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尖點科技股份有限公司
TOPOINT TECHNOLOGY CO., LTD

2015 Annual Report

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Published on April 30, 2016

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

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Deloitte & Touche

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5. Name of the institute for oversea negotiable security trade : None.

6. Company website: <http://www.topoint.tw>

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I. Letter to Shareholders

Dear shareholders,

Looking back over 2015, aside from the overall market was lack of obvious growing momentum, vastly fluctuated exchange rates also took a toll in our operation; fortunately, the development of new business was in-placed, with insistence and full dedication of every Topoint employees, we reached the 6th consecutive record high revenue year, also with growth in profit over the previous year. Here we would like to present a review on our business operations for the past year as well as our future plans to our shareholders.

With regards to Topoint's operating performance for 2015, the consolidated revenue was NT\$3,506 million, which represented an increase of 8.3% over the previous year. Net income after tax was NT\$372 million, which was an year over year increase of 3.3%. Basic after-tax earnings per share (EPS) were NT\$2.34. Look forward to 2016, we expect to have revenue and profit above the average of the industry under a precise performance index set by the company. We hereby briefly report on our 2015 operating results and 2016 business plan as follows.

I. Operation Results in 2015

1. Consolidated financial result

Unit: NT\$ 1,000

	2015		2014		Increase (decrease) amount	Percentage increase (decrease)
	AMT	%	AMT	%		
Net Sales	3,505,897	100%	3,238,109	100%	267,788	8%
Gross Profit	1,111,007	32%	958,362	30%	152,645	16%
Operating Income	556,060	16%	484,272	15%	71,788	15%
Pretax Income	515,081	15%	478,874	15%	36,207	8%
Net Income	372,393	11%	360,453	11%	11,940	3%

2. Budget Implementation

As dictated in current statutory laws and regulations, we didn't release our 2015 financial forecast to the public. However, our overall operating results are generally in line with the internal operation plan.

3. Profitability Analysis

Item	2015	2014
Debt to Asset Ratio (%)	28.87	33.11
Long-term Capital to Fixed Asset Ratio (%)	188.89	158.09
Current Ratio (%)	320.82	239.35
Accounts Receivable Turnover (x)	2.65	3.16
Inventory Turnover (x)	4.73	5.09
Return on Assets (%)	5.95	5.99
Return on Shareholders' Equity (%)	8.05	8.20
Basic after-tax EPS (NT\$)	2.34	2.28

4. Research and Development Status

Topoint has accomplished significant results in the efforts to achieve high product performance and low cost goals. We hereby briefly report on our achievements and research plan as follows:

- (1) High aspect ratio micro drill development
- (2) All new ware-resistant and friction reduction coating technology development
- (3) Performance enhanced product development
- (4) In order to meet customers' requirements and market demand, we have been devoted to the research and development of advanced products and technologies. R&D expense amounted to 3% of total revenue, reaching NT\$103 million in 2015.
- (5) For maintaining a competitive edge in advanced technologies, we have successfully applied for 43 patents by the end of 2015.

5. Other Projects Execution Results

- (1) Green Enterprise: the company continue to participate in carbon reduction activities, such as enrolled in enterprise's voluntary energy conservation consulting service of New Taipei City; recognized by Economic Development Bureau of New Taipei City for the "Clean Production, Energy Saving and Carbon Reduction Plan"; purchased 100,000 kilowatt hours of green power, actively participating in the R.O.C. Ministry of Economic Affairs' voluntary "Green Power Purchasing Program"; participated and awarded 2015 "Energy Conservation and

- Carbon Reduction Action Mark” of the Executive Yuan.
- (2) Corporate Governance and Corporate Social Responsibility: the Company has been devoting efforts to Corporate Governance and Corporate Social Responsibility for years. In 2015, we participated in joint corporate charity donations, joined the International Coastal Cleanup, held an employee blood donation event, and took part in the charity sales of Huashan Social Welfare Foundation. In addition, in the 12th “Information Disclosure Ranking” held by Securities and Futures Institute, the company was granted A++, the highest ranking top 5% in 1,393 listed companies being rated; received top 20% ranking in the 1st annual “Corporate Governance Evaluation” hosted by the Taiwan Stock Exchange (TWSE); ranked top 20 in 2015 “Excellence in Corporate Social Responsibility”, Little Giant Category, held by the Common Wealth magazine; selected as listed company in TWSE Corporate Governance 100 Index. The aforementioned actions and honors represented recognitions to Topoint’s effort in areas of corporate governance and social responsibilities.
 - (3) Introduced all new corporate Identification system (CIS): in the forthcoming of the 20th anniversary of company registry, new CIS was adopted to re-establish the new branding image with refined corporate mission and vision, look forward to create best value-add for customers, and strengthen brand positioning.
 - (4) Implementation of SAP enterprise resource planning (ERP) system: in light of expanding business scope, the SAP ERP system was adopted to systematically analyze operations and performances of every corporate companies and subsidiaries in a timely manner, to ensure targets of key performance indicators can be met, and increase decision making efficiency of management.
 - (5) Continue to implement TPM (Total Productive Maintenance) : 2015, in the 4th year of Shanghai Topoint’s implementation of TPM, Japan Institute of Plant Maintenance (JIPM), after two audits in Jul. 15 and Dec. 23, has given Shanghai Topoint the final approval for the 2015 Award of TPM Excellence, Category A. It was an important milestone, however, looking ahead 2016, the company placed itself for next level challenge, the Award for Excellence in Consistent TPM Commitment.
 - (6) Established new business location and production capacity expansion : in order to provide localized customer services, in Q4 of 2015, new company, Winpoint Electronics (Huaian) Company was set up. Meanwhile, subsidiary company Chengdu Raypoint Precision Tools completed line expansion during the same quarter, hope to tackle broader market, with abundant capacity for business development.

II. Overview of Operation Plan in 2016

1. Operation Principle and Important Policies

- (1) Early proactive product technology development in line with customer product roadmap.
- (2) Continue new technology advances for process and yield improvement, shorten cycle time.
- (3) Continue to enforce and expand customer integration service platform to elevate efficiency, reduce costs.
- (4) Publish Topoint’s first CSR report according to the principles of GRI / G4.0 guidelines of the Global Reporting Initiatives (GRI) for global sustainability reports, and Taiwan Stock Exchange Corporation Rules Governing the Preparation and Filing of Corporate Social Responsibility Reports by TWSE Listed Companies, to disclose business operation results and achievements in aspects of social responsibility.

2. Perspectives

Looking forward, the global economy will continue to move steadily toward recovery. Smart phones, tablets, wearable devices, smart appliances, cloud computing and Internet of Things (IoT) are the expected drivers for electronics industry’s growth, which accelerates the demand of micro-drill and blind/buried vias of high-end PCBs. We will cautiously observe the macroeconomic environment, market trends and its further development. Moreover, we will prudently react to economic changes to maintain stable operations and explore every opportunity for growth.

Finally, we would like to thank you for your continuing support. All of us at Topoint will continue to commit ourselves to make great achievements to benefit all our shareholders. We wish you all good health and good luck.

Sincerely yours,

Chairman / CEO **Hsu-Ting, Lin**
General Manager **Jia-Hong, Wang**

II. Introduction of Corporation

1. Establishment date :

Established on: April 12, 1996

2. Development history :

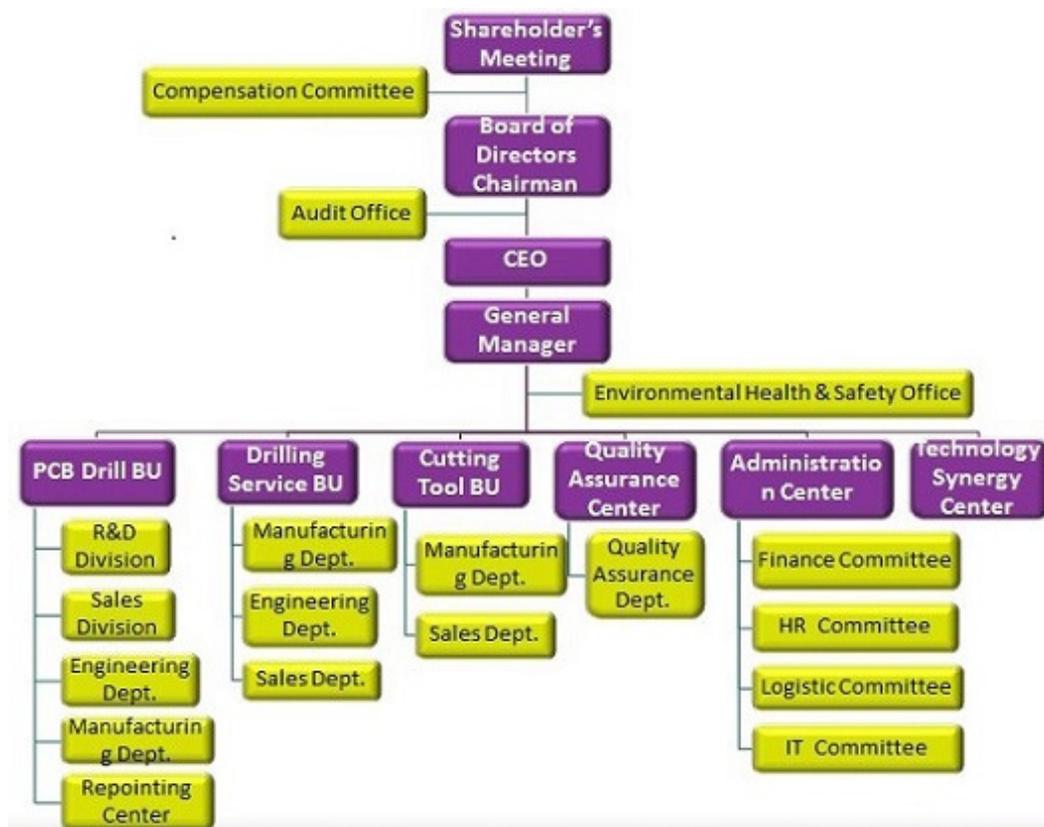
- 1) 1996: Topoint Technology Co., Ltd. was established to engage in production and sales of precision drills with NT\$15 million in capital.
- 2) 1997 : In order to meet the market demand, it increased its capital by NT\$17.5 million to purchase new machinery equipment. By then, the total paid-in capital was NT\$32.5 million.
- 3) 1998 : It increased its capital by NT\$66.7 million to enlarge its business scale and purchase new machinery equipment. By then, the total paid-in capital was NT\$99.2 million. The factory was relocated to Beinei Street of Shulin where the factory buildings were enlarged so as to meet future expanding operation
- 4) 1999: It garnered RWTUV ISO9002, a quality assurance accreditation, in April, and had a cash capital increase of NT\$20.8 million on Sep. 20 for the purchase of leading-edge equipment to enhance production capacity. By then, the capital increase by earnings recapitalization was NT\$18.25 million, whereas the paid-in capitalization was NT\$138.25 million.
- 5) 2000: As approved by the competent authorities in May for public offer, it increased NT\$120 million of capital in cash in June to purchase production equipment and advanced inspection instruments to elevate production capacity and assure product quality. By then, the capital increase by earnings recapitalization was NT\$10.56 million, capital increase by capital surplus as stock dividends was NT\$4.19 million and the paid-in capitalization was NT\$273 million.
- 6) 2001: It increased NT\$54.91 million of capital by earnings recapitalization and NT\$12.09 million of capital by capital surplus as stock dividends in August. In December of the same year, it increased NT\$ 50 million of capital in cash to purchase production equipment, repay bank loans and supplement the working capital. By then, the paid-in capitalization was NT\$390 million.
- 7) 2003: It registered for the listing of the emerging stock on January 2, and increased NT20 million of capital in cash in December to purchase equipment and expand production capacity. By then, the paid-in capitalization was NT\$410 million.
- 8) 2004: It increased NT\$16.93 million of capital by earnings recapitalization in June to supplement the working capital. In December, it increased NT\$57 million of capital in cash to repay bank loans. As a total the paid-in capitalization was NT\$483.93 million. In December, its stock went public on the OTC market. New Shulin plant in Taiwan started operation and migrated headquarter to the new plate. Setup Topoint South China office in Shenzhen.
- 9) 2005: It relocated its factory to the present address having larger space so as to meet the demand for future expanding operation, and increased NT\$68,651,250 of capital by earnings recapitalization in July. As a total, the paid-in capitalization was NT\$552,581,250.
- 10) 2006: It issued NT\$40 million of its first local unsecured convertible corporate bonds in February to purchase equipment and repay bank loans, increased NT\$100 million of capital in cash in March to purchase equipment and expand production capacity, issued 5,520 units of employee stock options in April, and increased NT\$101,706,700 of capital by earnings recapitalization in July. As a total, the paid-in capitalization was NT\$773,881,710.
- 11) 2007: It increased NT\$112,269,820 of capital by earnings recapitalization in July to supplement the working capital. As a total, the paid-in capitalization was NT\$954,691,270. Expanded Shulin and Shanghai plants to 13 million units of overall capacity. Topoint was granted qualified from Taiwan Corporate Governance Association. Established Japanese subsidiary Topoint Japan. Setup Topoint North China office.
- 12) 2008: It increased NT\$115,873,410 of capital by earnings recapitalization and change shares of

