	23,762	3,606	1,297	28,665
	$ 367,186	$ 40,101	$ 1,297	$ 408,584
Deferred tax liabilities:				
Unrealised foreign exchange gain	$ -	($ 5,777)	$ -	($ 5,777)
Foreign investment income using equity method	(276,261)	(85,967)	-	(362,228)
Others	-	-	-	-
	($ 276,261)	($ 91,744)	$ -	($ 368,005)

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Deferred tax assets:				
Allowance for sales returns and discounts	$ 133,150	$ 52,077	$ -	$ 185,227
Reserve for inventory obsolescence and market price decline	137,989	11,477	-	149,466
Unrealised foreign exchange loss	-	8,731	-	8,731
Others	2,555	17,994	3,213	23,762
	$ 273,694	$ 90,279	$ 3,213	$ 367,186
Deferred tax liabilities:				
Unrealised foreign exchange gain	($ 29,133)	$ 29,133	$ -	$ -
Foreign investment income using equity method	(243,879)	(32,382)	-	(276,261)
Others	(31)	31	-	-
	($ 273,043)	($ 3,218)	$ -	($ 276,261)

D. The amounts of deductible temporary differences that were not recognised as deferred tax assets are as follows:

	December 31, 2018	December 31, 2017
Deductible temporary differences	$ 13,741	$ 13,741

E. The Company has assessed that the taxable temporary differences arising on investments in subsidiaries will not reverse in the foreseeable future. Accordingly, the Company did not recognise the full amount as deferred tax liabilities. As of December 31, 2018 and 2017, the temporary differences of unrecognised deferred tax liabilities were $3,640,781 and $5,338,854, respectively.

F. The Company’s income tax returns through 2016 have been assessed and approved by the Tax Authority.

G. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China on February 7, 2018, the Company’s applicable income tax rate was raised from 17% to 20% effective from January 1, 2018. The Company has assessed the impact of the change in income tax rate.

(27) Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for using equity method

	Years ended December 31, 2018	Years ended December 31, 2017
Subsidiaries and associates:		
Components of other comprehensive income that will not be reclassified to profit or loss		
- Valuation adjustment on equity instruments	($ 317,172)	$ -
- Net (loss) gain on defined benefit plan	(3,791)	8,530
	(320,963)	8,530
Components of other comprehensive income that will be reclassified to profit or loss		
- Valuation adjustment on equity instruments	-	(151,466)
- Currency translation differences	13,669	(62,616)
	13,669	(214,082)
	($ 307,294)	($ 205,552)

(28) Earnings per share

	Year ended December 31, 2018		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 2,778,229	553,629	$ 5.02
Diluted earnings per share			
Profit for the year	2,778,229	553,629	
Assumed conversion of all dilutive potential ordinary shares			
Conversion of convertible bonds	16,351	38,315	
Employees' compensation	-	831	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 2,794,580	592,775	$ 4.71

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 2,519,897	479,475	$ 5.26
Diluted earnings per share			
Profit for the year	2,519,897	479,475	
Assumed conversion of all dilutive potential ordinary shares			
Conversion of convertible bonds	17,579	38,989	
Employees' compensation	-	790	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 2,537,476	519,254	$ 4.89

(29) Business combinations

A. In accordance with the resolution adopted by the stockholders in June, 2017, the Company decided to acquire all shares of Maxtek Technology Co., Ltd. (Maxtek) through stock swap at $27 (in dollars) per share. Total acquisition consideration was $1,895,949, and the effective date was October 1, 2017. Maxtek engages mainly in the sales of integrated circuits and other electronic components. The purpose for the acquisition was to integrate resources and expand operating scales and enhance competition, as well as, to improve the diversity of the Group's product and customer services. Please refer to Note 6(31) in the consolidated financial statements for the year ended December 31, 2018.

B. The Company acquired part of the electronic component distribution business of STC Corporation.

(a) In June 2018, the Group signed a business transfer agreement with STC Corporation, acquiring part of the company's electronic component distribution business in cash. The record date of the transfer was October 5, 2018.

(b) If the gross profit exceeds US$4 million during the period from July 2018 to June 2020, 70% of excess amounts shall be paid in cash as additional consideration as stipulated in a contingent consideration agreement, which were included in considerations payable amounting to $169,920 (US$5,500 thousand) under the business transfer agreement. The Company has evaluated the possibility of contingent events that may occur based on the cost of distribution business.

(c) STC Corporation is a distributor of electronic components with the greater Korea region as its primary market.

(d) The actual consideration payment will be adjusted during the period from July 2018 to June 2020 according to the conditions stipulated in the business transfer agreement.

(e) As of December 31, 2018, the allocation of the purchase price of the acquisition is still in process, and the Company has hired experts to assess the fair value of the identifiable assets.

(30) Changes in liabilities from financing activities

	Short-term borrowings (Note)	Short-term notes and bills payable	Bonds payable	Long-term loans	Liabilities from financing activities-gross
At January 1, 2018	$ 12,451,991	$ 1,149,289	$ 1,216,527	$ 982,120	$ 15,799,927
Changes in cash flow from financing activities	4,784,570	191,630	-	(738,540)	4,237,660
Interest expense from amortisation of short-term notes and bills payable	-	7,966	-	-	7,966
Reclassification to long-term liabilities - current portion	1,187,468	-	(1,066,748)	(120,720)	-
Interest expense from amortisation of convertible bonds	-	-	16,351	-	16,351
Conversion of convertible bonds	-	-	(166,130)	-	(166,130)
At December 31, 2018	$ 18,424,029	$ 1,348,885	$ -	$ 122,860	$ 19,895,774

Note: Including long-term liabilities - current portion

7. RELATED PARTY TRANSACTIONS

(1) Names of related parties and relationship

Names of related parties	Relationship with the Company
Techmosa International Inc.	Subsidiary of the Company
Nuvision Technology Inc.	Subsidiary of the Company
Morrihan International Corp.	Subsidiary of the Company
WT Microelectronics (Honk Kong) Limited	Indirectly reinvested subsidiary of the Company
WT Solomon QCE Limited	Indirectly reinvested subsidiary of the Company
WT Technology Pte. Ltd.	Indirectly reinvested subsidiary of the Company
WT Microelectronics Singapore Pte. Ltd.	Indirectly reinvested subsidiary of the Company
Wintech Microelectronics Ltd.	Indirectly reinvested subsidiary of the Company
WT Technology Korea Co., Ltd.	Indirectly reinvested subsidiary of the Company
Wonchang Semiconductor Co., Ltd.	Indirectly reinvested subsidiary of the Company
JCD Optical Corporation Limited	Indirectly reinvested associates of the Company
Qwave Technology Co., Ltd.	Indirectly reinvested associates of the Company

(2) Significant related party transactions

A. Operating revenue

	Years ended December 31,	
	2018	2017
Sales of goods:		
- Subsidiaries		
Morrihan International Corp.	$ 45,867,046	$ 76,818
WT Microelectronics (Honk Kong) Limited	18,715,251	14,887,430
WT Technology Pte. Ltd.	10,434,535	14,356,700
Others	20,335,425	14,955,740
	$ 95,352,257	$ 44,276,688

The collection terms with related parties were 90 days and the products were categorised and priced after referring to the inventory cost, market and other transaction conditions.

B. Purchases

	Years ended December 31,	
	2018	2017
Purchases of goods:		
-Subsidiaries	$ 11,180,686	$ 6,410,608
-Associates	14	149
	$ 11,180,700	$ 6,410,757

The credit term to related parties is 90 days and the purchase prices were categorised and priced after referring to market prices and other transaction conditions.

C. Receivables from related parties

	December 31, 2018	December 31, 2017
Accounts receivable:		
- Subsidiaries		
Morrihan International Corp.	$ 6,582,968	$ 20,345
WT Microelectronics (Honk Kong) Limited	878,546	2,469,783
Others	2,196,768	1,791,632
	$ 9,658,282	$ 4,281,760

D. Payables to related parties

	December 31, 2018	December 31, 2017
Accounts payable:		
- Subsidiaries		
Nuvision Technology Inc.	$ 232,957	$ 742,826
Techmosa International Inc.	68,153	698,018
Others	12,250	28,552
	$ 313,360	$ 1,469,396

E. Contract liabilities – current (Advance sales receipts)

	December 31, 2018	December 31, 2017
Contract liabilities – current (Advance sales receipts):		
- Subsidiaries		
WT Technology Pte. Ltd.	$ 1,300,782	$ -
Nuvision Technology Inc.	439,225	-
Wintech Microelectronics Ltd.	361,209	379,078
	$ 2,101,216	$ 379,078

F. Commissions

(a) Commissions expense

	Years ended December 31,	
	2018	2017
-Subsidiaries	$ 60,374	$ 73,582

(b) Commissions payable (shown as 'other payables to related parties)

	December 31, 2018	December 31, 2017
- Subsidiaries	$ 3,871	$ 7,121

G. Loans to others

Loans to related parties:

(a) Outstanding balance (shown as 'other receivables') :

	December 31, 2018	December 31, 2017
- Subsidiaries	$ 721,803	$ -

For the years ended December 31, 2018 and 2017, the interest rate was 1.8% for the abovementioned loans to related parties. Please refer to table 1 for details of loans to subsidiaries.

(b) Interest income

	December 31, 2018	December 31, 2017
- Subsidiaries	$ 10,701	$ 9,705

H. Endorsements and guarantees provided to related parties

(a) As of December 31, 2017, the Company's Chairman provided guarantees for the Company's partial bank borrowing facilities. There is no such circumstances for the year ended December

31, 2018.

(b) As of December 31, 2018 and 2017, the balances of provision of endorsements and guarantees to subsidiaries for bank borrowings and purchase guarantees were as follows. The details are provided in Note 13(1)B.

	December 31, 2018	December 31, 2017
- Subsidiaries	$ 10,444,809	$ 4,847,171

(3) Key management compensation

	Years ended December 31,	
	2018	2017
Salaries and other short-term employee benefits	$ 86,339	$ 117,147
Post-employment benefits	713	1,251
Share-based payments	-	806
	$ 87,052	$ 119,204

8. PLEDGED ASSETS

None.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) Contingencies

None.

(2) Commitments

A. Operating lease commitments

Most of the Company's operating leases are for the lease of offices and warehouses which can be renewed at market price at the end of the lease period. The total minimum future lease payments are as follows:

	December 31, 2018	December 31, 2017
Not later than one year	$ 107,609	$ 44,759
Later than one year but not later than five years	241,942	75,571
Over 5 years	27,435	43,896
	$ 376,986	$ 164,226

B. Outstanding letters of credit

The amounts of outstanding letters of credit for the purchase of inventories by the Company are as follows:

	December 31, 2018	December 31, 2017
Outstanding letters of credit	$ 1,656,445	$ 654,720

C. Provision of endorsements and guarantees

Please refer to Note 7(2) H for the provision of endorsements and guarantees to subsidiaries for bank borrowings.

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

None.

12. OTHERS

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the gearing ratio. This ratio is calculated as net debt divided by total capital. Net debt is calculated as 'total borrowings' as shown in the consolidated balance sheet less cash and cash equivalents. Total equity is calculated as 'equity' as shown in the consolidated balance sheet.

In 2018 and 2017, the Company's strategy was to maintain the financial debt ratio below 250%.

