

Microelectronics Technology Inc 2017 Business Report

Dear Shareholders,

Our company has devoted in the area of satellite and ground microwave equipment and continued innovation of products to grasp the new business opportunities and deepen the relationship with customers for maintaining market competitiveness as well as integrating resources of our group to enhance operating effectiveness and strength the managerial efficiency. With the effort from all of us, our company's operation in 2017 continue to grow steadily and the explanation are provided hereunder: the consolidated revenue of operation is NT 7.55 billion; the gross profit is NT 1.158 billion with its gross margin of 15%; the profit is NT 0.19 billion; the net profit after tax is NT 0.16 billion with the dividend per share in NT 0.73.

Market Expansion

Low-noise block down converters (LNB) is our most important product line. Due to the Ultra HD 4K super high resolution TV service getting booming, it triggers the demand on upgrading the band width from operators.. Besides focusing on developing high-level satellite TV products in our major market, North America, we did improve our business in Europe and kick off the mass-production this year. In the future, we will deploy our strategy worldwide in order to get hold of the subsequent product's upgrade and competitive advantage of increasing need.

Regarding the two-way broadband satellite transceivers (VSAT), we followed our client's new project for new generation high volume and highly extensive coverage satellite launch in 2017, to meet up more customers' need of surfing on the internet by high speed broadband satellite on the ground and on the plane between Europe and America's air routes, which will obviously bring in more dynamics in the growth of operation. Moreover, low-orbit satellite communication will be the new trend when thousands of satellites are launched within the next ten years, which will provide the world with the internet service and our company will manage to grasp the business opportunities in the area.

As to ground communication equipments, our company has accumulated core R&D technology in base station with its application in the newest generation LTE to 4.5G/LTE Advanced Pro abundantly these years through our acquisition of the net communication R&D team. MTI has successfully completed the joint development on a series of new OEM/JDM devices in RRH (Remote Radio Head) in 2017 and Small Cell base station applied in mobile communication base station, which will be brought into the mass-production stage after related certifications while benefits from the investment are gradually coming up. We will develop more applications for

the wireless broadband equipment and jointly develop with our client in support of various type of new base station equipment and take a positive standing in researching 5G communication of Millimeter Wave and the frequency under 6GHz and Massive MIMO digital wave beam-forming technologies.

Technology Innovation and Management

Technology is our most important core competitiveness. Our company was granted 21 patents in 2017, and continued to invest in high-level LNB, new generation Ka/Ku Band high power VSAT product and integrate base band module to development new satellite communication product. Also, we put our resources in developing technology standard of 4.5G/LTE Advanced Pro passionately, which bring more variety of application and increasing volume for the coming business opportunity of establishing the 5G mobile communication infrastructure. MTI's new product "6-42GHz Next Generation Ultra High Throughput Advanced Microwave Radio" won *the 2017 Innovation Product Award* from Hsinchu Science Park Administration Bureau.

The fourth "Evaluation on Corporate Governance" held by Taiwan Security Exchange in 2018, our company is ranked in the top 6%~20% on the list of all public traded companies, which represents our consistent managerial belief in honest and loyal operation, protecting shareholders' rights and benefits, and performing corporate social responsibility.

Looking to the Future

Our company will deploy our strategy on the application in wireless radio frequency identification (RFID) on things of net (IoT) and developing new generation prospective technology satellite communication in the reaction to new emerging business chances. Only with continuous enhancement on core technology and optimizing the effectiveness of product production in a conservatively positive attitude toward challenges from industry and diversified need from customer will create values to the corporate for returning the shareholders.

Once again we would like to express our sincere gratitude to our shareholders, customers and suppliers for their long-standing support and encouragement. Wish you the best of health and success!

Chairman : Chi-Chia Hsieh

CEO : Allen Yen