- employee stock option. As a total, the paid-in capitalization was NT\$1,070,564,680. Transferred stock listing from OTC exchange to TWSE exchange. Expanded Shulin and Shanghai plants to 17 million units of overall capacity. New Shanghai plant started operation.
- 13) 2009: It increased NT\$100 million of capital in cash in August to repay bank loans, and issued NT\$200 million of its first private of unsecured convertible bonds in September to repay bank loans, increased NT\$96,153,230 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,266,717,910. Established Unipoint Technology Company.
 - 14) 2010: It increased NT\$23,696,680 of unsecured convertible bonds in November, and increased NT\$48,801,550 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,339,216,140. Expanded Shulin and Shanghai plants to 20 million units of overall capacity. Shanghai Topoint received ISO9001 and ISO 14001 quality system certification. Established Unipoint Technology(Shenzhen) Company and Sharpoint (Qinhuangdao) Company.
 - 15) 2011: It increased NT\$142,180,070 of unsecured convertible bonds, increased NT\$37,198,860 of capital by earnings recapitalization and increased NT\$7,090,000 of employee stock option. As a total, the paid-in capitalization was NT\$1,525,685,070. Established Sharpoint Technology(Shenzhen) Company and Sharpoint Technology(Suzhou) Company.
 - 16) 2012: It increased NT\$40,892,590 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,566,577,660. Established Kunshan Topoint Electronics Company.
 - 17) 2013: It increased NT\$12,327,800 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,578,905,460. Topoint was received "Energy Conservation and Carbon Reduction Award" by Research and Development Center of Green Industry of Economic Development Department.
 - 18) 2014 : It increased NT\$9,100,000 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,588,005,460. Established Sharpoint Electronics(Huaian) Company and Chengdu Raypoint Precision Tools Co., Ltd and Kunshan Raypoint Precision Tools Co., Ltd.
 - 19) 2015: It increased NT\$4,035,000 of capital by earnings recapitalization. As a total, the paid-in capitalization was NT\$1,592,040,460. Established Winpoint Electronics (Huaian) Company. Shanghai Topoint granted 2015 TPM Excellence Award, by JIPM.

III. Corporate Governance Report

1. Organization System

(1) Organization Chart



(2) Major Corporate Functions

Title	Name	Authority
CEO	Hsu-Ting, Lin	<ul style="list-style-type: none"> ● Formulation of company's guidelines and major strategies
General Manager	Jia-Hong, Wang	<ul style="list-style-type: none"> ● Strategic planning and coordination to achieve company's objectives ● Implementation and improvement of business management system ● Supervision of company's business strategy implementation and budget control
VP, Drilling Service BU	Yin-Ming, Huang	<ul style="list-style-type: none"> ● Supervision of all production sites' operation and cost control of Drilling BU ● Supervision of product manufacture, production technology optimization, and engineering management ● Supervision of product quality assurance and production system improvement ● Supervision of new emerging market expansion, customer relation management, and problem service & solution for customer product applications
VP, R&D Division	Zhao-Yang, Chen	<ul style="list-style-type: none"> ● Supervision of research & development for new products and manufacturing process ● Supervision of transfer and mass production advancement for new product technology ● Supervision of research, implementation, and advancement for R&D projects

		<ul style="list-style-type: none"> ●Develop strategic plans for medium-term & long-term product control implementation ●Patent planning and management
VP, PCB Drill BU	Sheng-Jhou, Wong	<ul style="list-style-type: none"> ●Supervision of product sales, order handling, and customer development & service of Drill BU ●Supervision of competition, production & sales analysis, product marking strategy, and industrial market analysis ●Supervision of service & solution for customer product applications ●Develop key business advancement policies
Director, Administration Center	Chang-Long, Yan	<ul style="list-style-type: none"> ●Strategic planning for company's organization and relative job responsibility setting ●Rules setting and function monitoring for administration, finance, human resource, logistic, MIS, and general affair
Plant Manager	Tseng-Chien, Huang	<ul style="list-style-type: none"> ●Planning and management of product process and manufacture ●Supervision of the plant's annual budget arrangement and control implementation
Financial Manger	Li-Ching, Ko	<ul style="list-style-type: none"> ●Budget plan, control and management ●Corporate financial planning and dispatching and investment management ●Planning and execution of accounting and taxes system

Department	Major functions
General Manager Office	<ul style="list-style-type: none"> ●Planning and management of company operation strategies.
Audit Office	<ul style="list-style-type: none"> ●Internal audit planning & implementing, designing auditing guidance, evaluating effectiveness of the internal control system and supervising audit work in the subsidiaries.
Environmental Health & Safety Office	<ul style="list-style-type: none"> ●Planning and implementation of the systems relating to factory environment, security and health.
PCB Drill BU	<ul style="list-style-type: none"> ●Responsible for the production, manufacturing and sales of PCB drills.
Drilling Service BU	<ul style="list-style-type: none"> ●Responsible for production technology, quality control, planning production policies in collaboration with clients to offer an integration PCB drilling service solution.
Cutting Tool BU	<ul style="list-style-type: none"> ●Responsible for the production, manufacturing and sales of cutting tools.
Quality Assurance Center	<ul style="list-style-type: none"> ●Planning and execution of quality control system.
Administration Center	<ul style="list-style-type: none"> ●Planning and execution of general affairs, factory affairs, and information systems. ●Corporate financial planning and investment management. ●Planning and execution of accounting and taxes system. ●Management of human resources, personnel administration and regulated systems.
Technology Synergy Center	<ul style="list-style-type: none"> ●R&D of advanced technologies and development of new products. ●Patent planning and management.

2. Information about Directors, Supervisors, General Manager , Vice presidents, Assistant presidents, Chiefs of Respective Divisions and Branch Offices

(1)Directors and supervisors :

a. directors and supervisors

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Title	Nationality/ Country of Origin	name	Elected (inaugurated) date	Term (years)	1 st elected date	Shares held when being elected		Current shareholding		Shareholding of spouse and minors		Shares held in the names of others		Current post and/or e d u c a t i o n	Post concurrently taken in the company or other companies	Other executives, directors or supervisors in spouse relationship or kin relationship within 2 nd degree		
						shares	Shareholding ratio	Number of shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation
Chairman	Republic of china	Hsu-Ting, Lin	06/11/2015	3	03/18/1996	5,516,149	3.47%	5,516,149	3.46%	-	-	-	-	President of the company/Student of National Open University	CEO of the company	Spokesperson General manager	Ruo-Ping, Lin Jia-Hong, Wang	Father / Daughter Affinity
Director		Jia-Hong, Wang	06/11/2015	3	06/15/2010	1,918,254	1.21%	2,218,254	1.39%	3,727	0.00%	-	-	Manager of the company/ Soochow University, Accounting	General Manager of Topoint Technology	Chairman	Hsu-Ting, Lin	Affinity
Director		UMC Capital Corporation	06/11/2015	3	06/20/2006	4,906,836	3.08%	4,906,836	3.08%	-	-	-	-	-	Director of Crystalwise Technology Inc. Director of ACTI.	-	-	-
		Dun-Chien, Cheng	06/11/2015	3	06/20/2006	-	-	-	-	-	-	-	-	MBA from Columbia University Managing Director of Morgan Stanley Asia Taiwan President Director/President of United Investment	President of UMC Capital Group. Chairman of Clientron Corp. Director of Edom Technology Co. Ltd., . Director of Ta Ya Group. Director of Ineda Systems.	-	-	-
Director		CDIB Venture Capital Corporation	06/11/2015	3	06/12/2012	2,513,383	1.58%	2,513,383	1.58%	-	-	-	-	-	-	-	-	-
		Jia-Zhen, Kang	06/11/2015	3	08/25/2014	-	-	-	-	-	-	-	-	MBA from from Soochow University.	Director of China Development Industrial Bank.	-	-	-
Independent director		Tsung-Ming, Lo	06/11/2015	3	06/06/2003	2,975	0.00%	2,975	0.00%	2,975	0.00%	-	-	Graduate of NTU College of Law/Legal affairs manager of Sampo Group.	Chairman of Sipo Land Agent Firm	-	-	-
Independent director		Po-Cheng, Ko	06/11/2015	3	06/06/2003	-	-	-	-	-	-	-	-	Associate professor of the Accounting Department of Soochow University	Supervisor of CyberPower Systems,Inc Supervisor of Lustrous	-	-	-
Independent director		Jung-Sheng, Pai	06/11/2015	3	06/13/2008	-	-	-	-	-	-	-	-	National Chung Hsing University, Chemistry	TPCA technical consultant. Technical consultant of Unimicron Corporation. Independent Director of ShineMore Corporation.	-	-	-
Supervisor		Gen-Cing, Chen	06/11/2015	3	06/20/2006	1,643,235	1.03%	1,643,235	1.03%	368,129	0.23%	-	-	Graduate of a commercial senior high school / employee of Sampo Group	President of Hong Gy Co., Ltd. Chairman of Li-Herng Investment Chairman of Pai-Jing Investment Supervisor of Lustrous Technology Ltd.	-	-	-
supervisor		Cheng-Chie, Niu	06/11/2015	3	06/20/2006	2,676	0.00%	2,676	0.00%	-	-	-	-	Ph.D. in Polymer Chemistry from Polytechnic Institute of Brooklyn.	Adjunct Assistant Professor in Biomedical Engineering department of I-Shou University.	-	-	-
supervisor		Chung-Ta, Wu	06/11/2015	3	06/11/2013	-	-	-	-	-	-	-	-	MS degree in Photographic Science & Instrumentation from Rochester Institute of Technology(RIT).	Chairman of Singda Electronic Systems	-	-	-