(2) Financial instruments

A. Financial instruments by category

The types of financial instruments held by the Company include cash and cash equivalents, financial assets measured at fair value through other comprehensive income/available-for-sale financial assets, net accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, financial liabilities measured at fair value through profit or loss, accounts payable, other payables, bonds payable, and long-term loans. Please refer to Note 6 and the balance sheets for more information.

B. Risk management policies

(a) The Company's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. To minimise any adverse effects on the financial performance of the Company, derivative financial instruments, such as foreign exchange forward contracts and foreign currency option contracts are used to hedge certain exchange rate risk. In addition, foreign exchange risk is managed by matching the payment periods of foreign currency assets and liabilities.

(b) Risk management is carried out by a central treasury department (Company treasury) under policies approved by the Board of Directors. Company treasury identifies, evaluates and hedges financial risks in close cooperation with the Company's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

(c) Information about derivative financial instruments that are used to hedge certain exchange rate risk are provided in Note 6(10).

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Company operates internationally and is exposed to foreign exchange risk arising from the transactions of the Company in various functional currency, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities.

ii. Management has set up a policy to manage their foreign exchange risk against their functional currency.

iii. The Company hedges foreign exchange rate by using forward exchange contracts. However, the Company does not adopt hedging accounting. Details of financial assets or liabilities at fair value through profit or loss are provided in Note 6(10).

iv. The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2018				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 739,772	30.715	$ 22,722,097	1%	$ 227,221
Foreign operations					
USD:NTD	321,607	30.715	9,833,752		
Financial liabilities					
Monetary items					
USD:NTD	733,660	30.715	22,534,367	1%	225,344

	December 31, 2017				
				Sensitivity analysis	
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)	Degree of variation	Effect on profit or loss
(Foreign currency: functional currency)					
Financial assets					
Monetary items					
USD:NTD	$ 471,221	29.76	$ 14,023,537	1%	$ 140,235
Foreign operations					
USD:NTD	326,997	29.76	9,720,685		
Financial liabilities					
Monetary items					
USD:NTD	127,080	29.76	3,781,901	1%	37,819

v. The total exchange loss, including realised and unrealised arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2018 and 2017, amounted to $35,838 and $31,448, respectively.

Price risk

i. The Company’s equity securities, which are exposed to price risk, are the held financial assets at fair value through other comprehensive income. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

ii. The Company’s investments in equity securities comprise shares issued by the domestic and foreign companies. The prices of equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased/decreased by 1% with all other variables held constant, for the year ended December 31, 2018, other components of equity would have increased/decreased by $122, as a result of other comprehensive income classified equity investment at fair value through other comprehensive income.

Cash flow and fair value interest rate risk

i. The Company’s main interest rate risk arises from bank borrowings with variable rates and advance receipt of factoring accounts receivable, which expose the Company to cash flow interest rate risk. During the years ended December 31, 2018 and 2017, the Company’s borrowings at variable rate were mainly denominated in US Dollars.

ii. The Company’s borrowings are measured at amortised cost. The borrowings are periodically contractually repriced and to that extent are also exposed to the risk of future changes in market interest rates.

iii. If the borrowing interest rate had increased/decreased by 25 basis point with all other variables held constant, profit, net of tax for the years ended December 31, 2018 and 2017 would have increased/decreased by $48,312 and $36,568, respectively. The main factor is that changes in interest expense result on floating rate borrowings.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The main factor is that counterparties could not repay in full the accounts receivable based on the agreed terms.

ii. The Company manages their credit risk taking into consideration the entire Company's concern. For banks and financial institutions, only approved by FSC are accepted. According to the credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored.

iii. If the contract payments were past due over 90 days based on the terms, there has been a significant increase in credit risk on that instrument since initial recognition. The default occurs when the contract payments are past due over 180 days.

iv. The ageing analysis of accounts receivable (including overdue receivables) and notes receivable is as follows:

	December 31, 2018	December 31, 2017
Not past due	$ 19,743,307	$ 11,881,006
Up to 90 days	2,257,319	1,934,873
91 to 180 days	81,595	11,031
Over 180 days	171,236	202,394
	$ 22,253,457	$ 14,029,304

(i) The above ageing analysis was based on days past due.

(ii) Abovementioned notes receivable are not past due.

v. The Company assesses the expected credit losses of its accounts receivable as follows:

(i) Accounts receivable that are significantly past due are assessed individually for their expected credit losses;

(ii) The remaining receivables are segmented according to the Company's credit ratings of its customers. Different loss rates or provision matrices are applied to the different segments when estimating expected credit losses;

(iii) Loss rates, calculated from historical and current information, are adjusted according to forward-looking information such as the business indicators published by the

National Development Council.

(iv) As of December 31, 2018, loss allowances of accounts receivable calculated from individual assessment or using the loss rate methodology and provision matrix are as follows:

December 31, 2018	Individual	Group A & B	Group C	Group D	Total
Expected loss rate	100.00%	0.05%	0.00%~2.06%	2.48%~50.52%	
Total book value	$ 90,272	$ 16,278,713	$ 5,403,663	$ 480,809	$ 22,253,457
Loss allowance	$ 90,272	$ 8,139	$ 17,201	$ 130,878	$ 246,490

Company A: Customers with excellent credit rating and the Company's subsidiaries

Company B: Customers with fine credit rating

Company C: Customers with normal credit rating

Company D: Rated as other than A, B and C

vi. Movements in relation to the Company applying the modified approach to provide loss allowance for accounts receivable (including overdue receivables) are as follows:

	2018
	Account receivable
At January 1_IAS 39	$ 206,269
Adjustments under new standards	34,834
At January 1_IFRS 9	241,103
Provision for impairment	5,387
At December 31	$ 246,490

vii. Credit risk information for the year ended December 31, 2017 is provided in Note 12(4).

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Company and aggregated by Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities (Note 6(13)) at all times so that the Company does not breach borrowing limits or covenants (where applicable) on any of its borrowing facilities. Such forecasting takes into consideration the Company's debt financing plans, covenant compliance, compliance with internally assessed financial ratio targets and, if applicable external regulatory or legal requirements.

ii. Surplus cash held by the operating entities over and above balance required for working capital management are transferred to the Company treasury. The Company treasury invests surplus cash in interest bearing current accounts, time deposits, money market deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts, and expects to readily generate cash inflows for managing liquidity risk.

iii. The table below analyses the Company's non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity Companyings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

Non-derivative financial liabilities:

December 31, 2018

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Bonds payable	$ 1,074,200	$ -	$ -	$ 1,074,200
Long-term borrowings	870,720	122,860	-	993,580
	$ 1,944,920	$ 122,860	$ -	$ 2,067,780

Non-derivative financial liabilities:

December 31, 2017

	Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Total
Bonds payable	$ -	$ 1,242,200	$ -	$ 1,242,200
Long-term borrowings	-	863,080	119,040	982,120
	$ -	$ 2,105,280	$ 119,040	$ 2,224,320

Except for the abovementioned, the Company's non-derivative financial liabilities are due in one year.

Derivative financial liabilities

As of December 31, 2018 and 2017, all derivative financial liabilities of the Company are due in one year.

iv. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis. This includes the fair value of all investments in publicly listed companies.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly. This includes the fair value of all investments in derivative financial instruments.

Level 3: Unobservable inputs for the asset or liability. The fair value of the Company's investment in equity investment without active market is included in Level 3.

B. The carrying amounts of financial instruments not measured at fair value, including cash and cash equivalents, notes and accounts receivable, other receivables, other current assets, short-term borrowings, short-term notes and bills payable, accounts payable, other payables, corporate bonds payable and long-term borrowings, are approximate to their fair values.

C. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks are as follows:

(a) The related information of the nature of the assets and liabilities is as follows:

December 31, 2018	Level 1	Level 2	Level 3	Total
Assets				
Recurring fair value measurements				
Financial assets at fair value through other comprehensive income				
Equity securities	$ -	$ -	$ 12,175	$ 12,175
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instrument	$ -	$ 3,537	$ -	$ 3,537

December 31, 2017	Level 1	Level 2	Level 3	Total
Liabilities				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Derivative instrument	$ -	$ 7,777	$ -	$ 7,777

(b) The methods and assumptions the Company used to measure fair value are as follows:

i. The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	Listed shares
Market quoted price	Closing price

ii. Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the parent company only balance sheet date.

iii. When assessing non-standard and low-complexity financial instruments, for example, cross currency swap contracts, the Company adopts valuation technique that is widely used by market participants. The inputs used in the valuation method to measure these financial instruments are normally observable in the market.

iv. The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

v. The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the parent company only balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

vi. The Company takes into account adjustments for credit risks to measure the fair value of financial and non-financial instruments to reflect credit risk of the counterparty and the Company's credit quality.

D. For the years ended December 31, 2018 and 2017, there was no transfer between Level 1 and Level 2.

E. The following chart is the movement of Level 3 for the years ended December 31, 2018 and 2017:

	Equity securities	
	2018	2017
At January 1	$ -	$ -
Adjustment on transfer under IFRS 9	12,175	-
At December 31	$ 12,175	$ -

For the years ended December 31, 2018 and 2017, there was no transfer into or out from Level 3.

F. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair value at December 31, 2018	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Non-derivative equity instrument:					
Unlisted shares	$ 12,175	Latest transaction price without active market	N/A	N/A	N/A

(4) Effects on initial application of IFRS 9 and information on application of IAS 39 in 2017

A. Summary of significant accounting policies adopted in 2017

(a) Financial assets (liabilities) at fair value through profit or loss

i. Financial assets at fair value through profit or loss are financial assets (liabilities) held for trading. Financial assets (liabilities) are classified in this category of held for trading if acquired principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets (liabilities) held for trading unless they are designated as hedges.

ii. Financial assets (liabilities) at fair value through profit or loss are initially recognised at fair value. Related transaction costs are expensed in profit or loss. These financial assets (liabilities) are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in profit or loss.

(b)Impairment of financial assets

i. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a 'loss event') and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

ii. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(i) Significant financial difficulty of the issuer or debtor;

(ii) A breach of contract, such as a default or delinquency in interest or principal payments;

(iii) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(iv) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(v) The disappearance of an active market for that financial asset because of financial difficulties;

(vi) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group;

(vii) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered;

(viii) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.

iii. When the Group assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:

Financial assets carried at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognised in profit or loss. Impairment loss recognised for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

B. The reconciliation of carrying amount of financial assets transferred from December 31, 2017, IAS 39, to January 1, 2018, IFRS 9, were as follows:

	Available-for-sale-equity-non-current			Effects	
	Measured at fair value through other comprehensive income-equity-non-current	Measured at cost	Total	Retained earnings	Other equity
IAS 39	$ -	$ 12,175	$ 12,175	$ -	$ -
Transferred into and measured at fair value through other comprehensive income-equity	12,175	(12,175)	-	-	-
Impairment loss adjustment	-	-	-	22,321	(22,321)
IFRS 9	$ 12,175	$ -	$ 12,175	$ 22,321	($ 22,321)

C. The reconcilation of allowance for impairment from December 31, 2017, as these are impaired under IAS 39, to January 1, 2018, as these are expected to be impaired under IFRS 9, are as follows:

	Accounts receivable
IAS 39	$ 9,541,275
Impairment loss adjustment	(34,834)
IFRS 9	$ 9,506,441

D. The significant accounts as of December 31, 2017 are as follows:

Financial assets at cost

Items	December 31, 2017
Non-current items:	
Unlisted shares	$ 12,175

(a) According to the Company's intention, its investment in unlisted stocks should be classified as 'available-for-sale financial assets'. However, as unlisted stocks are not traded in active market, and no sufficient industry information of companies similar to unlisted companies' financial information cannot be obtained, the fair value of the investment in unlisted stocks cannot be measured reliably. The Company classified those stocks as 'financial assets measured at cost'.