Major institutional shareholders:

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Name of institutional shareholder	Major shareholders of the institutional shareholders
UMC Capital Corporation	100% of shares are held by United Microelectronics Corp.
China Development Industrial Bank	100% of shares are held by China Development Industrial Bank

Major shareholders of the major shareholders that are Juridical Persons

April 30, 2016

Institutional shareholder name	Major shareholders of the institutional shareholder
United Microelectronics Corp.	6.52% of shares are held by UMC account GDR to J.P.Morgan. 3.47% of shares are held by Hsun Chieh Investment Co.,Ltd. 2.56% of shares are held by Bank of Taiwan custody Hill-Chester International Investors International Value Equity Trust Investment Account 2.48% of shares are held by Silicon Integrated Systems Corp. 1.93% of shares are held by Cathay Life Insurance. 1.47% of shares are held by Bank of Taiwan custody Hill-Chester International Investors International Value Equity Group Trust Investment Account 1.41% of shares are held by Dimensional Emerging Markets Value Fund 1.39% of shares are held by Fubon Financial 1.38% of shares are held by Saudi Arabian Monetary Agency to J.P.Morgan. 1.19% of shares are held by ABP Pension Fund Investment Account to J.P.Morgan.
China Development Industrial Bank	100 % of shares are held by China Development Financial Holding Co., Ltd.

b. Personal data of directors and supervisors

Condition	With over five years of job experience and the following business qualification			Are they in compliance with the independence terms (Note)										Also an independent director of other public company
	Teachers of public or private colleges for the subject Of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salespersons passed national exam & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8	9	10	
Hsu-Ting, Lin			✓				✓	✓	✓	✓	✓	✓	✓	-
Jia-Hong, Wang			✓				✓	✓	✓	✓	✓	✓	✓	-
Dun-Chien, Cheng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Jia-Zhen, Kang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tsung-Ming, Lo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Po-Cheng, Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Jung-Sheng, Pai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Gen-Cing, Chen			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	-
Cheng-Chie, Niu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Chung-Ta, Wu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

Note: Directors and supervisors who have qualified the following conditions two years before being elected and during the term are to tick the box ("✓") of the corresponding condition.

- (1) Not the employee of the company or its affiliated enterprises
- (2) Not the director or supervisor of the company or its affiliated enterprises (however, it is not limited to the independent director of the subsidiary in which the company directly or indirectly holds more than 50% of voting shares.)
- (3) Not the shareholder whose spouse, minor children or related persons in his or her name hold more for than 1% of the company's issued shares, nor the one who is one of company's top-10 nature person shareholders.
- (4) Not the direct lineal blood relative (including spouse and the relatives within 2nd degree) of the persons listed in the preceding three items.
- (5) Not the director, supervisor or employee of the institutional shareholder who directly holds more than 5% of the company's issued shares, nor the director, supervisor or employee of the top 5 institutional shareholders.
- (6) Not the director, supervisor, manager of the specific company or institute having financial or business relationship with the company, nor the shareholders holding more than 5% of the company's shares.
- (7) Not the professional who offers business, legal, accounting or consulting services to the company or its affiliated enterprises, nor the proprietor, partner, director, supervisor, manager and their spouses of the business entity solely invested or partnered by the company.
- (8) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual.
- (9) Free of any of the behaviors as defined in Article 30 of Company Act.
- (10) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

(2) President, Vice President, Junior V.P., and Department Heads

April 30, 2016

Title	Nationality/ Country of Origin	Name	Date Elected	Shareholding		Shareholding of spouse and minor		Shares held by other persons in their name		Experience (Education)	Current position with other companies	Executives who are spouses or second consanguinity		
				Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Republic of china	Hsu-Ting, Lin	11/29/2005	5,516,149	3.46	-	-	-	-	President of the company/Student of National Open University	The Chairman of the company	Special assistant to the Chairman President	Ruo-Ping , Lin Jia-Hong, Wang	Father/ daughter cousin-in- law
General Manager		Jia-Hong, Wang	01/13/2011	2,218,254	1.39	3,727	0.00	-	-	Manager of Topoint / Graduate of the accounting department of Soochow University	-	CEO	Hsu-Ting, Lin	cousin-in- law
Vice president		Yin-Ming, Huang	05/08/2006	142,679	0.09	4,420	0.00	-	-	Manager of ASE Inc. / Graduate of the materials science and engineering department of Feng Chia University	-	-	-	-
Vice president		Zhao-Yang, Chen	02/01/2002	150,694	0.09	-	-	-	-	Manager of Topoint / Graduate of Minghsin Junior College.	-	-	-	-
Vice president		Sheng-Jhou, Wong	02/01/2014	13,878	0.01	-	-	-	-	Manager of Topoint / Student of Affiliated Senior High School of National Taiwan Normal University	-	-	-	-
Director		Chang-Long, Yan	02/01/2014	38,670	0.02	27,516	0.02	-	-	Manager of Gigabyte / Graduate of the accounting department of Soochow University	-	-	-	-
Plant Manager		Tseng-Chien, Huang	10/01/2014	13,509	0.01	-	-	-	-	Manager of Topoint /Graduate of China University of Technology	-	-	-	-
Special assistant to the Chairman		Ruo-Ping, Lin	08/10/2015	215,249	0.13	-	-	1,401,000	0.88	Consultant of i2 Technologies Inc./ MIM from National Chung Cheng University	-	CEO	Hsu-Ting, Lin	Father/ daughter
Financial Manager		Li-Ching, Ko	06/26/2008	-	-	-	-	-	-	Junior manager of Taiwan International Securities / Graduate of the accounting department of Soochow University	-	-	-	-

(3) Remuneration of Directors, Supervisors, President, and Vice President

A. Remuneration of Directors

Unit: NT\$1,000/1,000 shares

Title	Name	Remuneration								Total Remuneration(A+B+C+D) as a % of 2015 Net income		Compensation earned as employee of TOP or of TOP's consolidated entities								Total compensation as a % of 2015 Net income(Note2)		Compensation Received from Non-consolidated affiliates				
		Base Compensation(A)		Severance Pay(B) (Note2)		Bonus to directors(C) (Note1)		Allowances(D)		From TOP	From all consolidated entities	Salary(E)		Severance Pay (F)		Employee profit sharing (G)				Exercisable employee stock options(H)			From TOP	From all consolidated entities		
		From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP	From all consolidated entities			From TOP	From all consolidated entities	From TOP	From all consolidated entities	Cash	Stock	Cash	Stock	From TOP	From all consolidated entities					
Chairman	Hsu-Ting, Lin																									
Director	Jia-Hong, Wang																									
Director	UMC Capital Corporation : Dun-Chien, Cheng																									
Director	CDIB Venture Capital Corporation: Jia-Zhen, Kang	-	-	-	-	7,200	7,200	154	154	1.97%	1.97%	5,336	21,786	-	-	16,664	-	16,667	-	350,000	350,000	7.88%	12.30%	-		
Independent director	Tsung-Ming, Lo																									
Independent director	Po-Cheng, Ko																									
Independent director	Jung-Sheng, Pai																									

Note 1 : As passed in the board meeting on March 14, 2016 for 2015 annual earnings distribution, NT\$10,286,883 is for remuneration of directors and supervisors and NT\$77,151,624 for employee bonus. As of the annual report publication date, this resolution made in the board meeting has yet to be resolved by shareholders in the shareholders' meeting. The distributed amounts shown above were calculated according to last year's distribution ratio.

Note 2 : Total Severance Pay to TOP's directors in 2015 was \$0.

Remuneration Bracket

Remuneration to directors	2015			
	Total Remuneration(A+B+C+D)		Total Compensation (A+B+C+D+E+F+G)	
	From TOP	From all consolidated entities	From TOP	From all consolidated entities
Below \$2,000,000	Hsu-Ting, Lin、Jia-Hong, Wang、UMC Capital Corporation, CDIB Venture Capital Corporation、Tsung-Ming, Lo、Po-Cheng, Ko、Jung-Sheng, Pai		Hsu-Ting, Lin、Jia-Hong, Wang、UMC Capital Corporation, CDIB Venture Capital Corporation、Tsung-ming, Lo、Po-cheng, Ko、Jung-sheng, Pai	
\$2,000,000 ~ \$5,000,000	-	-	-	-
\$5,000,000 ~ \$10,000,000	-	-	-	-
\$10,000,000 ~ \$15,000,000	-	-	Hsu-Ting, Lin、Jia-hong, Wang	
\$15,000,000 ~ \$30,000,000	-	-	Hsu-Ting, Lin、Jia-Hong, Wang	
\$30,000,000 ~ \$50,000,000	-	-	-	-
\$50,000,000 ~ \$100,000,000	-	-	-	-
Over \$100,000,000	-	-	-	-
Total amount	7	7	7	7

B. Remuneration for supervisors

Unit: NT\$1,000/1,000 shares

Title	Name	2015								Total Remuneration(A+B+C+D)as a % of 2015 Net income		Compensation Received from Non-consolidated affiliates
		Base Compensation(A)		Severance Pay(B) (Note2)		Bonus to supervisors (C) (Note1)		Base Compensation(D)		From TOP	From all consolidated entities	
		From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP	From all consolidated entities			
Supervisor	Gen-Cing, Chen											
Supervisor	Cheng-Chie, Niu	-	-	-	-	3,086	3,086	54	54	0.84%	0.84%	-
Supervisor	Chung-Ta, Wu											

Note 1 : As passed in the board meeting on March 14, 2016 for 2015 annual earnings distribution, NT\$10,286,883 is for remuneration of directors and supervisors and NT\$77,151,624 for employee bonus. As of the annual report publication date, this resolution made in the board meeting has yet to be resolved y shareholders in the shareholders' meeting. The distributed amounts shown above were calculated according to last year's distribution ratio.

Note 2 Total Severance Pay to TOP's directors in 2015 was \$0.