(b) As of December 31, 2017, no financial assets measured at cost held by the Company was pledged to others.

E. Credit risk information for the year ended December 31, 2017 is as follows:

(a) Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. Because the counterparties of the Company and performing parties are banks with good credit and financial institutions and government organisations with investment grade or above have no significant compliance concern, there is no significant credit risk.

(b) For the year ended December 31, 2017, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

(c) The credit quality of notes and accounts receivable that were neither past due nor impaired was in the following categories based on the Company's Credit Quality Control Policy:

	December 31, 2017
Group A	$ 2,389,177
Group B	1,392,026
Group C	3,820,952
Group D	57,552
Group E	4,221,404
	$ 11,881,111

Company A: Customers with excellent credit rating

Company B: Customers with fine credit rating

Company C: Customers with normal credit rating

Company D: Rated as other than A, B or C.

Company E: the Company's subsidiaries

(d) The ageing analysis of notes and accounts receivable that were past due but not impaired is as follows:

	December 31, 2018
Up to 30 days	$ 1,765,478
31 to 180 days	161,886
181 to 365 days	2,988
Over 365 days	11,572
	$ 1,941,924

The above aging analysis was based on past due date.

(e) As of December 31, 2017, the Company's accounts receivable that were impaired amounted to $206,269.

Movements in allowance for individual provision for doubtful accounts were as follows:

	2017
At January 1	$ 155,528
Provision for doubtful accounts	50,741
At December 31	$ 206,269

(5) Effects of initial application of IFRS 15 and information on application of IAS 11 and IAS 18 in 2017

A. The significant accounting policies applied on revenue recognition for the year ended December 31, 2017 are set out below.

Revenue recognition

(a) The Company sells electronic and communication components. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognised when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(b)The Company offers customers volume discounts and estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognised. The volume discounts are estimated based on the anticipated annual sales quantities.

B. In line with IFRS 15 requirements, the Company changed the presentation of certain accounts in the balance sheet as follows:

(a) Under IFRS 15, liabilities in relation to expected volume discounts and refunds to customers are recognised as contract liabilities, but were previously presented as accounts receivable - allowance for sales returns and discounts in the balance sheet. As of January 1, 2018, the balance amounted to $685,883.

(b) Under IFRS 15, liabilities in relation to customer contracts are recognised as contract liabilities, but were previously presented as other current liabilities-advance sales receipts in the balance sheet. As of January 1, 2018, the balance amounted to $416,627.

13. <u>SUPPLEMENTARY DISCLOSURES</u>

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: Please refer to Note 6(10).

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to Note 13(1).

14. SEGMENT INFORMATION

Not applicable.

WT Microelectronics Co., Ltd.
Loans to others
Year ended December 31, 2018

Table 1

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2018	Balance at December 31, 2018	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Other receivables - related parties	Y	$ 897,500	$ 896,300	$ -	1.00%	2	$ -	Business Operation	$ -	-	$ -	$ 2,180,688	$ 8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Other receivables - related parties	Y	1,200,000	-	-	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Other receivables - related parties	Y	350,000	350,000	307,150	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Other receivables - related parties	Y	350,000	350,000	307,150	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
0	WT MICROELECTRONICS CO., LTD.	LACEWOOD INTERNATIONAL CORP.	Other receivables - related parties	Y	309,750	307,150	107,503	1.80%	2	-	Business Operation	-	-	-	2,180,688	8,722,750	Note 3
1	WT MICROELECTRONICS (HONG KONG) LIMITED	WT SOLOMON QCE LIMITED	Other receivables - related parties	Y	766,875	-	-	2.00%	2	-	Business Operation	-	-	-	1,762,480	1,762,480	Note 2
2	WINTECH MICROELECTRONICS HOLDING LIMITED	BRILLNICS (HK) LIMITED	Other receivables - related parties	Y	154,150	153,575	153,575	2.60%	2	-	Business Operation	-	-	-	886,242	3,544,966	Note 3
2	WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Other receivables - related parties	Y	681,450	675,730	534,441	2.00%	2	-	Business Operation	-	-	-	8,862,415	8,862,415	Note 2
3	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Other receivables - related parties	Y	187,044	-	-	1.00%	2	-	Business Operation	-	-	-	735,513	735,513	Note 2
4	BSI SEMICONDUCTOR PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	294,263	291,793	291,793	2.3%~2.788%	2	-	Business Operation	-	-	-	513,352	513,352	Note 2
5	MORRIHAN SINGAPORE PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	238,080	-	-	2.00%	2	-	Business Operation	-	-	-	212,927	212,927	Note 2
6	MSD HOLDING PTE. LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Other receivables - related parties	Y	86,730	86,002	86,002	2.30%	2	-	Business Operation	-	-	-	91,956	91,956	Note 2

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:
(1)The Company is '0'.
(2)The subsidiaries are numbered in order starting from '1'.

Note 2: The policy for loans granted mutually between overseas subsidiaries of which the Company directly or indirectly holds 100% of their voting shares is as follows: ceiling on total loans granted by an overseas subsidiary to all overseas subsidiaries and limit on loans granted by an overseas subsidiary to a single overseas subsidiary are the Creditor's net assets.

Note 3: The policy for loans between the Company and subsidiaries is as follows: limit on loans granted by subsidiary to a single party is 10% of the subsidiary's net assets, based on the most recent audited financial statements of the company; ceiling on total loans granted by an subsidiary is 40% of the subsidiary's net assets.

Note 4: The net assets referred to above are based on the latest audited or reviewed financial statements.

WT Microelectronics Co., Ltd.

Provision of endorsements and guarantees to others

Year ended December 31, 2018

Table 2

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Party being endorsed/guaranteed: Relationship with the endorser / guarantor (Note 2)	Limit on endorsements / guarantees provided for a single party (Note 3)	Maximum outstanding endorsement / guarantee amount as of December 31, 2018	Outstanding endorsement / guarantee amount at December 31, 2018	Actual amount drawn down	Amount of endorsements / guarantees secured with collateral	Ratio of accumulated endorsement/guarantee amount to net asset value of the endorser/guarantor company	Ceiling on total amount of endorsements / guarantees provided (Note 3)	Provision of endorsements / guarantees by parent company to subsidiary	Provision of endorsements / guarantees by subsidiary to parent company	Provision of endorsements / guarantees to the party in Mainland China	Footnote
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	2	$ 17,445,501	$ 350,000	$ 350,000	$ 350,000	-	1.60%	$ 17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	2	17,445,501	262,000	262,000	135,239	-	1.20%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	2	17,445,501	154,875	153,575	69,136	-	0.70%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	2	17,445,501	619,500	614,300	307,150	-	2.82%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONG KONG) LIMITED	2	17,445,501	2,168,250	2,150,050	2,150,050	-	9.86%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	2	17,445,501	89,280	64,502	43,444	-	0.30%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	2	17,445,501	1,549	1,536	85	-	0.01%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN SINGAPORE PTE. LTD.	2	17,445,501	309,750	307,150	-	-	1.41%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	LACEWOOD INTERNATIONAL CORP.	2	17,445,501	247,800	245,720	-	-	1.13%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	2	17,445,501	3,342,900	3,328,928	1,614,261	-	15.27%	17,445,501	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	2	17,445,501	1,574,762	1,554,158	761,855	-	7.13%	17,445,501	Y	N	Y	
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	2	17,445,501	185,850	184,290	19,863	-	0.85%	17,445,501	Y	N	N	
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	2	17,445,501	1,239,000	1,228,600	1,228,600	-	5.63%	17,445,501	Y	N	N	
1	TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL INC.	1	1,209,309	10,000	10,000	10,000	-	0.66%	1,209,309	N	N	N	Note 4
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN INTERNATIONAL CORP.	1	2,989,730	14,000	14,000	14,000	-	0.37%	2,989,730	N	N	N	Note 4
3	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	1	876,582	56,113	53,778	26,889	10,756	4.91%	876,582	N	N	Y	Note 4
4	MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	3	1,610,410	555,980	313,575	9,500	-	15.58%	1,610,410	N	N	N	
4	MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	3	1,610,410	225,484	214,575	-	-	10.66%	1,610,410	N	N	N	
4	MAXTEK TECHNOLOGY CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	1	1,610,410	9,500	9,500	9,500	-	0.47%	1,610,410	N	N	N	Note 4
5	HONGTECH ELECTRONICS CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	1	547,151	9,500	9,500	9,500	-	1.39%	547,151	N	N	N	Note 4

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is '0'.
(2) The subsidiaries are numbered in order starting from '1'.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is classified into the following three categories:
(1) Having business relationship.
(2) The endorser/guarantor parent company owns directly and indirectly more than 50% voting shares of the endorsed/guaranteed subsidiary.
(3) The endorser/guarantor parent company owns directly and indirectly more than 90% voting shares of the endorsed/guaranteed company.

Note 3: The total endorsements and guarantees of the Company to others or mutually between subsidiaries should not be in excess of 80% of the endorser/ guarantor's net assets, and for a single party the Company and its subsidiaries hold more than 50% of common shares should not be in excess of 80% of the Company's net assets. The net assets referred to above are based on the latest audited or reviewed financial statements.

Note 4: The Company's subsidiaries' guarantee for customs duties to itself.

WT Microelectronics Co., Ltd.

Holding of marketable securities (not including subsidiaries, associates and joint ventures)

Year ended December 31, 2018

Table 3

Expressed in thousands of NTD

(Except as otherwise indicated)

Securities held by	Type of securities	Name of securities	Relationship with the securities issuer	General ledger account (Note 1)	As of December 31, 2018 Number of shares	Book value	Ownership (%)	Fair value	Footnote
WT MICROELECTRONICS CO., LTD.	Common stock	TERAWINS, INC.	None	2	666,248	$ 5,963	2.19	$ 5,963	
WT MICROELECTRONICS CO., LTD.	Common stock	AIPTEK INTERNATIONAL INC.	None	2	309,929	-	0.27	-	
WT MICROELECTRONICS CO., LTD.	Common stock	SANJET TECHNOLOGY CORP.	None	2	43,588	205	0.14	205	
WT MICROELECTRONICS CO., LTD.	Common stock	CORERIVER SEMICONDUCTOR CO., LTD.	None	2	28,570	2,675	0.73	2,675	
WT MICROELECTRONICS CO., LTD.	Common stock	FORTUNE SERVICE INNOVATION FUND I	None	2	30,000	300	3.00	300	
NUVISION TECHNOLOGY INC.	Common stock	EIRGENIX, INC.	None	2	711,587	22,059	0.48	22,059	
WINTECH MICROELECTRONICS HOLDING LTD.	Common stock	AMBARELLA INC.	None	1、2	282,664	303,697	0.88	303,697	
WINTECH MICROELECTRONICS HOLDING LTD.	Preferred shares	LIFEMAX HEALTHCARE INTERNATIONAL CORPORATION.	None	2	2,702,703	30,715	0.79	30,715	
MILESTONE INVESTMENT CO.,LTD.	Common stock	GRAND FORTUNE SECURITIES CO.,LTD	None	2	5,637,500	42,681	2.33	42,681	
MAXTEK TECHNOLOGY CO., LTD.	Common stock	FITIPOWER INTEGRATED TECHNOLOGY INC.	None	2	2,967,505	109,501	1.82	109,501	
HONGTECH ELECTRONICS CO., LTD.	Common stock	FITIPOWER INTEGRATED TECHNOLOGY INC.	None	2	759,652	28,031	0.47	28,031	

Note 1 : Code of general ledger accounts: 1- Financial assets at fair value through other comprehensive income - current
2- Financial assets at fair value through other comprehensive income - non-current

WT Microelectronics Co., Ltd.