Remuneration Bracket

Remuneration to supervisors	2015	
	Total Remuneration(A+B+C+D)	
	From TOP	From all consolidated entities
Below \$2,000,000	Gen-Cing, Chen · Cheng-Chie, Niu · Chung-Ta, Wu	Gen-Cing, Chen · Cheng-Chie, Niu · Chung-Ta, Wu
\$2,000,000 ~ \$5,000,000	-	-
\$5,000,000 ~ \$10,000,000	-	-
\$10,000,000 ~ \$15,000,000	-	-
\$15,000,000 ~ \$30,000,000	-	-
\$30,000,000 ~ \$50,000,000	-	-
\$50,000,000 ~ \$100,000,000	-	-
Over \$100,000,000	-	-
Total amount	3	3

C. Remuneration for President and V.P.

Unit: NT\$1,000/1,000 shares

Title (Note1)	Name	Salary(A)		Severance Pay(B) (Note2)		Rewards and special payments, etc. (C)		Bonuses and Allowances(D) (Note1)				Total Remuneration(A+B+C+D) as a % of 2015 Net income		Exercisable employee stock options		Compensation Received from Non-consolidated affiliates
		From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP	From all consolidated entities	From TOP		From all consolidated entities		From TOP	From all consolidated entities	From TOP	From all consolidated entities	
								Cash	Stock	Cash	Stock					
Chairman	Hsu-Ting, Lin	9,543	16,125	-	-	1,869	16,116	21,464	-	21,464	-	8.83%	14.42%	590,000	590,000	-
General Manager	Jia-Hong, Wang															
Vice president	Yin-Ming, Huang															
Vice president	Zhao-Yang, Chen															
Vice president	Sheng-Jhou, Wong															

Note 1 : As passed in the board meeting on March 14, 2016 for 2015 annual earnings distribution, NT\$10,286,883 is for remuneration of directors and supervisors and NT\$77,151,624 for employee bonus. As of the annual report publication date, this resolution made in the board meeting has yet to be resolved shareholders in the shareholders' meeting. The distributed amounts shown above were calculated according to last year's distribution ratio.

Note2: Total Severance Pay to TOP's President and V.P. in 2015 was \$0, that pensions funded according to applicable law. In 2015 was NT\$27,000.

Grades of remuneration

Grades of the remuneration for the company's general managers and vice general managers	2015	
	From TOP	From all consolidated entities
Below \$2,000,000	-	-
\$2,000,000 ~ \$5,000,000	Yin-Ming, Huang · Zhao-Yang, Chen · Sheng-Jhou, Wong	-
\$5,000,000 ~ \$10,000,000	-	Yin-Ming, Huang · Zhao-Yang, Chen · Sheng-Jhou, Wong
\$10,000,000 ~ \$15,000,000	Hsu-Ting, Lin · Jia-Hong, Wang	-
\$15,000,000 ~ \$30,000,000	-	Hsu-Ting, Lin · Jia-Hong, Wang
\$30,000,000 ~ \$50,000,000	-	-
\$50,000,000 ~ \$100,000,000	-	-
Over \$100,000,000	-	-
Total amount	5	5

D. Name of managers who received dividend and the distribution of dividend

April 30, 2016

Unit: NT\$1,000

Title	Name	Stock Dividend	Cash Dividend (Note1)	Total	Ratio of total amount to net income (%) (Note2)
Chairman & CEO	Hsu-Ting, Lin	-	17,320	17,320	4.65%
General Manager	Jia-Hong, Wang				
Vice President	Yin-Ming, Huang				
Vice President	Zhao-Yang, Chen				
Vice president	Sheng-Jhou, Wong				
Director	Chang-Long, Yan				
Plant Manager	Tseng-Chien, Huang				
Special assistant to the Chairman	Ruo-Ping, Lin				
Finance & Accounting Manager	Li-Ching, Ko				

Note 1 : As passed in the board meeting on March 14, 2016 for 2015 annual earnings distribution, NT\$10,286,883 is for remuneration of directors and supervisors and NT\$77,151,624 for employee bonus. As of the annual report publication date, this resolution made in the board meeting has yet to be resolved by shareholders in the shareholders' meeting. The distributed amounts shown above were calculated according to last year's distribution ratio.

Note 2: Income after Income Tax is less by Bonus to employees.

- (1) Analysis of the ratio of the total remuneration for the directors, supervisors, general managers and vice general managers of the company and its consolidated statement companies in the recent two years to after-tax net profit, and description of remuneration payment policies, standards, combinations, procedure to determine the remuneration and the correlation with operating performance :

Year	Total remuneration of directors, supervisors, general managers and vice general managers	Ratio of the preceding remuneration to after-tax net profit	Remuneration payment policies, standards, combinations, procedure to determine the remuneration and the correlation with operation performance
2014	56,387 thousand	15.12%	(Note1)
2015	64,199 thousand (Note2)	16.45%	(Note1)

Note 1: The remuneration for directors and supervisors is regulated according to the dividend distribution policy stipulated in the company's constitution, in which the annual earning distribution status shall be submitted to the board of directors for discussion before being sent to the shareholders' meeting for resolution. The remuneration for general managers shall be released according to the company's performance evaluation system.

Note 2 : As passed in the board meeting on March 14, 2016 for 2015 annual earnings distribution, NT\$10,286,883 is for remuneration of directors and supervisors and NT\$77,151,624 for employee bonus. As of the annual report publication date, this resolution made in the board meeting has yet to be resolved by shareholders in the shareholders' meeting. The distributed amounts shown above were calculated according to last year's distribution ratio.

3. Business management

(1) Board of Directors

The attendance of Directors for 9 (A) Board Meetings in 2015:

Title	Name	Attendance (B)	Proxy	Frequency of attendance (%) (B/A)	Remarks
Chairman	Hsu-Ting, Lin	9	0	100.0	-
Director	Jia-Hong, Wang	7	2	77.8	-
Director	Representative of UMC Capital Corporation: Dun-Chien, Cheng	8	1	88.9	-
Director	CDIB Venture Capital Corporation: Jia-Zhen, Kang	9	0	100.0	-
Independent Director	Tsung-Ming, Lo	9	0	100.0	-
Independent Director	Po-Cheng, Ko	8	1	88.9	-
Independent Director	Jung-Sheng, Pai	8	0	88.9	-
Remarks:					
<ol style="list-style-type: none"> For the events stated in SEC Article 14.3 and other opposing or qualified opinion of independent directors that are recorded or declared in writing, the date, term, the content of the case, independent director's opinion, and the company's response to the director's opinion must be stated in details: N/A The name of the directors who have excused themselves from the meeting due to a conflict of interest, the name of the directors, the content of the case, the reason for the conflict of interest, and the voting must be stated in details: N/A. The goal for improving the function of the board of directors (e.g. establishing the audit committee and enhancing information transparency, etc.) and execution evaluation: Other than placing Three independent directors, and according to the "rules of board meeting procedure", which was attendance of Directors to enhance their operating efficiency and reinforce their decision making capacity. 					

(2) Audit Committee or Board of Supervisors

(a) The attendance of Audit Committee in 2015:N/A

(b) The attendance of Supervisors for 9(A) Board Meetings in 2015:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%) (B/A)	Remarks
Supervisors	Gen-Cing, Chen	9	100.0	
Supervisors	Cheng-Chie, Niu	6	66.7	
Supervisors	Chung-Ta, Wu	9	100.0	

Remarks:

1. The formation and responsibility of the supervisors:

(1) Communication among the employees and shareholders of the company:

The company's supervisors use periodical or non-periodical meetings and shareholders' meetings to communicate with the company's employees and shareholders.

(2) Communication among the audit Manager and CPA of the company:

The company's supervisors use periodical or non-periodical meetings with the company's audit manager and CPA.

2. If supervisors have opinion from the meeting that are recorded or declared in writing, the date, term, the content of the case, supervisor's opinion, and the company's response to the supervisor's opinion must be stated in details: N/A

(3) Corporate governance and the deviation from the Rules Governing Listed & OTC corporate governance and the causes

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on “Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies”?	V		N/A	N/A
2. Shareholding structure & shareholders’ 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? (2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares? (3) Does the company establish and execute the risk management and firewall system within its conglomerate structure? (4) Does the company establish internal rules against insiders trading with undisclosed information?	V V V V		In addition to the existing hotline and email channels, the Company has established an internal operating procedure, and has designated appropriate departments, such as Investor Relations, Public Relations, Legal Department, to handle shareholders’ suggestions, doubts, disputes and litigation. The company has a spokesman (Karen, Lin), a deputy spokesperson (Angela, Lee) and the stock affairs division. The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares. The company has laid down the regulations for trading operation with its affiliated enterprises, and for surveillance of its subsidiaries. To protect shareholders’ rights and fairly treat shareholders, the Company has established the internal rules to forbid insiders trading on undisclosed information. The Company has also strongly advocated these rules in order to prevent any violations.	N/A
3. Composition and Responsibilities of the Board of Directors (1) Does the Board develop and implement a diversified policy for	V		Member diversification is considered by the Board members. Factors taken into account include, but are not limited to gender, age, cultures, educational background, race, professional experience, skills, knowledge and terms of service. The Board objectively	N/A

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>		V	<p>chooses candidates to meet the goal of member diversification.</p> <p>In order for the sound supervision and reinforcement of management, the Company established the Remuneration Committee. These functional committees shall be responsibilities for the Board of Directors.</p> <p>N/A</p> <p>N/A</p>	
4. Does the company establish a communication channel and build a designated section on its website for stakeholders, as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The company setup Investor Relations on its website to periodically release the company’s business and financial information. In addition, an e-mail address is also available for shareholders to contact the company.	N/A
5. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The company has entrusted a stock affairs agency (the stock affairs agency division of Taiwan International Securities Group) and has exclusive stock affairs personnel to serve shareholders.	N/A
6. Information Disclosure				
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1)The address of the company’s website is: www.topoint.tw The company has already posted its governance information on the website. Viewers may also use the website to link to the Market Observation Post System for enquiry of the company’s financial and business information.	N/A
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing	V		(2)The company has its spokesperson system which is used to collect and disclose information and as the bridge to communicate with outsiders.	

Evaluation Item	Implementation Status			Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?				
<p>7. 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)?</p> <p>(1) Advanced study of directors and supervisors: Please go to the corporate governance section of the “Market Observation Post System” on http://newmops .twse.com.tw.</p> <p>(2) The risk management/measurement and customers protection policy are defined in the company’s internal control system, and executed according to the regulations.</p> <p>(3) The directors and supervisors attend of the board when the trustee like fords to a trustee office row bill have excused themselves and benefit that not join the vote.</p> <p>Liability insurance is acquired for directors and supervisors according to the articles of Incorporation.</p>				
<p>8. Has the company implemented a self-evaluation report ² on corporate governance or has it authorized any other professional organization to conduct such evaluation? If so, please describe the opinion from the Board, the result of self or authorized evaluation, the major deficiencies, suggestions, or improvements. The Company has devoted to providing transparent information to shareholders. In “Information Transparency and Disclosure Ranking System” conducted by Securities and Futures Institute (SFI), the Company was ranked as “A” company in 2009 and 2012, and received the highest “A+” ranking in 2011 and 2013. In 2015 “Information Transparency and Disclosure Ranking System” conducted by Securities and Futures Institute (SFI), Topoint was ranked as "A++" company among the 1,393 listed companies appraised, in the top 5 percentile. This grading result demonstrates the Company’s effort of pursuing better corporate governance and protecting the benefits of its shareholders.</p>				

- (4) Composition, Responsibilities and Operations of Compensation Committee :
- Board resolution to establish compensation committee on December 28,2011 and remuneration committee under the Act, it shall adopt a remuneration committee charter. The remuneration committee members shall be appointed by resolution of the board of directors. The committee shall not be fewer than three members. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:
- (a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.
- (b) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

The attendance of Compensation Committee for 3 (A) Board Meetings in 2015:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%) (B/A)	Remarks	Title
President	Po-Cheng, Ko	3	0	100.00	
Members	Tsung-Ming, Lo	3	0	100.00	
Members	Jung-Sheng, Pai	2	0	66.67	