Purchases or sales of goods from or to related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 4

Expressed in thousands of NTD
(Except as otherwise indicated)

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Sales	$ 45,867,046	21	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	$ 6,582,968	31	
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	18,715,251	9	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	878,546	4	
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	10,434,535	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	6,966,792	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	Sales	6,168,945	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	897,976	4	
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	Sales	2,503,727	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	794,442	4	
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	Affiliates	Sales	2,338,450	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	407,472	2	
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Sales	1,450,374	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	Affiliates	Sales	686,785	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	15,075	-	
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Affiliates	Purchases	4,413,815	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(68,153)	-	
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	Purchases	4,367,513	2	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Affiliates	Purchases	2,288,238	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	(232,957)	1	
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	1,718,915	16	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	348,946	25	
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	1,336,343	12	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	113,045	8	

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	Sales	$ 890,981	8	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	$ 347,876	25	
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	Sales	3,270,593	6	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	1,509,833	23	
MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	Affiliates	Sales	846,130	5	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	85,240	1	
MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	319,794	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	191,041	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	49,143	1	
MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	170,040	-	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	25,132	-	
TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	Sales	542,295	3	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	Affiliates	Sales	153,878	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	39,279	3	
TECHMOSA INTERNATIONAL INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	Sales	134,067	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	36,777	2	
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	Affiliates	Sales	1,247,139	13	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Affiliates	Sales	109,006	1	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	Sales	838,190	23	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	283,185	-	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	Sales	5,314,228	70	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	782,989	100	
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	Affiliates	Sales	2,319,354	30	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	-	-	
WT TECHNOLOGY (H.K.) LIMITED	WT TECHNOLOGY KOREA CO., LTD	Affiliates	Sales	379,343	91	Closes its accounts 90 days after the end of each month	Based on product, market price of inventory cost and other trading conditions	No material difference	32,416	86	

WT Microelectronics Co., Ltd.

Receivables from related parties reaching NT$100 million or 20% of paid-in capital or more

Year ended December 31, 2018

Table 5

Expressed in thousands of NTD
(Except as otherwise indicated)

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2018	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date	Allowance for doubtful accounts
					Amount	Action taken		
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Affiliates	$ 6,582,968	13.94	$ 32,171	Subsequent collection	$ 6,553,571	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Affiliates	897,976	6.96	-		897,976	-
WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	878,546	11.18	-		831,351	-
WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	Affiliates	794,442	4.02	-		781,510	-
WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	Affiliates	407,472	8.60	285,354	Subsequent collection	407,472	-
NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	Affiliates	348,946	5.65	-		-	-
NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	Affiliates	347,876	3.05	-		347,876	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS CO., LTD.	Affiliates	232,957	4.69	-		232,957	-
NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	Affiliates	113,045	11.61	-		113,045	-
MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	Affiliates	1,509,833	4.15	-		1,509,833	
HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Affiliates	283,185	3.87	-		283,185	-
WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	Affiliates	782,989	8.28	-		782,989	-

Note: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd.

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction (Note 4) General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 5)
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Sales	$ 45,867,046	(Note 3)	17
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Accounts receivable	6,582,968	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	1	Sales	18,715,251	(Note 3)	7
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS (HONK KONG) LIMITED	1	Accounts receivable	878,546	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY PTE. LTD.	1	Sales	10,434,535	(Note 3)	4
0	WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS LTD.	1	Sales	6,966,792	(Note 3)	3
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	1	Sales	6,168,945	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	1	Accounts receivable	897,976	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	1	Sales	2,503,727	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT SOLOMON QCE LIMITED	1	Accounts receivable	794,442	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	1	Sales	2,338,450	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WT TECHNOLOGY KOREA CO., LTD	1	Accounts receivable	407,472	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	1	Sales	1,450,374	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	1	Sales	686,785	(Note 3)	-
0	WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	1	Purchases	4,413,815	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	1	Purchases	4,367,513	(Note 3)	2
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	1	Purchases	2,288,238	(Note 3)	1
0	WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	1	Accounts payable	232,957	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	3	Sales	1,718,915	(Note 3)	1
1	NUVISION TECHNOLOGY INC.	WT TECHNOLOGY PTE. LTD.	3	Accounts receivable	348,946	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	1,336,343	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Accounts receivable	113,045	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	3	Sales	890,981	(Note 3)	-
1	NUVISION TECHNOLOGY INC.	WT SOLOMON QCE LIMITED	3	Accounts receivable	347,876	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	3	Sales	3,270,593	(Note 3)	1
2	MORRIHAN INTERNATIONAL CORP.	WT SOLOMON QCE LIMITED	3	Accounts receivable	1,509,833	(Note 3)	2
2	MORRIHAN INTERNATIONAL CORP.	MORRIHAN SINGAPORE PTE. LTD.	3	Sales	846,130	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WINTECH MICROELECTRONICS LTD.	3	Sales	319,794	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT TECHNOLOGY PTE. LTD.	3	Sales	191,041	(Note 3)	-
2	MORRIHAN INTERNATIONAL CORP.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	170,040	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT MICROELECTRONICS (HONK KONG) LIMITED	3	Sales	542,295	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WINTECH MICROELECTRONICS LTD.	3	Sales	153,878	(Note 3)	-
3	TECHMOSA INTERNATIONAL INC.	WT TECHNOLOGY PTE. LTD.	3	Sales	134,067	(Note 3)	-
4	MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	3	Sales	1,247,139	(Note 3)	-
	MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.			109,006	(Note 3)	-
4	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	3	Sales	838,190	(Note 3)	-
5	HONGTECH ELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	3	Accounts receivable	283,185	(Note 3)	-

WT Microelectronics Co., Ltd.

Significant inter-company transactions during the reporting period

Year ended December 31, 2018

Table 6

Expressed in thousands of NTD
(Except as otherwise indicated)

				Transaction (Note 4)			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount	Transaction terms	Percentage of total operating revenues or total assets (Note 5)
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	3	Sales	$ 5,314,228	(Note 3)	2
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHANGHAI) CO., LTD.	3	Accounts receivable	782,989	(Note 3)	1
6	WINTECH MICROELECTRONICS LTD.	WT MICROELECTRONICS (SHENZHEN) CO., LTD.	3	Sales	2,319,354	(Note 3)	1
7	WT TECHNOLOGY (H.K.) LIMITED	WT TECHNOLOGY KOREA CO., LTD	3	Sales	379,343	(Note 3)	-

Note 1: The information of transactions between the Company and the consolidated subsidiaries should be noted in “Number” column.

(1) Number 0 represents the Company.

(2) The consolidated subsidiaries are numbered in order from number 1.

Note 2: The transaction relationships with the counterparties are as follows:

(1) The Company to the consolidated subsidiary.

(2) The consolidated subsidiary to the Company.

(3) The consolidated subsidiary to another consolidated subsidiary.

Note 3: The prices and terms to related parties were similar to third parties. The credit term is 90 days after the end of each month.

Note 4: For sales, purchases and account receivables, transactions reaching NT$100 million or 20% of paid-in capital or more should be disclosed.

Note 5: In calculating the ratio, the transaction amount is divided by consolidated total assets for balance sheet accounts and is divided by consolidated total revenues for income statement accounts.

Note 6: Information of loans between the Company and subsidiaries, please refer to table 1.

WT Microelectronics Co., Ltd.

Names, locations and other information of investee companies (not including investees in Mainland China)

Year ended December 31, 2018

Table 7

Expressed in thousands of NTD

(Except as otherwise indicated)

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
WT MICROELECTRONICS CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	$ 3,644,147	$ 3,644,147	115,323,691	99.65	$ 8,815,533	$ 315,879	$ 315,879	Subsidiary
WT MICROELECTRONICS CO., LTD.	TECHMOSA INTERNATIONAL INC.	Taiwan	Sale of electronic components	1,781,829	1,781,829	73,949,070	100.00	2,080,880	342,793	342,793	Subsidiary
WT MICROELECTRONICS CO., LTD.	MORRIHAN INTERNATIONAL CORP.	Taiwan	Sale of electronic components	3,106,620	3,106,620	283,760,000	100.00	3,737,104	484,786	484,786	Subsidiary
WT MICROELECTRONICS CO., LTD.	BSI SEMICONDUCTOR PTE. LTD.	Singapore	Sale of electronic components	486,289	486,289	7,544,002	100.00	747,806	18,859	18,859	Subsidiary
WT MICROELECTRONICS CO., LTD.	NUVISION TECHNOLOGY INC.	Taiwan	Sale of electronic components	323,030	323,030	28,216,904	99.91	790,392	317,619	317,333	Subsidiary
WT MICROELECTRONICS CO., LTD.	ABOVEE TECHNOLOGY INC.	Taiwan	Information software and service	41,856	41,856	500,000	100.00	9,426	33	33	Subsidiary
WT MICROELECTRONICS CO., LTD.	MILESTONE INVESTMENT CO., LTD.	Taiwan	General investment	61,985	61,985	4,500,000	100.00	64,676	7,527	7,527	Subsidiary
WT MICROELECTRONICS CO., LTD.	SINYIE INVESTMENT CO., LTD.	Taiwan	General investment	52,000	52,000	2,900,000	100.00	44,820	50	50	Subsidiary
WT MICROELECTRONICS CO., LTD.	MSD HOLDINGS PTE. LTD.	Singapore	Sale of electronic components	215,559	215,559	200,001	100.00	223,531	3,580	3,580	Subsidiary
WT MICROELECTRONICS CO., LTD.	MAXTEK TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	1,895,949	1,895,949	70,220,331	100.00	2,259,315	340,344	340,344	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	PROMISING INVESTMENT LIMITED	Mauritius	General investment	1,914,543	1,914,543	62,332,506	100.00	3,229,831	265,024	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH INVESTMENT CO., LTD.	Belis	General investment	645,659	645,659	21,020,957	100.00	1,029,087	132,063	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LTD.	Belis	Sale of electronic components	92,148	92,148	3,000,100	100.00	84,114	(9,426)	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	WINTECH MICROELECTRONICS LIMITED	British Virgin Islands	Holding company	154	154	5,000	100.00	6	-	Note 1	Subsidiary