(5) Social Responsibility

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
1. Corporate Governance Implementation (1) Does the company declare its corporate social responsibility policy and examine the results of the implementation?	V		N/A	N/A
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	V		N/A	N/A
(3) Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		N/A	N/A
(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?	V		N/A	N/A

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
2. 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?	V		(1) Ongoing waste reduction – reduce the creation of waste and reduce the waste volume created via recycle classification as much as possible .	N/A
(2) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(2) Ongoing improvement – environmental protection popularization, safety and health training, environmental safety conscious reinforcement, environmental system and regulations implementation, systematic management, ongoing improvement, quality environmental protection construction, safe and healthy working place.	N/A
(3) Does the company monitor the impact of climate change on its operations and conduct greenhouse gas inspections, as well as establish company strategies for energy conservation and carbon reduction?	V		(3) The Company has set the safety and health room dedicated personnel responsible for the maintenance and management of the environment. Pollution Prevention - source management, carry out water reduction, energy saving, reuse, cleaning process, cost reduction, reduction impact to ecological environment and establishment of environmental management system (ISO 14001)	N/A
3. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		N/A	N/A
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		The Company an Employee Relations Hotline that provides a channel for employees to express their opinions regarding their work and the overall work environment. The employee relations team ensures all cases are handled with care under the supervision of the first-line managers.	N/A

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
(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?	V		Carry out health management and promote employees’ physical and mental health.	N/A
(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?	V		The Company values two-way communications and is committed to keeping the communication channels between the management level and their subordinates, as well as among peers, open and transparent. To ensure that employees’ opinions and voices are heard, and their issues are addressed effectively, impartial submission mechanisms, including quarterly labor-management communication meetings, are in place to provide timely support. Continuous efforts are made to reinforce mutual and timely employee communications, based on multiple channels and platforms, which, in turn, fosters harmonious labor relations and creates a win-win situation for the Company and its employees. At the same time, efforts are made to ensure that employees are informed of current policies.	N/A
(5) Does the company provide its employees with career development and training sessions?	V		The Company not only assesses and provides feedback on employees’ skills and interests, but also offers training and development activities that match their career development objectives and job needs.	N/A
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		N/A	N/A
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		When labeling and advertising its products worldwide, The Company consistently honors regional and national regulations without misleading its customers by exaggerating the information provided.	N/A

Evaluation Item	Implementation Status ¹			Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Explanation ²	
(8) Does the company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?	V		N/A	N/A
(9) Do the contracts between the company and its 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?	V		N/A	N/A
4. Enhancing Information Disclosure (1) Does the company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		The CSR report has been published on both the official website and MOPS.	N/A
5. 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: N/A				
6. Other important information to facilitate better understanding of the company’s corporate social responsibility practices : Please go to “Newsroom” of company’s website www.topoint.tw				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: N/A				

(6) Integrity management company to perform the case and adopt measures:

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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?</p> <p>(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?</p> <p>(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?</p>	V		<p>(1) The Code of Business Conduct have been approved by Board Meeting on Mar. 19, 2013.</p> <p>(2) The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline.</p> <p>(3) In order to prevent any unethical conduct, all employees must disclose any matters that have or may have the appearance of undermining the Principle, such as any actual or potential conflict of interest. Key employees and senior officers must periodically declare their compliance status with the Principle.</p>	None
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?</p> <p>(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?</p> <p>(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?</p> <p>(4) Has the company established effective systems for</p>	V		<p>(1) The Company conveying our integrity requirements to all our business partners. In addition, an ethic-related clause is included in every business contract. If there is any breach of the clause, the Company may terminate the partnership at any time without any further obligation or compensation.</p> <p>(2) The company establish an exclusively dedicated unit supervised by the Board to be in charge of HR</p> <p>(3) Taking the overall interests of the company as consideration shall not be intended to make their own, spouse, parents, children, or relatives within three degrees of improper advantage or prejudice the company's interests.</p> <p>(4) The Company has established accounting and</p>	None

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
<p>both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program according to the risk evaluation results, the Company will compile them into an audit report.	
	V	(5)N/A		
<p>3. Operation of the integrity channel</p> <p>(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?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V		<p>(1) The Company establishes various reporting channels so that employees and relevant people can report improper business behaviors through the system. After a confidential investigation, anyone who violates the regulations on operational integrity will be punished according to the Company's regulations on reward and punishment. In cases of illegal conduct, legal actions will be taken as well.</p> <p>(2) N/A</p> <p>(3) The Company takes whistleblower protection seriously since the core purpose is protection from unlawful reprisal for diligent employees who step forward to identify potential wrongdoing. The Company has a dedicated hotline for whistleblower protection whether first-line managers and the Board if necessary, can directly review and determine appropriate actions against reprisal of complaints.</p>	None
<p>4. Strengthening information disclosure</p> <p>(1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	V		<p>(1) The address of the company's website is: www.topoint.tw</p> <p>The company has already posted its governance information on the website. Viewers may also use the website to link to the Market Observation Post System for enquiry of the company's financial and business information.</p>	None
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. None</p>				

Evaluation Item	Implementation Status ¹			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Yes	No	Abstract Illustration	
6. Other important information to facilitate a better understanding of the company’s ethical corporate management policies (e.g., review and amend its policies). The address of the company’s website is: www.topoint.tw				

- (7) Enquiry of corporate governance rules and related regulations: Please go to the corporate governance section of the “Market Observation Post System” .
- (8) The information to help investors more aware of how the company’s corporate governance is operated:
- Please go to “Investor Relations” of company’s website www.topoint.tw
 - Advanced study the governance rules of Mangers: Please go to the corporate governance section of the “Market Observation Post System” on [http://newmops .twse.com.tw](http://newmops.twse.com.tw).
- (9) Execution of internal control system:
- Internal control declaration: Please go to the “Market Observation Post System”
 - Entrustment of CPA to audit internal control system: N/A
- (10) The punishments applied to the company and its employees due to law violation, the punishments applied by the company to its internal employee due to violation of internal control system, major drawbacks and improvement in the recent year and the current year as of the annual report publication date:
- As regulated by the company, other than including the violation of internal control system in the rating of personnel annual performance evaluation, the company has also given a detailed account of the punishments, major drawbacks and expected improvement deadline in each audit report. At the same time, the audit unit has continued to track the improvement status and make records. The major drawbacks had been corrected in the recent year and the current year as of the annual report publication date.
- (11) Major resolutions made in shareholders’ meetings and board meetings in the recent year and the current year as of the annual report publication date:

A. The company had the 2015 general shareholders meeting held with the following resolution reached (06/11/2015):

Resolutions	Implementation Status																																	
(a) Recognized the financial results for FY2014.	(a) RESOLVED, that the above proposals be and hereby were approved as proposed.																																	
(b) Recognized the FY2014 earnings distribution (Distributed \$1.2234 /share of cash dividends . The board of directors is authorized to adjust the ensuing change to be caused by the change in the shareholder’s stock dividend/ cash dividend rate resulting from the outstanding shares which are influenced by the change of capitalization.)	(b) The ex-dividend date Aug. 5, 2015 was determined and the cash dividend was distributed on Aug. 25, 2015.																																	
(c) Passed the amendment of the Procedure of the Articles of Incorporation.	(c) The case was managed in accordance with the approved resolution.																																	
(d) Passed the amendment of the Procedure of Endorsement & Guarantee Procedures	(d) The case was managed in accordance with the approved resolution.																																	
(e) Passed the election for directors and supervisors.	(e) The newly elected list																																	
(f) Passed the release the non-competition restriction of director elected in 7 th session.	<table border="1"> <thead> <tr> <th>Title</th> <th>Name</th> <th>Amounts of Voting</th> </tr> </thead> <tbody> <tr> <td>Director</td> <td>Lin Xu-ting</td> <td>195,188,175</td> </tr> <tr> <td>Director</td> <td>Wang Jia-hong</td> <td>174,677,591</td> </tr> <tr> <td>Director</td> <td>UMC Capital Corporation</td> <td>107,399,222</td> </tr> <tr> <td>Director</td> <td>CDIB Venture Capital Corporation</td> <td>107,399,222</td> </tr> <tr> <td>Independent Director</td> <td>Lo Tsung-ming</td> <td>20,523,668</td> </tr> <tr> <td>Independent Director</td> <td>Ko Po-cheng</td> <td>20,524,668</td> </tr> <tr> <td>Independent Director</td> <td>Pai Jung-sheng</td> <td>20,523,668</td> </tr> <tr> <td>Supervisor</td> <td>Chen Ken-ching</td> <td>90,329,334</td> </tr> <tr> <td>Supervisor</td> <td>Niu Cheng-chie</td> <td>87,815,951</td> </tr> <tr> <td>Supervisor</td> <td>Wu Chung-ta</td> <td>85,302,568</td> </tr> </tbody> </table>	Title	Name	Amounts of Voting	Director	Lin Xu-ting	195,188,175	Director	Wang Jia-hong	174,677,591	Director	UMC Capital Corporation	107,399,222	Director	CDIB Venture Capital Corporation	107,399,222	Independent Director	Lo Tsung-ming	20,523,668	Independent Director	Ko Po-cheng	20,524,668	Independent Director	Pai Jung-sheng	20,523,668	Supervisor	Chen Ken-ching	90,329,334	Supervisor	Niu Cheng-chie	87,815,951	Supervisor	Wu Chung-ta	85,302,568
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B. Board meetings

Date	Content
2015.01.08	1. Approved the issuance of new shares of 2011 employee stock options.
2015.03.10	1. Approved the Financial Statements and Business Report of 2014. 2. Approved dividend distribution of 2014. Cash dividends of NT\$194,644,535(NT\$1.2234 per share) 3. To approve the amendment of the Articles of Incorporation . 4. To approve the amendment of the Endorsement & Guarantee Procedures. 5. Approved 2015 AGM agenda.
2015.04.14	1. Approved the issuance of new shares of 2011 employee stock options.
2015.05.08	1. Approved the Financial Statement for 1st quarter of 2015.
2015.06.11	1. Announces the appointment of chairman elected by 7th Board of Directors. 2.Approved the appointment of the members of Remuneration Committee.
2015.07.09	1. Announcement of the record date for common share dividend. 2. Adjust the dividend distribution ratio as the result of the Company capital change. 3.Approved the issuance of new shares of 2011 employee stock options. 4. Approved the endorsements/guarantees amount of the Subsidiary.
2015.08.07	1. Approved the Financial Statement for 2nd quarter of 2015.
2015.11.10	1. Approved the Financial Statement for 3rd quarter of 2015. 2. The enactment of Corporate Governance Best Practice Principles. 3. The enactment of Corporate Social Responsibility Best Practice Principles.
2015.12.22	1. Approved Year 2016 annual audit plan. 2. Approved the amendment of the Articles of Incorporation .
2016.01.07	1.Approved the issuance of new shares of 2011 employee stock options.
2016.03.14	1.Approved 2015 remuneration of employees & directors. 2.Approved the Financial Statements and Business Report of 2015. 3.Approved dividend distribution of 2015. Cash dividends of NT\$215,295,700(NT\$1.35 per share) 4.Approved repurchase of treasury stocks. 5.Approved 2016 AGM agenda.
2016.04.26	1.Approved the Financial Statement for 1st quarter of 2016. 2. Approved the amendment of the Articles of Incorporation .