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2018			Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
				Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value			
WINTECH MICROELECTRONICS HOLDING LIMITED	WT TECHNOLOGY PTE. LTD.	Singapore	Sale of electronic components	$ 153,575	$ 153,575	5,000,000	100.00	$ 2,184,277	$ 568	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JCD OPTICAL (CAYMAN) CO., LTD.	Cayman Islands	Holding company	72,914	72,914	5,869,093	23.07	86,146	(49,502)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	SUPREME MEGA LTD.	Seychelles	Holding company	562,453	562,453	14,917,000	47.98	57,694	(189,705)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	ANIUS ENTERPRISE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	MEGA SOURCE CO., LTD.	Seychelles	Sale of electronic components	-	-	1	100.00	-	-	Note 1	Subsidiary
WINTECH MICROELECTRONICS HOLDING LIMITED	JOY CAPITAL LTD.	Seychelles	General investment	36,858	36,858	1,200,000	17.65	30,795	(5,146)	Note 1	Associates
WINTECH MICROELECTRONICS HOLDING LIMITED	RAINBOW STAR GROUP LIMITED	British Virgin Islands	General investment	30,715	30,715	18,924	24.65	31,405	(2,512)	Note 1	Associates
PROMISING INVESTMENT LIMITED	WT MICROELECTRONICS (HONK KONG) LIMITED	Hong Kong	Sale of electronic components	384,786	384,786	12,527,632	100.00	1,762,480	193,594	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	NINO CAPITAL CO., LTD.	Samoa	Holding company	9,552	9,552	311,000	100.00	36,823	(140)	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	RICH WEB LTD.	British Virgin Islands	Holding company	705,660	705,660	22,974,430	100.00	735,620	3,858	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT TECHNOLOGY (H.K.) LIMITED	Hong Kong	Sale of electronic components	3,921	3,921	1,000,000	100.00	109,307	3,085	Note 1	Subsidiary
PROMISING INVESTMENT LIMITED	WT SOLOMON QCE LIMITED	Hong Kong	Sale of electronic components	809,866	809,866	110,000,000	100.00	585,570	64,626	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	33,720	33,720	1,500,000	100.00	239,016	79,686	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT MICROELECTRONICS (MALAYSIA) SDN. BHD.	Malaysia	Sale of electronic components	3,688	3,688	500,000	100.00	3,764	(105)	Note 1	Subsidiary
WINTECH INVESTMENT CO., LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	559,225	559,225	3,800,000	95.47	785,487	59,303	Note 1	Subsidiary
WT MICROELECTRONICS SINGAPORE PTE. LTD.	WT MICROELECTRONICS (THAILAND) LIMITED.	Thailand	Sale of electronic components	2,848	2,848	300,000	100.00	3,720	(371)	Note 1	Subsidiary

				Initial investment amount		Shares held as at December 31, 2018					
Investor	Investee	Location	Main business activities	Balance at December 31, 2018	Balance at December 31, 2017	Number of shares	Ownership (%)	Book value	Net profit (loss) of the investee for the year ended December 31, 2018	Investment income (loss) recognised by the Company for the year ended December 31, 2018	Footnote
SINYIE INVESTMENT CO., LTD.	WINTECH MICROELECTRONICS HOLDING LIMITED	British Virgin Islands	Holding company	$ 69,042	$ 69,042	407,469	0.35	$ 46,882	$ 315,878	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	HOTECH ELECTRONICS CORP.	Taiwan	Sale of electronic components	14,770	14,770	500,000	100.00	31,976	711	Note 1	Subsidiary
MORRIHAN INTERNATIONAL CORP.	ASIA LATEST TECHNOLOGY LIMITED	Mauritius	Holding company	37,771	37,771	1,120,000	100.00	46,339	624	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WT TECHNOLOGY KOREA CO., LTD.	South Korea	Sale of electronic components	53,276	53,276	180,472	4.53	28,641	59,303	Note 1	Subsidiary
BSI SEMICONDUCTOR PTE. LTD.	WONCHANG SEMICONDUCTOR CO., LTD.	South Korea	Sale of electronic components	24,089	24,089	53,505	100.00	185,005	13,659	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	MORRIHAN SINGAPORE PTE. LTD.	Singapore	Sale of electronic components	210,451	155,820	9,500,000	100.00	212,927	9,194	Note 1	Subsidiary
TECHMOSA INTERNATIONAL INC.	TECHMOSA INTERNATIONAL HOLDING LTD.	Anguilla	Holding company	-	-	1	100.00	17,515	249	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	HONGTECH ELECTRONICS CO., LTD.	Taiwan	Sale of electronic components	115,000	115,000	11,500,000	100.00	683,939	142,992	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	LACEWOOD INTERNATIONAL CORP.	British Virgin Islands	Sale of electronic components	194,366	194,366	29,500	100.00	567,788	432	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	British Virgin Islands	Holding company	69,840	69,840	21,000	100.00	67,024	(1,598)	Note 1	Subsidiary
MAXTEK TECHNOLOGY CO., LTD.	QWAVE TECHNOLOGY CO., LTD.	Taiwan	Sale of electronic components	40,000	40,000	4,000,000	40.00	40,305	2,385	Note 1	Associates
BEST WINNER INTERNATIONAL DEVELOPMENT LTD.	MAXTEK INTERNATIONAL (HK) LIMITED	Hong Kong	Sale of electronic components	23,526	23,526	6,000,000	100.00	18,460	(1,710)	Note 1	Subsidiary

Note 1: Profit (loss) of investee has been included in the investor, and will not be disclosed separately.

WT Microelectronics Co., Ltd.

Information on investments in Mainland China

Year ended December 31, 2018

Table 8

Expressed in thousands of NTD

(Except as otherwise indicated)

Investee in Mainland China	Main business activities	Paid-in capital	Investment method (Note 1)	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2018: Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Net income of investee for the year ended December 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2018 (Note 2)	Book value of investment in Mainland China as of December 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2018	Footnote
SHANGHAI WT MICROELECTRONICS CO., LTD.	International trade, entrepot trade and etc.	$ 9,215	2	$ 9,215	$ -	$ -	$ 9,215	($ 138)	100.00	($ 138)	$ 36,732	$ -	Note 5
WT MICROELECTRONICS (SHENZHEN) CO., LTD.	International trade, entrepot trade and etc.	697,938	2	645,668	-	-	645,668	3,858	100.00	3,858	735,513	-	Note 6
WT MICROELECTRONICS (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	1,079,632	2	588,192	-	-	588,192	17,818	100.00	17,818	1,095,727	-	Note 7
MORRIHAN INTERNATIONAL TRADING (SHANGHAI) CO., LTD.	International trade, entrepot trade and etc.	40,851	3	30,715	-	-	30,715	624	100.00	624	46,339	-	Note 4
JCD OPTICAL CORPORATION	Production and sale of optoelectronic material and components	125,932	2	20,395	-	-	20,395	(48,012)	23.07	(11,076)	60,128	-	Note 8

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2018	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA
WT MICROELECTRONICS CO., LTD.	$ 1,294,185	$ 2,025,256	$ 13,084,554

Note 1: The investment methods are classified into the following three categories:

(1) Directly investing in Mainland China.

(2) Through investing in companies in the third area, which then invested in the investee in Mainland China.

(3) Others.

Note 2: Investment gains or losses were recognised based on reviewed financial statements.

Note 3: The amount disclosed was 60% of net assets and based on Investment Commission, MOEA Regulation No. 09704604680 announced on August 29, 2008.

Note 4: This is a China subsidiary which was reinvested through the company in the third area when Morrihan International Corp. was acquired in September 2009.

Note 5: This is a China company which was invested through the company, NINO CAPITAL CO., LTD., in the third area.

Note 6: This is a China company which was invested through the company, RICH WEB LTD., in the third area.

Note 7: This is a China company which was reinvested through the company, WINTECH MICROELECTRONICS HOLDING LIMITED, in the third area.

Note 8: This is a China company which was reinvested through the company, JCD OPTICAL (CAYMAN) CO., LTD., in the third area.

F.The impact of the financial difficulties of the Company and the affiliated companies, if any, on the Company's financial position in the past year and as of the printing date of the annual report: None.

VII.Review and analysis of the financial status, financial performance, and risk management

A.Analysis of financial status:

Comparative analysis of financial status

Unit: NT$ thousands

Item \ Year	2018	2017	Difference	
			Amount	%
Current Assets	88,883,516	70,352,968	18,530,548	26.34
Cash and Cash Equivalent	3,335,181	2,288,075	1,047,106	45.76
Inventory	46,875,420	33,113,757	13,761,663	41.56
Non-current Assets	4,941,292	4,813,180	128,112	2.66
Total Assets	**93,824,808**	**75,166,148**	**18,658,660**	**24.82**
Accounts Payable	37,997,769	24,462,653	13,535,116	55.33
Long-Term Liabilities – Current Portion	1,937,468	—	1,937,468	100.00
Corporate Bonds Payable	—	1,216,527	(1,216,527)	(100.00)
Total Liabilities	**72,017,220**	**55,084,580**	**16,932,640**	**30.74**
Total Equity	**21,807,588**	**20,081,568**	**1,726,020**	**8.60**

1.Analysis for deviation that is over 20% and the amount difference is over 1% of total assets.

(1) Cash and Cash Equivalent

The increase of cash and cash equivalent in 2018 was mainly due to decrease of cash outflow from operating activities, disposal of financial assets, and cash inflow from financing activities.

(2) Inventory and Accounts Payable

The increase was mainly due to importing new products and entering new application markets, thus the Group’s consolidated operating revenue has increased 44.34%. Accordingly, inventory and accounts payable which are both related to operation increased.

(3) Long-Term Liabilities- Current Portion and Corporate Bonds Payable

The deviation was due to adjustment of recognizing corporate bonds payable as long-term liabilities- current portion in 2018.

2. Major Impact and Future Plan on Financial Status.

The above deviations had no major impact on the Group’s financial status.

B.Analysis of financial performance:

1.Comparative Analysis of Financial Performance

Unit: NT$ thousands

Year / Item	2018	2017	Difference (Amount)	Difference (%)
Net Revenue	273,416,485	189,419,235	83,997,250	44.34
Operating Costs	(262,771,537)	(180,997,653)	(81,773,884)	45.18
Gross Profit	10,644,948	8,421,582	2,223,366	26.40
Operating Expenses	(5,391,233)	(4,503,412)	(887,821)	19.71
Operating Income	5,253,715	3,918,170	1,335,545	34.09
Non-Operating Income and Expenses	(1,632,905)	(813,280)	(819,625)	100.78
Income before Income Tax	3,620,810	3,104,890	515,920	16.62
Income Tax Expenses	(842,295)	(584,754)	(257,541)	44.04
Net Income	2,778,515	2,520,136	258,379	10.25

Analysis for deviation that is over 20% and the amount difference is over NT$50,000,000

(1)Net Revenue and Operating Costs

In 2018, the applications of various products demonstrated a significant growth. The growth came from the addition of new product lines in the field of communication, computers and consumer electronics, and also the benefits of merging Maxtek Technology. In addition, industrial products have benefited from the strong demand of automation and instrumentation, and automotive electronics continue to benefit from the increase in semiconductor applications. As a result, the net revenue and operating costs both increased.

(2)Non-Operating Income and Expenses

The major reason of the increase was due to the gain on disposal investment in 2018 has decreased compare to 2017. In addition, the Group has expanded the scale of operations, which led to the needs of capital increased, and caused both interest expenses and accounts receivable factoring fees increased.

(3)Income Tax Expenses

The major reason of the increase was due to the applicable profit-seeking enterprise income tax rate has adjusted from 17% to 20% in 2018.

2.The impact of expected sales volume to the Group’s future financial operation and future plan.

The Group is primarily engaged in the sales of various kinds of electronic components. Due to a wide variety of products and different unit selling prices of each product, it is not appropriate to use sales volume as a measurement base. In terms of the Group’s overall sales forecast, according to the market and the development of macroeconomics, as well as the needs of major customers, the Group is expecting to continue showing a positive growth trend in the coming year.

C.Analysis of cash flow:

1.Analysis of Recent Years' Cash Flow

Unit: NT$ thousands

2018 Beginning Cash Balance (1)	Net Cash Flow from Operating Activities (2)	Net Cash Flow from Non-Operating Activities (3)	12/31/2018 Ending Cash Balance (1)+(2)+(3)
2,288,075	(219,685)	1,266,791	3,335,181

Analysis of Cash Flow

- Operating Activities
  The cash outflow from operating activities was mainly due to the increase of revenue, which has relatively caused the increase of working capital.
- Non-Operating Activities
  The cash inflow from non-operating activities was mainly due to the increase in short-term loans in order to increase working capital for continuing business expansion.

2.Improvement plan for insufficient liquidity: There is no liquidity insufficiency.

3.Cash liquidity analysis for the coming year

Unit: NT$ thousands

Beginning Cash Balance (A)	Net cash flow from operating activities (B)	Net cash flow from nonoperating activities (C)	Cash surplus (insufficiency) (A)+(B)+(C)	Remedy	
				Investment plans	Financing plans
3,335,181	(1,668,643)	1,908,111	3,574,649	0	0

a.Analysis of changes in cash flow in the coming year (2019):

(1)Net cash flow from operating activities: It is estimated that the Group's business growth momentum will remain strong this year, and the demand for working capital will increase, resulting in a net cash outflow from operating activities.

(2)Net cash flow from nonoperating activities: Due to supporting the operational needs of revenue growth and increasing the borrowing of short-term bank loans, it results in a net cash inflow from non-operating activities.

b.Remedial measures for expected cash shortfalls and liquidity analysis: The Group has no liquidity insufficiency.

D.Impact of major capital expenditures items on financial operations in the most recent year

The group has signed a real estate development agreement to acquire real estates which valued RMB $11,840 thousand in Hangzhou city for operational use.

E.Reinvestment policy in the most recent year, main reasons for investment gain or loss, and the improvement and investment plan for the next year

Long-term strategy is the Company's principal of reinvestment. In 2018, the reinvestment profit applying equity method was NTD$1,831,184 thousand. The Company will continue using long-term strategy and will not rule out any investment plans with the group that can develop synergistic and complementary effects.

F.Risk analysis and evaluation

1.Effects of changes in interest rate and exchange rate and inflation on the Company's profit and loss, and future response measures:

The Group's financing activities mainly is in US dollars, and focus on bank loans and proceeds from forfaiting account receivables receivables. In recent years, the US dollar LIBOR/TAIFX interest rate fluctuates largely, and the Finance Department observes changes in the financial market and interest rate market, shortens the borrowing period, and adjusts the interest-accruing method (floating or fixed), in order to effectively control interest expenses. The 2018 revenue grew by 44.34%, with financial costs of NT$1,698,688,000. It was an increase of NT$735,893,000 compared with that of 2017, accounting for 0.61% of revenue and a slight increase from 0.51% in 2017. The Group's risk of interest rate fluctuations is still controlled within a reasonable range, and it has no significant impact on the overall net income after tax.

In terms of exchange rate, the IC components the Group is agented to purchase are mainly priced in USD, and the sales are also denominated in US dollars, therefore, the exchange rate changes will affect the revenue and profit of the Group. However, the purchase and sales in USD will offset, the net exposure position in USD is not high. The net foreign currency exchange gain in 2018 was NT$25,435,000, accounting for 0.009% of the overall revenue, which had no significant impact on the overall net income after tax.

In terms of inflation, the Group pays close attention to fluctuations in market prices and maintains a good interaction with suppliers and customers to avoid significant impact on the Group due to inflation.

Overall speaking, the Group shall adopt a sound and conservative risk management principle in the future, and immediately assess and respond to changes in interest rates and exchange rates and inflation.

2.Policies, main causes of gain or loss and future response measures with respect to highrisk, high-leveraged investments, lending or endorsement guarantees, and derivatives transactions:

The Group only focuses on the operations in the industry, and there are no high-risk, highly leveraged investments. All investments are carefully evaluated and executed. The Goup's engagement in lending and endorsement guarantees is counducted in accordance with the provisions of the " Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees." The purpose of the Group's engaging in derivative tradings is to hedge foreign currency denominated financial assets or financial liabilities.

3.Future R&D projects and expected R&D expenses:

The Group is mainly a professional marketing channel operator for electronic components. In response to the rapid changes in the semiconductor industry, it is only through the professional division of labor to provide customers with technical support solutions to create the value added of products and business opportunities. In the future, the Group shall continue to cultivate a high-quality team of field application engineers (FAE) to promote smooth shipments and enhance industrial competitiveness.

Major R&D projects and expected R&D to be invested in the future

Unit: NT$

Project	Current progress	Expected future expense to be invested	Completion date	Key impact factors in the future
Low X-talk by using optical hetero-dielectric bonding technology	Optical system verification	NT$ 2,000,000	September 2019	Optical bi-directional scattering dielectric and diffraction effect

Project	Current progress	Expected future expense to be invested	Completion date	Key impact factors in the future
optical detection system for high-order scattering of Ultrafast laser	Optical system verification	NT$ 1,000,000	December 2019	Light source driving and wavelength accuracy of spectrometer

4.The influence and corresponding measures of the major domestic and foreign policies changes and legal reforms to financial operation:

The group’s law, finance, accounting and stock affair specialists are responsible for collecting important information regarding domestic and foreign markets and legal reforms. In addition, in order to appropriately react to domestic and foreign changes and legal reforms, they consult with professionals whenever it is necessary.

5.Effects of changes in technology and in industry on the Group’s finance and sales, and the response measures:

The R&D units and investor relations units of the Group are constantly monitoring the impact of technology and industry changes on the Group. At the same time, the R&D unit has also strengthened the development of high value-added and high-margin products, which has promoted the Group's products to be more diversified and high-ordered in order to stabilize the source of profit. As of the present time, no technology changes and industry changes have affected the Group’s finance.

6.Effects of changes in corporate image on the corporate risk management, and the response measure:

The Group's business philosophy is based on the principle of “professional ethics and sustainable management”, adhering to a decent corporate image, implementing sound risk control and achieving outstanding performance. Over the years, the Group has been awarded the Import and Export Excellence Award by the Bureau of Foreign Trade, the ranking among large-scale enterprises in Taiwan by the China Credit Information Service, the Benchmarking Award by the CommonWealth Magazine, the ranking among the top 1000 Business Survey in Revenue and the Revenue Growth Award by the Business Weekly, etc. As of the present time, due to the good corporate image, there have been no corporate crisis management matters due to change in corporate image.

7.Expected benefits and possible risk of engaging in mergers and acquisitions, and the response measure:None.

8.Expected benefits and possible risk of factory expansion, and the response measure:

The Group is mainly engaged in the semiconductor distributors industry and has no plant equipment.

9.The risks and corresponding measures of buyers and sellers concentration:

The Group is primarily engaged in the distribution of semiconductors components. The customers and suppliers are mainly world renowned companies. In order to increase the diversity of customers and suppliers, the Group is not only maintaining a good relationship with both sides, but also aggressively seeking for new customers and developing new product lines. As a result, in the past few years, there is no risk of buyers and sellers concentration.

10.Effects and risk of large-scale share transfer or changes in Directors, Supervisors, or major shareholders with shareholding more than 10% on the Group, and the response measure :

The Company’s Directors and Supervisors (no major shareholders with shareholding more than 10%) are very optimistic about the Group's prospects based on the Group's business philosophy and stable profit base. However, each shareholder may make appropriate shareholding planning based on personal investment and tax considerations. However, based on the needs to keep the investing public’s confidence, if Directors, Supervisors or major shareholders have a large amount of share transfer or change of shareholding, they will fully communicate with the Board of Directors or the management team before they execute the transactions at the appropriate time. Thus, it shall not have adverse effects and risks on the Company’s operations and shareholders’ equity. In addition, the Company has not had any a large amount of share transfer or change of the Company's shareholdings from Directors and Supervisors (no major shareholders with shareholding more than 10%) in the most recent year and as of the printing date of the annual report.

11.Effects and risks of changes in controlling rights of the Company on the Group, and the response measure:

The Group has a strong team of professional managerial officers, and changes in controlling rights do not affect the operations of the Group.

12.For litigation or non-litigation matters, it shall state the major litigation, non-litigation or administrative litigation that has been determined or is still in litigation of the Group and the Group's Directors, Supervisors, presidents, substantial person in charge, major shareholders holding more than 10% of the shares, and subordinate companies. If the result may have material impacts on the shareholders' equity or the price of the securities, the facts of the dispute, the amount of the subject matter, the commencement date of the lawsuit, the parties involved in the proceedings, and the handling as of the printing date of the annual report shall be disclosed:None.

13.Other major risks and the response measure:Information security protection and response

The Group upholds an unrelenting attitude towards information security. The Task Force of the IT Department is responsible to establish a rigorous information security process mechanism, including monitoring the information security environment, analyzing and reporting incidents, crisis management and tracking, and continuously improving information quality. In addition to implementing anti-virus software endpoint protection on personal computers and servers, the firewall devices with application identification capability is further installed to enhance the defense capability against external attacks. In terms of the protection of the mail system, in addition to the basic spam protection, an advanced threat protection module is added to protect the user from phishing emails for sensitive data. However, information security is changing rapidly, and hackers may use the unknown or newly discovered vulnerabilities to launch zero-day attacks at any time. These attacks may cause damage to the Company's data and disrupt the Company's operations. Therefore, in addition to continuously strengthening the investment in information security equipment, the Company also continues to strengthen data redundancy. These procedures include data snapshots, geographic replication, data backups, geo-redundant store, etc., and regularly perform disaster recovery rehearsal that switch the main data center to geo-redundant operations, so as to expect the Company's operations can be resumed in the shortest time in the event of an incident.

In addition, the Group’s audit department conducts audits every year in accordance with the computer information operation and the information security inspection, the "WT Information Security Regulations","WT Internet Usage Regulations",and "WT Software Usage Regulations". It is expected that the Group’s employees can actually implement the security specifications.

The Group has no major information security incidents affecting the Group's operations in the most recent year and as of the printing date of the annual report.