(12)The directors or supervisors who have objected to the resolutions reached by the board of directors and the objections are recorded or declared in writing in the most recent years and up to the date of the annual report printed: N/A

(13) The resignation or discharge of personnel who are responsible for financial statements in the most recent years and up to the date of the annual report printed:N/A

4.CPAs Fees:

Name of the firm	Names of CPA		During the audit	Notes
Deloitte & Touche	Wan-Yi, Liao	Chien-Shin, Shieh	Jan. 1,2015-Dec. 31,2015	

		Audit fees	Non-Audit fees	Total
1	Below \$2,000,000		v	
2	\$2,000,000 ~ \$4,000,000			
3	\$4,000,000 ~ \$6,000,000	v		
4	\$6,000,000 ~ \$8,000,000			
5	\$8,000,000 ~ \$10,000,000			
6	Over \$10,000,000			

- A. When non-audit fees paid to the certified public accountant, to the accounting firm of the certified public accountant, and/or to any affiliated enterprise of such accounting firm are one quarter or more of the audit fees paid thereto, the amounts of both audit and non-audit fees as well as details of non-audit services shall be disclosed:N/A.
- B. When the company changes its accounting firm and the audit fees paid for the fiscal year in which such change took place are lower than those for the previous fiscal year, the amounts of the audit fees before and after the change and the reasons shall be disclosed:N/A.
- C. When the audit fees paid for the current fiscal year are lower than those for the previous fiscal year by 15 percent or more, the reduction in the amount of audit fees, reduction percentage, and reason(s) therefor shall be disclosed:N/A.

The professional fees for auditing services referred to in item (1) means the professional fees paid by the company to a certified public accountant for auditing, review, and secondary reviews of financial reports, financial forecast reviews, and tax certification.

5. CPA's Information: N/A.

(1) Regarding former CPA:

Replacement date	Approved by the board of directors on Jun. 12, 2012.		
Replacement reasons	The CPA certifying the company's 2011 financial statements were Chien-Shin, Shieh and Ku-tung, Lin at Deloittee & Touche – Taiwan. However, due to the firm's internal task transfer and arrangement, the company's 2012 financial statements were certified by CPA Wan-Yi, Liao and Chien-Shin, Shieh.		
Please explain whether the termination or refusal of the commission is initiated by the entrusted or CPA.	The party	CPA	Entrustor
	Status	Not applicable	
	Took initiative in terminating the commission		
Refusal (discontinuation) of the commission			
The opinions on the auditing reports in the recent two years and reasons, except the issue of unqualified opinions.	Not applicable		
Different opinions with the issuer:	Yes		Accounting principle or practice
			Disclosure of financial reports
			Auditing range and steps

		Others
	No	√
	Why	Not applicable.
Other disclosure items: (The items required to be disclosed as per item 4, subparagraph 1 of article 11 in regulations governing the preparation of financial reports by securities issuers.)		N/A

(2)Regarding successor CPA:

Name of the firm	Deloitte & Touche – Taiwan
Names of CPA	Wan-Yi, Liao and Chien-Shin, Shieh
Date of commission	As passed by the board of directors on Jun. 12, 2012
Items and results of the consultation made before the commission for the possible opinions on the accounting process method or accounting principle and the financial reports of specific transactions	N/A
The written opinions from the successor CPA against the ones from the former CPA.	N/A

(3) The response made by former CPA for the issues listed in item 3 of subparagraph 1 of article 22 of “regulations governing the preparation of financial reports by securities issuers”: N/A

6. If the Chairman, General Manager, and financial or accounting manager of the company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: N/A

7. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders 10% shareholding or more:

(1) Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads and Shareholders

Unit: share

Title	Name	2015		As of April 30,2016	
		Net change in Shareholding	Net change in Share Pledged	Net change in Shareholding	Net change in Share Pledged
Chairman	Hsu-Ting, Lin	-	-	-	-
Director	Jia-Hong, Wang	300,000	1,500,000	-	-
Director	UMC Capital Corporation	-	-	-	-
	Dun-Chien, Cheng	-	-	-	-
Director	CDIB Venture Capital Corporation	-	-	-	-
	Jia-Zhen, Kang	-	-	-	-
Independent director	Tsung-Ming, Lo	-	-	-	-
Independent director	Po-Cheng, Ko	-	-	-	-
Independent director	Jung-Sheng, Pai	-	-	-	-
Supervisor	Gen-Cing, Chen	-	-	-	-
Supervisor	Cheng-Chie, Niu	-	-	-	-
Supervisor	Chung-Ta, Wu	-	-	-	-
Vice president	Yin-Ming, Huang	(20,000)	-	-	-
Vice president	Zhao-Yang, Chen	43,000	-	-	-
Vice president	Sheng-Jhou,Wong	-	-	(27,000)	-
Director	Chang-Long, Yan	-	-	-	-
Plant Manager	Tseng-Chien, Huang	-	-	-	-
Special assistant to the Chairman	Ruo-Ping, Lin	-	-	-	-
Financial Manager	Li-ching, Ko	(20,000)	-	-	-

(2) The information of the related party who was the corresponding party of the equity transfer: N/A

(3) The information of the related party who was the corresponding party of the equity pledge: N/A

8. The relation of the top ten shareholders as defined by Finance Standard Article 6:

Name	Current shareholding		Shareholding of spouse and minors		Shares held in the names of others		The relation of the top ten shareholders as defined by Finance Standard Article 6	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio	Name	relationship
Hsu-Ting, Lin	5,516,149	3.46%	-	N/A	-	N/A	Liu-Ze, Lin Jia-Hong, Wang	Brothers Daughter Affinity
UMC Capital Corporation	4,906,836	3.08%	-	N/A	-	N/A	-	N/A
Zhen Ding Technology Holding Limited	4,610,388	2.89%	-	N/A	-	N/A	-	N/A
Liu-ze, Lin	3,760,854	2.36%	-	N/A	-	N/A	Hsu-Ting, Lin	Brothers
China Development Industrial Bank	2,790,910	1.75%	-	N/A	-	N/A	CDIB Venture Capital Corporation	Affiliates
CDIB Venture Capital Corporation	2,513,383	1.58%	-	N/A	-	N/A	China Development Industrial Bank	Affiliates
Jia-Hong, Wang	2,218,254	1.39%	3,727	0.00%	-	N/A	Hsu-Ting, Lin	Daughter Affinity
Shin Yang Investment	2,010,706	1.26%	-	N/A	-	N/A	-	N/A
ASUSPOWER Investment Co., LTD.	1,928,768	1.21%	-	N/A	-	N/A	-	N/A
Key Ware electronics Co.,LTD.	1,842,000	1.16%	-	N/A	-	N/A	-	N/A

9. Investment form Directors, Supervisors, Managers and directly or indirectly controlled businesses:

Unit: Share

Trans-investment business	The company's investment		Investment made by directors, supervisors, managers and the businesses directly or indirectly controlled by the company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Total shareholding ratio
Topoint Technology Co.,Ltd.(B.V.I)	7,139	100%	-	-	7,139	100%
Unipoint Technology Co., Ltd.	30,696,297	61.76%	-	-	30,696,297	61.76%
Warspeed Corporation(B.V.I)	50,000	100%	-	-	50,000	100%
Topoint Japan Co., Ltd.	600	100%	-	-	600	100%
Shanghai Topoint Precision Tool Co., Ltd.	-	-	-	100%	-	100%
Sharpoint Technology (Qinhuangdao) Co., Ltd.	-	-	-	100%	-	100%
Unipoint Technology Holdings Co., Ltd.(B.V.I.)	-	-	11,200	100%	11,200	100%
Unipoint Technology Shenzhen Co., Ltd.	-	-	-	100%	-	100%
Sharpoint Technology (Shenzhen) Co., Ltd.	-	-	-	100%	-	100%
Sharpoint Technology (Suzhou) Co., Ltd.	-	-	-	100%	-	100%
Kunshan Restek Technology Co., Ltd.	-	-	-	75%	-	75%
Kunshan Topoint Technology Co., Ltd	-	-	-	100%	-	100%
Sharpoint Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Chengdu Raypoint Precision Tools Co., Ltd.	-	-	-	92.5%	-	92.5%
Kunshan Raypoint Precision Tools Co., Ltd.	-	-	-	100%	-	100%
Winpoint Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%

IV. Stock subscription

1. Capital and shares:

(1) Stock capital

Unit: NT\$1,000/1,000 shares

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Capital sources		Use of non-cash property to pay for the shares	Others
						Amount	Source		
4/1996	10	1,500	15,000	1,500	15,000	15,000	Cash capital increase	-	04/12/1996 1996 Jien (3) Geng Zi No. 48510
5/1997	10	6,000	60,000	3,250	32,500	17,500	Cash capital increase	-	02/23/1998 1998 Jien (3) Jia Zi No. 124692
6/1998	10	20,000	200,000	9,920	99,200	49,200 17,500	Cash capital increase Capital surplus transfer	-	11/18/1998 1998 Jien (3) Jia Zi No. 259480
9/1999	10	20,000	200,000	13,852	138,253	20,800 18,253	Cash capital increase Earnings transfer	-	10/21/1999 Jing (1999) Shang Zi No. 08813853
5/2000	23	49,000	490,000	27,300	273,000	120,000 14,747	Cash capital increase, earnings and capital surplus transfer	-	06/28/200 Jing (2000) Shang Zi No. 089121529
05/2002	10	49,000	490,000	34,000	340,000	67,000	Earnings and capital surplus transfer	-	09/19/2001 Jing (2001) Shang Zi No. 0901372890
11/2002	20	49,000	490,000	39,000	390,000	50,000	Cash capital increase	-	01/03/2002 Jing (2001) Shang Zi No. 09001523010
12/2003	10	49,000	490,000	41,000	410,000	20,000	Cash capital increase	-	12/29/2003 Jing-Shou-Zhong Zi No. 09233192270
08/2004	10	42,693	426,930	42,693	426,930	16,930	Earnings transfer	-	10/05/2004 Jing-Shou-Zhong Zi No. 09332806590
10/2004	16.8	70,000	700,000	48,393	483,930	57,000	Cash capital increase	-	12/29/2004 Jing-Shou-Zhong Zi No. 09333262600
09/2005	10	70,000	700,000	55,258	552,581	68,651	Earnings and capital surplus transfer	-	09/16/2005 Jing-Shou-Shang Zi No. 09401183300
06/2006	10	140,000	1,400,000	65,258	652,581	100,000	Cash capital increase	-	06/20/2006 Jing-Shou-Shang Zi No 09501118760
09/2006	10	140,000	1,400,000	75,428	754,288	101,707	Earnings transfer	-	09/07/2006 Jing-Shou-Shang Zi No. 09501202460