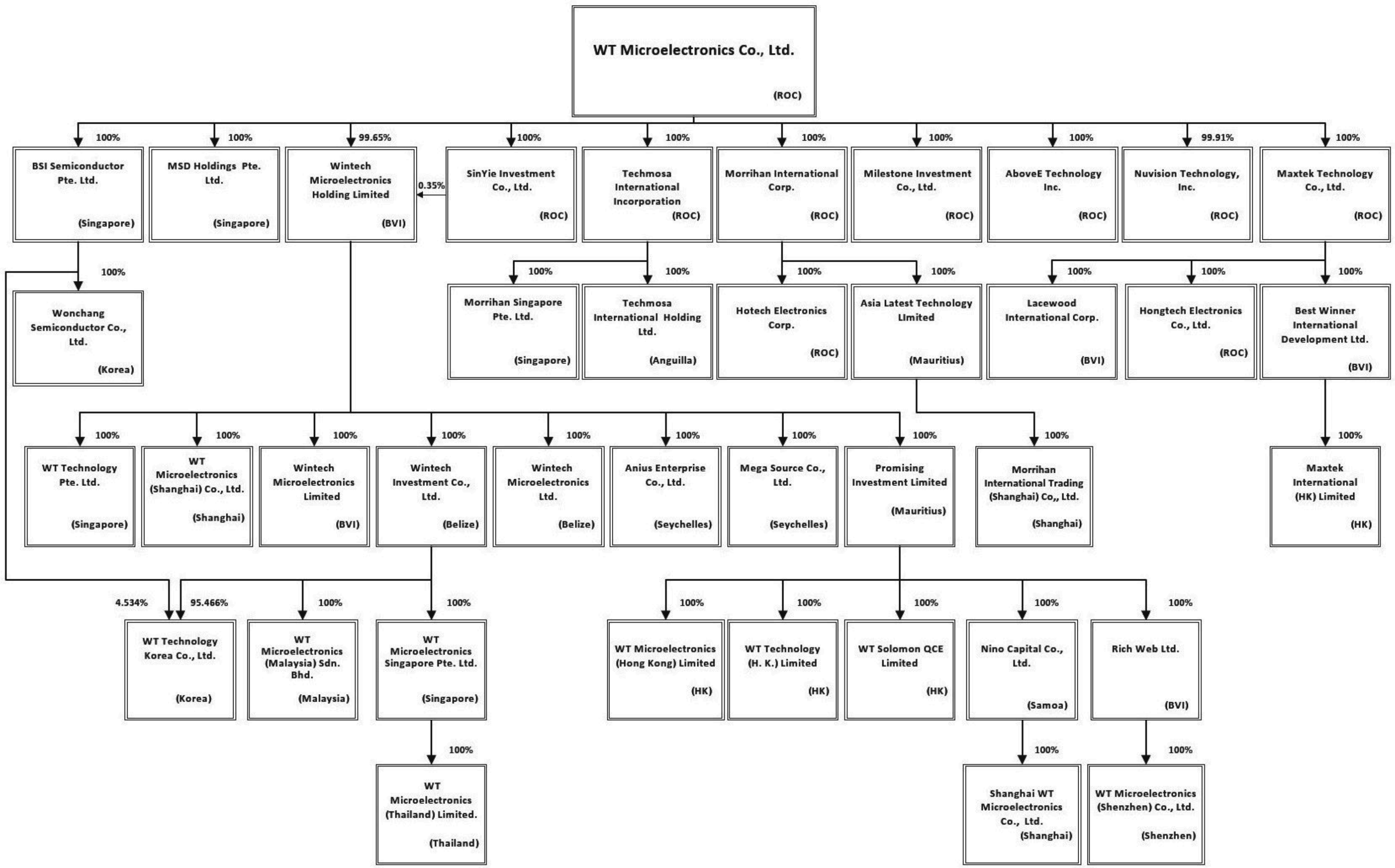
G.Other important matters:None.

VIII.Special notes

A.Information about affiliated enterprises:

1.Organization chart of affiliated enterprises

Date: Mar. 31 , 2019



2.Information on affiliated enterprises

Company	Establishment date	Address	Paid-up capital	Main business or production items
Wintech Microelectronics Holding Limited	1998.01.08	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD115,731,160	Holding
SinYie Investment Co., Ltd.	2004.08.20	12F.-3, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 29,000,000	Investment
Milestone Investment Co., Ltd.	2000.10.06	12F.-3, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 45,000,000	Investment
Nuvision Technology Inc.	1998.03.30	4F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD 282,424,180	Trading of electronic components
AboveE Technology Inc.	2000.04.21	12F.-3, No. 171, Sec. 4, Nanjing E. Rd., Songshan Dist., Taipei City 105, Taiwan (R.O.C.)	NTD 5,000,000	Information software services
Morrihan International Corp.	1981.07.15	4F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD2,837,600,000	Trading of electronic components
Hotech Electronics Corp.	1988.07.22	10F.-7, No. 386, Shizheng Rd., Xitun Dist., Taichung City 407, Taiwan (R.O.C.)	NTD 5,000,000	Trading of electronic components
Maxtek Technology Co., Ltd.	1991.12.16	6F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD702,203,310	Trading of electronic components
Hongtech Electronics Co., Ltd.	2005.09.07	14F.-1, No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD115,000,000	Trading of electronic components
Techmosa International Incorporation	1989.04.14	8F., No. 738, Zhongzheng Rd., Zhonghe Dist., New Taipei City 235, Taiwan (R.O.C.)	NTD 739,490,700	Trading of electronic components
Asia Latest Technology Limited	2000.09.06	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 1,120,000	Holding
Morrihan International Trading (Shanghai) Co., Ltd.	2003.07.17	Room1507B,15F, No. 118, Xinling Road, Waigaoqiao free trade District, Shanghai, China	USD 1,330,000	Trading of electronic components
WT Microelectronics (Shanghai) Co.,Ltd.	2005.10.10	Room 801, 7th Floor, No. 20, Lane 1188, Shenhong Road, Minhang District, Shanghai, China	USD 35,150,000	Trading of electronic components
Promising Investment Limited	1999.09.27	Level 3, Alexander House, 35 Cybercity, Ebene, Mauritius	USD 62,332,506	Investment
WT Technology Pte. Ltd.	2006.12.29	79 Anson Road #07-03 Singapore (079906)	USD 5,000,000	Trading of electronic components
Wintech Microelectronics Ltd.	2000.09.07	60 Market Square, P.O. Box 364, Belize City, Belize	USD 3,000,100	Holding
Wintech Microelectronics Limited	2003.03.18	OMC Chambers, Wickhams Cay 1, Road Town, Tortola, British Virgin Islands	USD 5,000	Holding
Wintech Investment Co., Ltd.	2000.09.07	60 Market Square, P.O. Box 364, Belize City, Belize	USD 21,020,957	Holding
Anius Enterprise Co., Ltd.	2014.03.18	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahé, Republic of Seychelles	USD1	Trading of electronic components
Mega Source Co., Ltd.	2014.03.18	1st Floor, #5 DEKK House, De Zippora Street, Providence Industrial Estate, Mahé, Republic of Seychelles	USD1	Trading of electronic components

Company	Establishment date	Address	Paid-up capital	Main business or production items
WT Microelectronics (Hong Kong) Limited	1999.11.24	Room 2001E, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, N.T. Hong Kong	USD 12,527,632	Trading of electronic components
WT Technology (H.K.) Limited	2001.01.10	7/F., Shield Industrial Centre, 84-92 Chai Wan Kok Street, Tsuen Wan, N.T., Hong Kong	HKD 1,000,000	Design and sales of optical products
Nino Capital Co., Ltd.	2000.09.11	Vistra Corporate Services Centre, Ground Floor NPF Building, Beach Road, Apia, Samoa	USD 311,000	Holding
Rich Web Ltd.	2001.07.03	Jipfa Building, 3rd Floor, Main Street ,Road Town, Tortola, British Virgin Islands	USD 22,974,430	Holding
WT Solomon QCE Limited	1984.10.12	Room 2001E, Nan Fung Centre, 264-298 Castle Peak Road, Tsuen Wan, N.T. Hong Kong	HKD 110,000,000	Trading of electronic components
Shanghai WT Microelectronics Co., Ltd.	2001.01.08	Room 1612, No.118 Xinlin Road, Waigaoqiao Free Trade Zone, Shanghai ,China	USD 300,000 RMB2,483,040	Trading of electronic components
WT Microelectronics (Shenzhen) Co., Ltd.	2002.04.19	11-12F, Global Digital Building, No. 9 Gaoxin Central Avenue 3rd, Science & Industry Park, Nanshan District, Shenzhen, China	HKD 178,000,000	Trading of electronic components
WT Microelectronics Singapore Pte. Ltd.	2001.10.03	2 Serangoon North Avenue 5 #05-01 Singapore (554911)	SGD 1,500,000	Trading of electronic components
WT Microelectronics (Thailand) Limited.	2004.01.15	202, Le Concorde Room No.2003 Building, 20th Floor, Rajdapisek Road Sub-District Huaykwang, District Huaykwang, Province BangKok	Baht 3,000,000	Trading of electronic components
WT Microelectronics (Malaysia) Sdn. Bhd.	2003.02.20	Unit 1-4-26 Level 4, Krystal Point Corporate Park, Lebuh Bukit Kecil 6, 11900, Sungai Nibong, Penang, Malaysia	MYR 500,000	Trading of electronic components
BSI Semiconductor Pte. Ltd.	2004.04.28	2 Serangoon North Avenue 5 #05-01 Singapore (554911)	SGD 7,544,002	Trading of electronic components
Morrihan Singapore Pte. Ltd.	1992.07.04	2 Serangoon North Avenue 5 #05-01 Singapore(554911)	SGD 9,500,000	Trading of electronic components
Wonchang Semiconductor Co., Ltd.	1991.10.01	ROOM 3201/3129/3130 GA-DONG, CHUNGANG CIRCULATION COMPLEX, 15, GYEONGIN-RO 53-GIL, GURO-GU, SEOUL, KOREA	KRW 535,050,000	Trading of electronic components
WT Technology Korea Co., Ltd.	2007.03.01	3F, Hanwon Bldg., 19, Hwangsaeul-Ro 258 Beon-Gil, Bundang-Gu, Seongnam-Si, Gyeonggi-Do, Korea	KRW 1,990,236,000	Trading of electronic components
MSD Holdings Pte. Ltd.	2008.06.18	2 Serangoon North Avenue 5 #05-01 Singapore (554911)	USD 200,000 SGD 1	Trading of electronic components
Techmosa International Holding Ltd.	2009.08.21	201 Rogers Office Building, Edwin Wallace Rey Drive, George Hill, Anguilla	USD 1	Holding
Lacewood International Corp.	1995.11.27	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD2,950,000	Trading of electronic components
Best Winner International Development Ltd.	2003.09.09	Palm Grove House, P.O. Box 438, Road Town, Tortola, British Virgin Islands	USD2,100,000	Holding

Company	Establishment date	Address	Paid-up capital	Main business or production items
Maxtek International (HK) Limited	2003.10.20	Flat B, 22/F., Golden Bear Industrial Centre 66-82 Chai Wan Kok Street, Tsuen Wan, N.T. Hong Kong	HKD6,000,000	Trading of electronic components

3.Information on the shareholders of the companies shall be concluded as the existence of the controlling and subordinate relation in accordandance with Article 369-3 of the Company Act:None.

4.Industries covered by the operations of all affiliates:

The Group's business is mainly engaged in the trading of electronic components of computer peripherals and the holding business. Please refer to item 2.

5.Information on Directors, Supervisors, and Presidents of affiliates:

Unit:Share;%

Company	Title	Name or representative	Shareholding	
			Shares	Percentage
Wintech Microelectronics Holding Limited	Director	Eric Cheng	—	—
Maxtek Technology Co., Ltd.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	70,220,331	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	70,220,331	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Bi-Chun Xu	70,220,331	100.00
	Supervisor	WT Microelectronics Co., Ltd. Legal person representative:Cheryl Yang	70,220,331	100.00
Hongtech Electronics Co., Ltd.	Chairman	Maxtek Technology Co., Ltd. Legal person representative:Eric Cheng	11,500,000	100.00
	Director	Maxtek Technology Co., Ltd. Legal person representative:Kerry Hsu	11,500,000	100.00
	Director	Maxtek Technology Co., Ltd. Legal person representative:Alan Hsu	11,500,000	100.00
	Supervisor	Maxtek Technology Co., Ltd. Legal person representative:Cheryl Yang	11,500,000	100.00
SinYie Investment Co., Ltd.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	2,900,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	2,900,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Alan Hsu	2,900,000	100.00
	Supervisor	WT Microelectronics Co., Ltd. Legal person representative:Cheryl Yang	2,900,000	100.00
Milestone Investment Co., Ltd.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	4,500,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	4,500,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Alan Hsu	4,500,000	100.00
	Supervisor	WT Microelectronics Co., Ltd. Legal person representative:Cheryl Yang	4,500,000	100.00

Company	Title	Name or representative	Shareholding	
			Shares	Percentage
Nuvision Technology Inc.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	28,216,904	99.91
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	28,216,904	99.91
	Director	WT Microelectronics Co., Ltd. Legal person representative:Alan Hsu	28,216,904	99.91
	Supervisor	CherylYang	—	—
AboveE Technology Inc.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	500,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	500,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Alan Hsu	500,000	100.00
	Supervisor	WT Microelectronics Co., Ltd. Legal person representative:Cheryl Yang	500,000	100.00
Morrihan International Corp.	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	283,760,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Kerry Hsu	283,760,000	100.00
	Director	WT Microelectronics Co., Ltd. Legal person representative:Alan Hsu	283,760,000	100.00
	Supervisor	WT Microelectronics Co., Ltd. Legal person representative:Cheryl Yang	283,760,000	100.00
Hotech Electronics Corp.	Chairman	Morrihan International Corp. Legal person representative:Eric Cheng	500,000	100.00
	Director	Morrihan International Corp. Legal person representative:Kerry Hsu	500,000	100.00
	Director	Morrihan International Corp. Legal person representative:Alan Hsu	500,000	100.00
	Supervisor	Morrihan International Corp. Legal person representative:Cheryl Yang	500,000	100.00
Techmosa International Incorporation	Chairman	WT Microelectronics Co., Ltd. Legal person representative:Eric Cheng	73,949,070	100.00
Asia Latest Technoloty Limited	Director	Kerry Hsu	—	—
Morrihan International Trading (Shanghai) Co., Ltd.	Chairman	Ming Wang	—	—
	Director	Siegman Chen	—	—
	Director	Jerry Chang	—	—
WT Microelectronics (Shanghai) Co., Ltd.	Chairman	Cherry Hsu	—	—
	Director	Alvin Hsu	—	—
	Director	Li-Fen Chiang	—	—
Promising Investment Limited	Director	Eric Cheng	—	—
WT Technology Pte. Ltd.	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—

Company	Title	Name or representative	Shareholding	
			Shares	Percentage
Wintech Microelectronics Ltd.	Director	Eric Cheng	—	—
Wintech Microelectronics Limited	Director	Eric Cheng	—	—
Wintech Investment Co., Ltd.	Director	Eric Cheng	—	—
Anius Enterprise Co., Ltd.	Director	Eric Cheng	—	—
Mega Source Co., Ltd.	Director	Eric Cheng	—	—
WT Microelectronics (Hong Kong) Limited	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
	Director	Alan Hsu	—	—
WT Technology (H.K.) Limited	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
Nino Capital Co., Ltd.	Director	Cherry Hsu	—	—
Rich Web Ltd.	Director	Cherry Hsu	—	—
WT Solomon QCE Limited	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
	Director	Alan Hsu	—	—
Shanghai WT Microelectronics Co., Ltd.	Executive Director	Cherry Hsu	—	—
WT Microlectronics (Shenzhen) Co., Ltd.	Executive Director	Cherry Hsu	—	—
WT Microelectronics Singapore Pte. Ltd.	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
WT Microelectronics (Thailand) Limited.	Director	Kerry Hsu	—	—
	Director	Mr. PREECHA CHITVATANA WONG	—	—
WT Microelectronics (Malaysia) Sdn. Bhd.	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
	Director	LIM SAW IM	—	—
	Director	KASAVAN A/L KRISHNAN	—	—
BSI Semiconductor Pte. Ltd.	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
Morrihan Singapore Pte. Ltd.	Director	Eric Cheng	—	—
	Director	Alan Hsu	—	—
Wonchang Semiconductor Co.,Ltd.	Representative Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
	Director	Alan Hsu	—	—
	Supervisor	Cheryl Yang	—	—

Company	Title	Name or representative	Shareholding	
			Shares	Percentage
WT Technology Korea Co., Ltd.	Representative Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
	Director	Alan Hsu	—	—
	Supervisor	Cheryl Yang	—	—
MSD Holdings Pte. Ltd.	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—
Techmosa International Holding Ltd.	Director	Eric Cheng	—	—
Lacewood International Corp.	Director	Eric Cheng	—	—
Best Winner International Development Ltd.	Director	Eric Cheng	—	—
Maxtek International (HK) Limited	Director	Eric Cheng	—	—
	Director	Kerry Hsu	—	—

6.Affiliated enterprises' operational review:

Unit: NT$ thousands

Company Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating Profit	Net Income After Taxes	EPS
Wintech Microelectronics Holding Limited	3,554,683	8,862,415	0	8,862,415	0	(365)	315,878	3
WT Microelectronics Singapore Pte. Ltd.	33,720	1,579,036	1,340,019	239,016	6,585,746	98,684	79,686	53
Milestone Investment Co., Ltd.	45,000	67,767	60	67,707	0	(276)	7,527	2
Promising Investment Limited	1,914,543	3,229,831	0	3,229,831	0	0	265,024	4
Wintech Microelectronics Ltd.	92,148	841,778	757,664	84,114	7,635,967	(96)	(9,426)	(3)
Wintech Investment Co., Ltd.	645,659	1,029,133	46	1,029,087	0	0	132,063	6
WT Microelectronics (Hong Kong) Limited	384,786	5,049,460	3,286,981	1,762,480	22,083,890	262,624	193,594	15
Nino Capital Co., Ltd.	9,552	36,823	0	36,823	0	0	(140)	0
Rich Web Ltd.	705,660	735,620	0	735,620	0	0	3,858	0
WT Technology (H.K.) Limited	3,921	119,806	10,499	109,307	416,172	3,541	3,085	3
Shanghai WT Microelectronics Co., Ltd.	9,215	38,905	2,174	36,731	69,938	4,322	(138)	0
WT Microelectronics (Shenzhen) Co., Ltd.	697,938	1,594,849	859,357	735,492	2,899,379	49,171	3,858	0

Company Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating Profit	Net Income After Taxes	EPS
WT Microelectronics(Malaysia) Sdn., Bhd.	3,688	4,154	390	3,764	6,427	164	(105)	0
Wintech Microelectronics Limited	154	6	0	6	0	0	0	0
WT Microelectronics (Thailand) Limited.	2,848	4,366	645	3,721	8,399	(370)	(371)	(1)
Sinyie Investment Co., Ltd.	29,000	46,897	2,077	44,819	0	49	50	0
Nuvision Technology Inc.	282,424	3,105,629	2,314,536	791,093	10,727,256	408,452	317,150	11
AboveE Technology Inc.	5,000	9,622	196	9,427	0	(82)	33	0
WT Microelectronics (Shanghai) Co., Ltd.	1,079,632	3,794,470	2,698,773	1,095,696	6,228,498	97,235	17,818	0
WT Technology Pte. Ltd.	153,575	2,458,238	273,961	2,184,277	13,491,631	52,525	568	0
Maxtek Technology Co., Ltd.	702,203	4,652,049	2,639,036	2,013,013	9,425,543	260,456	340,344	5
Hongtech Electronics Co., Ltd.	115,000	1,602,701	918,762	683,939	3,629,813	197,125	142,992	12
Best Winner International Development Ltd.	64,502	67,024	0	67,024	0	(57)	(1,598)	(76)
Lacewood International Corp.	90,609	1,007,560	439,772	567,788	3,425,965	9,497	432	15
Maxtek International (HK) Limited	23,526	18,548	88	18,460	0	(1,676)	(1,710)	0
WT Solomon QCE Limited	431,310	3,361,073	2,999,322	361,750	6,946,605	84,421	64,626	1
Morrihan International Corp.	2,837,600	15,655,552	11,918,399	3,737,152	72,213,814	802,608	484,776	2
Hotech Electronics Corp.	5,000	34,817	2,840	31,976	0	(27)	711	1
Asia Latest Technology Limited	34,401	46,339	0	46,339	0	0	624	1
Morrihan International Trading (Shanghai) Co., Ltd.	40,851	34,085	(12,244)	46,329	0	(114)	624	0
BSI Semiconductor Pte. Ltd.	169,589	513,467	114	513,352	0	(13)	18,859	2
Morrihan Singapore Pte. Ltd.	213,560	333,049	120,122	212,927	974,805	9,740	10,106	1
Wonchang Semiconductor Co., Ltd.	14,655	323,072	139,169	183,903	856,682	22,460	13,659	255
WT Technology Korea Co., Ltd.	54,513	1,288,623	743,386	545,238	3,826,189	65,202	56,894	14
Techmosa International Inc.	739,491	3,888,356	2,376,720	1,511,636	16,729,217	556,564	329,601	4

Company Name	Capital	Total Assets	Total Liabilities	Equity	Operating Revenue	Operating Profit	Net Income After Taxes	EPS
Techmosa International Holding Ltd.	0	17,515	0	17,515	0	(20)	249	249,459
MSD Holdings Pte. Ltd.	6,143	92,207	251	91,956	0	(138)	3,580	18
Anius Enterprise Co., Ltd.	0	0	0	0	0	0	0	0
Mega Source Co., Ltd.	0	0	0	0	0	0	0	0

Note: Above financial statements have been audited or reviewed by independent accountant in 2018. The balance sheet is translated using the current exchange rate at year-end, while P&L is translated using the YTD average currency exchange rate.

7.Please refer to page 139 to page 233 for consolidated financial declaration statement of affiliated enterprises and consolidated financial statement.

8.Companies' Relationship Report: Not Applicable.

B.Private placement of securities in the most recent year and as of the printing date of the annual report:
None.

C.The Shares in the Company Held or Disposed of by Subsidiaries in the most recent year and as of the printing date of the annual report:
None.

D.Other require supplementary information:
None.

E.Supplementary disclosure information:
The Group's Key Performance Indicator:

1.Financial Index

Index	Formula	Target KPI	2018	2017
Debts-to-Equity Ratio	Total Liabilities/ Total Equity	<275%	330%	274%
Current Ratio	Current Assets/ Current Liabilities	>110%	125%	134%

2.Performance Index

Index	Formula	Target KPI	2018	2017
Average Collection Days	365 /Average Collection Turnover	90	46	62
Average Inventory Turnover Days	365 /Average Inventory Turnover	60	56	56

IX.Matters, if any, that may affect shareholders' equity or securities price as defined in Subparagraph 2, Paragraph 3, Article 36 of the Securities and Exchange Act in the most recent year and as of the printing date of the annual report: Please refer to the important resolutions of the shareholders' meeting and the Board of Directors in the most recent year and as of the printing date of the annual report.

WT Microelectronics Co., Ltd.

Chairman: Cheng, Wen-Tsung