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Capital sources		Remarks	
		Shares	Amount	Shares	Amount	Amount	Source	Use of non-cash property to pay for the shares	Others
10/2006	10	140,000	1,400,000	76,116	761,161	6,873	Shares transferred from corporate bonds	-	10/07/2006 Jing-Shou-Shang Zi No. 09501232720
01/2007	10	140,000	1,400,000	77,388	773,882	12,721	Shares transferred from corporate bonds	-	10/23/2007 Jing-Shou-Shang Zi No. 09601018460
04/2007	10	140,000	1,400,000	78,605	786,050	12,168	Shares transferred from corporate bonds	-	04/17/2007 Jing-Shou-Shang Zi No. 09601080210
07/2007	10	140,000	1,400,000	84,242	842,421	56,371	Shares transferred from corporate bonds	-	07/23/2007 Jing-Shou-Shang Zi No. 09601175210
08/2007	10	140,000	1,400,000	95,469	954,691	112,270	Earnings transfer	-	08/24/2007 Jing-Shou-Shang Zi No. 09601206420
08/2008	10	140,000	1,400,000	106,868	1,068,680	113,988	Earnings transfer	-	08/28/2008 Jing-Shou-Shang Zi No. 09701219390
10/2008	10	140,000	1,400,000	107,056	1,070,565	1,885	Stock Option transfer	-	10/21/2008 Jing-Shou-Shang Zi No. 09701266600
08/2009	21	200,000	2,000,000	117,056	1,170,564	100,000	Cash capital increase	-	08/26/2009 Jing-Shou-Shang Zi No. 09801191340
09/2009	10	200,000	2,000,000	126,584	1,265,840	95,275	Earnings transfer	-	09/11/2009 Jing-Shou-Shang Zi No. 09801205940
10/2009	10	200,000	2,000,000	126,671	1,266,717	877	Stock Option transfer	-	10/30/2009 Jing-Shou-Shang Zi No. 09801249110
01/2010	10	200,000	2,000,000	127,577	1,275,577	8,860	Stock Option transfer	-	01/19/2010 Jing-Shou-Shang Zi No. 09901011840
04/2010	10	200,000	2,000,000	127,694	1,276,947	1,370	Stock Option transfer	-	04/16/2010 Jing-Shou-Shang Zi No. 09901076220
09/2010	10	300,000	3,000,000	131,551	1,315,519	38,571	Earnings transfer	-	09/03/2010 Jing-Shou-Shang Zi No. 09901203020
11/2010	21.1	300,000	3,000,000	133,921	1,339,216	23,696	CB transfer	-	11/01/2010 Jing-Shou-Shang Zi No. 09901244520

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Capital sources		Use of non-cash property to pay for the shares	Others
						Amount	Source		
01/2011	10	300,000	3,000,000	134,060	1,340,604	1,388	Stock Option transfer	-	01/25/2011 Jing-Shou-Shang Zi No. 10001017040
04/2011	21.10	300,000	3,000,000	139,370	1,393,699	53,096	CB transfer and Stock Option transfer	-	04/21/2011 Jing-Shou-Shang Zi No. 10001080020
07/2011	21.1	300,000	3,000,000	144,109	1,441,093	47,393	CB transfer	-	07/28/2011 Jing-Shou-Shang Zi No. 10001173710
08/2011	21.10	300,000	3,000,000	152,569	1,525,685	84,592	CB transfer and Earnings transfer	-	08/26/2011 Jing-Shou-Shang Zi No. 10001199400
08/2012	10	300,000	3,000,000	156,658	1,566,578	40,893	Earnings transfer	-	08/24/2012 Jing-Shou-Shang Zi No. 10101176420
09/2013	10	300,000	3,000,000	157,890	1,578,905	12,327	Earnings transfer	-	09/03/2013 Jing-Shou-Shang Zi No. 10201180390
04/2014	20.7	300,000	3,000,000	157,938	1,579,380	475	Stock Option transfe	-	04/15/2014 Jing-Shou-Shang Zi No. 10301065310
07/2014	20.7	300,000	3,000,000	158,166	1,581,665	2,285	Stock Option transfe	-	07/18/2014 Jing-Shou-Shang Zi No. 10301141790
10/2014	20.7	300,000	3,000,000	158,800	1,588,005	6,340	Stock Option transfe	-	10/16/2014 Jing-Shou-Shang Zi No. 10301216480
01/2015	20.7	300,000	3,000,000	159,046	1,590,465	2,460	Stock Option transfe	-	01/23/2015 Jing-Shou-Shang Zi No. 10401007350
04/2015	20.7	300,000	3,000,000	159,155	1,591,557	1,092	Stock Option transfe	-	04/16/2015 Jing-Shou-Shang Zi No. 10401070200
07/2015	20.7	300,000	3,000,000	159,204	1,592,040	483	Stock Option transfe	-	07/21/2015 Jing-Shou-Shang Zi No. 10401147210
01/2016	20.7	300,000	3,000,000	159,478	1,594,782	2,742	Stock Option transfe	-	01/19/2016 Jing-Shou-Shang Zi No. 10501010900

Unit: share

Type of Shares	Authorized Shares			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stock	159,204,046	140,795,954	300,000,000	2015.12.31

(2) Status of shareholders

April 23, 2016

Status of shareholders Q'ty	Government agencies	Financial institutions	Other institutional investors	Domestic Natural Persons	Foreign institutional & Natural Persons	Total
Number of shareholders	1	11	47	18,491	84	18,634
Shareholding	87	6,930,961	27,324,222	107,517,187	17,705,839	159,478,296
Shareholding ratio	0.00%	4.35%	17.13%	67.42%	11.10%	100.00%

(3) Status of Shareholding Distributed

Face value per share: \$10

April 23, 2016

Classification	Number of shareholder	Shareholding	Shareholding Ratio(%)
1-999	8,945	621,327	0.39
1000-5,000	6,297	14,583,747	9.15
5,001-10,000	1,552	12,292,704	7.71
10,001-15,000	525	6,619,433	4.15
15,001-20,000	383	7,107,724	4.46
20,001-30,000	347	8,998,541	5.64
30,001-40,000	156	5,544,957	3.48
40,001-50,000	83	3,877,452	2.43
50,001-100,000	181	12,716,522	7.97
100,001-200,000	78	11,337,447	7.11
200,001-400,000	41	11,580,115	7.26
400,001-600,000	11	5,263,154	3.30
600,001-800,000	7	4,747,317	2.98
800,001-1000,000	5	4,474,644	2.80
1000,001-	23	49,713,212	31.17
Total	18,634	159,478,296	100.00

(4) Roster of Major shareholders:

April 23, 2016

Shareholding	Shareholding	Shareholding ratio
Shareholder's Name		
Hsu-Ting, Lin	5,516,149	3.46%
UMC Capital Corporation	4,906,836	3.08%
Zhen Ding Technology Holding Limited	4,610,388	2.89%
Liu-ze, Lin	3,760,854	2.36%
China Development Industrial Bank	2,790,910	1.75%
CDIB Venture Capital Corporation	2,513,383	1.58%
Jia-Hong, Wang	2,218,254	1.39%
Shin Yang Investment	2,010,706	1.26%
ASUSPOWER Investment Co., LTD.	1,928,768	1.21%
Key Ware electronics Co.,LTD.	1,842,000	1.16%

(5) Market price, net value, earnings, dividend per share and related information in the recent two years. .
Unit: NT\$/share

Year		2014	2015	As of Mar. 31,2016	
Item					
Market price per share	Highest	35.55	34.10	26.20	
	Lowest	20.15	18.20	20.00	
	Average	26.75	26.16	22.85	
NAV	Pre-distribution	29.03	29.47	29.36(note1)	
	Post-distribution	27.80	(note2)	-	
EPS	Weighted average shares	158,199,000	159,082,000	159,478,000	
	EPS (pre-adjustment) (post-adjustment)	2.28	2.34	0.31 (note1)	
DPS	Cash dividend	1.2226	(note2)	-	
	Scrip issue	Stock dividend from retained earnings	-	-	--
		Stock dividend from capital reserve	-	-	--
	Accumulated dividends having yet to be paid	-	-	-	
Analysis of ROI	P/E	11.73	(note2)	-	
	Dividend ratio	21.88	(note2)	-	
	Cash dividend yield	4.57%	(note2)	-	

Note 1 : The NAV and EPS shown above are the data certified by the CPA as of the 1st quarter of 2016.

Note 2: Subject to the approval of the annual shareholders meeting.

- (6) Execution of Dividend Policy
- a. Given the fact that the company is in its growing period and taking its future development, financial structure and shareholders' equity into account, the company has concurrently released stock and cash dividends, in which the cash dividend shall not be lower than 10% of the total shareholder bonus released in the current year.
 - b. The dividends planned to be distributed this year are as below: (the proposal has been passed by the board of directors, and planned to be submitted to the shareholders' meeting for discussion)
As passed in the board meeting on March 14, 2016 for 2015 earnings distribution, the company plans to distribute the cash dividend at \$1.35 per share. (It is planned to request shareholders to authorize the board of directors to adjust the ensuing change to be caused by the change in shareholder's stock dividend/cash dividend rate resulting from the outstanding shares which are influenced by the change of capitalization).

- (7) Impact of the proposed stock dividend in shareholders meeting on business performances and EPS:
Not Applicable
Note: The Company did not have financial forecast proposed up to the date of the annual report printed.

- (8) Employee bonuses and remuneration of directors and supervisors
- a. The ratio or range of employee bonuses and remuneration of directors and supervisors stated in the corporate constitution:
Profit before income tax set aside Employees' bonus to employees in the range of 1% to 25%. Remuneration of directors and supervisors shall be no more than 3%.

- b. Information of the employee bonus and director/supervisor remuneration passed by the board of directors:
 - 1) The amounts of the employee cash bonus, stock bonus and director/supervisor remuneration planned to be distributed are as below:
As approved by the board of directors on March 14, 2016, it is expected to distribute \$77,152,624 of employee cash bonuses and \$10,286,883 of director/supervisor remuneration or 2015.
 - 2) The shares of employee stock bonuses planned to be distributed and their ratio to the increased capital from earnings transfer: N/A

- c. The actual distributions of dividend to employees and remuneration to directors and supervisors with retained in 2015:

	Resolved in shareholders meeting	Resolved by board of directors	Difference
Distribution status:			
Employee cash bonus	48,661,000	48,661,000	-
Employee stock bonus			
Shares	-	-	-
Amount	-	-	-
Ratio to the outstanding shares at the end of 2015	-	-	-
Director/supervisor remuneration	\$9,732,000	\$9,732,000	-
Information of EPS			
Original EPS	\$2.28	\$2.28	-
EPS taking bonuses and remuneration into account	\$2.28	\$2.28	-

(9) Treasury stock:

Frequency of shares repurchased	1
Purpose of the share repurchase	transferring to employees
Original scheduled period for the repurchase	2016/03/15~2016/05/14
Originally determined repurchase price range	NTD \$18~30 per share
Number of shares repurchased	N/A
Total monetary amount of shares repurchased	N/A
Cancellation and transfer	N/A
Cumulative number of own shares held	N/A
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	N/A

2. Corporate bonds: N/A

3. Preferred stock: N/A

4. ADR/GDR: N/A

5. Employee stock option certificates :

(1) The handling status as of the annual report publication date, and the influence on shareholders' equity:

April 30, 2016

Cat. of employee stock option certificates	3 rd time (phase) Employee stock option certificate
Date approved by the competent authority	Sep. 19,2011
Issue date	Sep. 26,2011
Issued units	3,500
Ratio of the shares eligible for subscription to total issued shares	2.20%
Share subscription period	For Sep. 19,2011 through Sep. 26,2011
Fulfillment method	The common stock newly issued by the company
Restriction on subscription and ratio (%)	Two years of seniority: 50%; Three years of seniority: 75%; Four years of seniority: 100%
Shares acquired	1,587,750
Amount of executed subscription shares	32,886,425
Unexecuted subscription shares	1,209,750
The unexecuted subscription share price	20.70
The ratio of the unexecuted subscription shares to total issued shares (%)	0.76%
Influence on shareholders' equity	The issue of employee stock option certificates may create common interests between the company and its shareholders. Furthermore, the issued shares have only very trivial impact on equity dilution, so no significant influence will be made on shareholders' equity

(2) Acquisition and subscription status of the managers acquired the employee stock option certificates, and the employees who acquired top 10 employee stock options:

April 30, 2016

Title	Name	Acquired subscription shares	Ratio of acquired subscription shares to total issued shares	Executed				Not yet to be executed			
				Executed subscription shares	Executed subscription price	Amount of executed subscription shares	Ratio of the executed subscription shares to total issued shares	Unexecuted subscription shares	Unexecuted subscription share price	Amount of unexecuted subscription shares	Ratio of unexecuted subscription shares to total issued shares
CEO	Hsu-Ting, Lin	940	0.59%	362.5	20.7	7,504	0.23%	577.5	20.7	11,954	0.36%
President	Jia-Hong, Wang										
Vice president	Yin-Ming, Huang										
Vice president	Zhao-Yang, Chen										
Vice president	Sheng-Jhou, Wong										
Director	Chang-Long, Yan										
Financial Manager	Li-Ching, Ko										
Manager	Zhen-Jian, Liu										
Special Assistant	Ruo-Ping, Lin										

6. New restricted employee shares: N/A

7. Merger and acquisition (including merger, acquisition, and split): N/A

8. Fund implementation plan:N/A

V. Overview of business operation

1. Principal activities

(1) Scope of Business

- ① Major Business the Company has Engaged
 - i. Manufacture and sales of micro-drill bits exclusively for printed circuit boards
 - ii. Manufacture and sales of digital drilling machines exclusively for printed circuit boards
 - iii. Manufacture and sales of the peripheral facilities for the process of printed circuit boards
 - iv. General export/import trading and agency businesses
- ② Major products and their ratios in the company's total businesses

Unit: NT\$1,000

Business items	2014		2015	
	Amount of sales	% in revenue	Amount of sales	% in revenue
PCB Cutting equipment	3,192,263	98.58	3,455,141	98.55
Others	45,846	1.42	50,756	1.45
Total	3,238,109	100.00	3,505,897	100.00

③ Major Products of the Company

	Product	Specification (Diameter)
Drill bit	Micro size	Below 0.25mm
	Mini size	0.30mm~0.45mm
Router bit	Micro size	0.50 mm~0.75mm
	Mini size	0.80mm~3.175mm
	Large size	Over 3.175mm

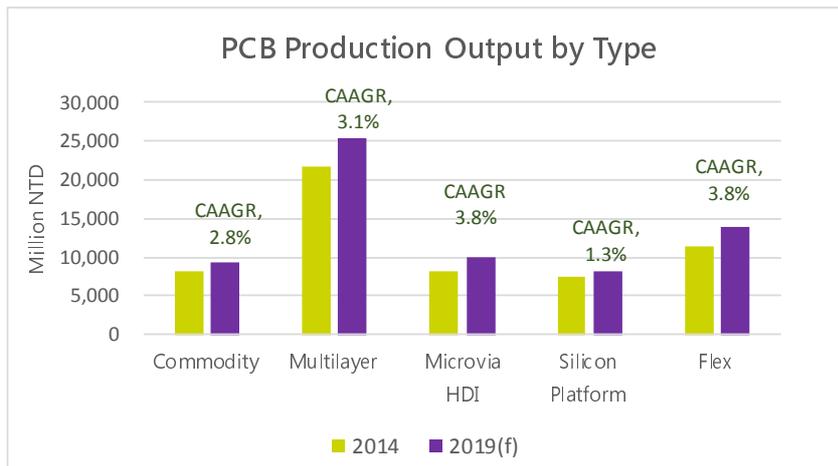
- ④ New Products under Development
 - i. Sustainable development of performance enhancing micro drills.
 - ii. Sustainable development of performance enhancing micro routers.
 - iii. Development of prolonged tool life product and high aspect ratio drills.

(2) Industry Overview

① Industry Status and Development

Drill bit is one of the critical materials used in PCB manufacturing process. PCBs fundamentally support the connection among components and wirings assembled in modern electronic devices. Based on research from consulting firm Prismark Partners LLC, the global PCB production output of 2015 was estimated at USD59.0 billion, a growth of 2.7% over 2014. It also forecasted the CAAGR of global PCB market from 2014-2019 reaching 3.1%. Meanwhile, based on 2015 Industrial Yearbook published by Industrial Economics and Knowledge Center (IEK) of Taiwan Industrial Technology Research Institute (ITRI), 2016 Taiwan PCB production output has a growth potential of 3.8% over previous year, supported by demand driven from continuous product rollout of wearable devices.

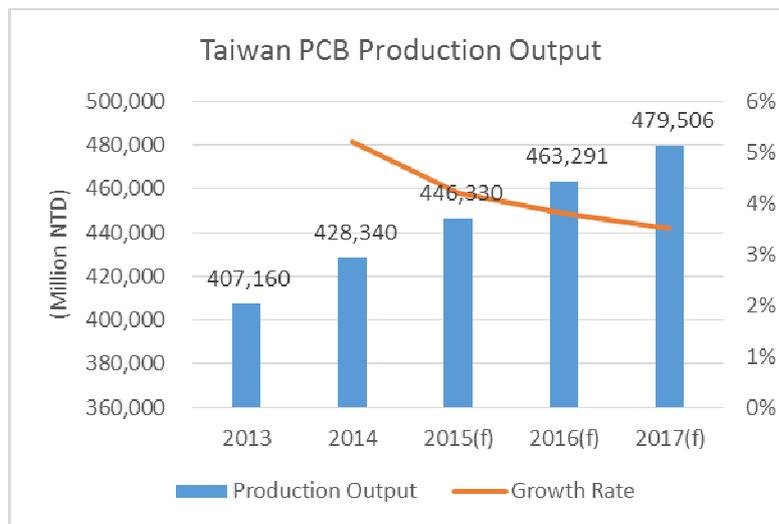
According to survey from Prismark, the future driving momentum of growth, by application, shall primarily be contributed from demand of aerospace, and automobile devices; while tablets and smart phones are expected with relative tempered growth. Ongoing expansion of cloud application is forward pushing the multi-layer board demanded by high-end servers. As "slim and small" portable devices, being the industry's continuing pursuit, stimulates application of high-end PCBs (any-layer PCB, multi-layer FPC, FC-CSP), and further drives the demand for advanced drills as well as blind/buried via drilling.



Unit: Million USD

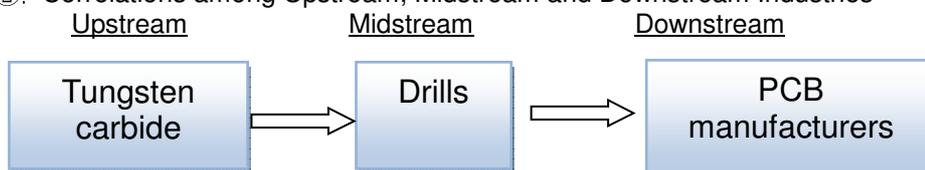
	2014	2015E	2019(f)	2014 - 2019 CAAGR
Commodity	\$8,242	\$8,425	\$9,454	2.8%
Multilayer	\$21,833	\$22,511	\$25,463	3.1%
Microvia HDI	\$8,288	\$8,552	\$9,997	3.8%
Silicon Platform	\$7,598	\$7,638	\$8,122	1.3%
Flex	\$11,476	\$11,878	\$13,832	3.8%
Total	\$57,437	\$59,004	\$66,868	3.1%

Source: Prismark (2015/05), compiled by Topoint



Source : IEK of ITRI (2015/05), compiled by Topoint

②. Correlations among Upstream, Midstream and Downstream Industries



③. Product Development

- i. Followed by the multi-functional development trend of consumer devices, high performance, large memory space, energy efficient and environmental friendly, slimmer and smaller products are the mainstream. At the same time, the industry has also continued to develop products with high frequency, high speed and multiple IO chips. As a result, PCBs were designed toward the attributes of higher hole density, finer line width/space, and multiple electrical components. Hence, the demand for drilling quality, such as drilling hole accuracy, surface roughness, and anti-breakage drill property, became even more critical.
- ii. Chipsets, memories and cell phones are major applications of high-end substrates. Moving toward smaller sizes and more units is the major trend of design. It increased the demand of micro-size drills.
- iii. Increasing worldwide awareness of green environmental protection, made higher standards (e.g. Halogen-Free, Lead-Free and High Tg, etc.) for PCB materials be imposed. Under such circumstances, it is imperative for the company to take measures as early as possible to counter the change in materials, and our drills quality performance can suffice with the market demand.

④. Competition Status

In the early days, Japan and Europe manufacturers were the mainstay of global drill production. However, in the face of new electronic products that kept rolling out in recent years, International electronic giants could no longer sustain intense price competition, gradually moved productions to Asia. Drills are indispensable materials in the overall electronic supply chain; hence, changes began to occur in the competitive market of drills. Led by Union Tool, Japan-based drill production still taking up the highest global market share. On the other hand, constrained by cost and technology development issues, European drill manufacturers had gradually lost their market share to Taiwan drill manufacturers. At this moment, the market share taken by Taiwan drill manufacturers has continued to grow.

Drills applied to general PCB and IC substrates are different in terms of hole diameters and engineering technology demand. The manufacturers in Taiwan and China have mainly produced the mini sizes (more than 0.30 mm) for traditional PCBs. Due to large number of competitors in this sector, it resulted in severe price competition. Japanese drill manufacturers mainly produced micro sizes (smaller than 0.25 mm) for HDIs and IC substrates. Since Topoint also focused on production for micro drills with diameters below 0.25 mm. Aside from Japanese manufacturers, the company currently has the largest micro-drill output volume in the world.

(3) Technology and R&D Overview

①. R&D personnel and their education as well as work experience

April 30, 2016

Item / Education	PhD / Masters	University graduates	Senior high school	Total	Service seniority
No. of personnel	0	9	1	10	7.63
Ratio	0%	90%	10%	100%	

②. Amounts invested in annual R&D in the recent five years

Unit: NT\$1,000

Item year	2014	2015
R&D expense	84,705	103,179
Sales revenue	3,238,109	3,505,897
Ratio	3%	3%

③. The products and technology successfully developed

2011	Mass and trial production of Second-generation high aspect ratio drills. Special type of soft board drills performance improvement.
2012	Second generation patent exterior drills, import the "BGA " and "Flip chip" substrate, drill diameter 0.075~0.2 high performance products, soft-plate cover and drill materials development guide.
2013	Mass and trial production of FC-CSP and Flex.
2014	Mass and trial production of BGA and Flip Chip.
2015	Mass and trial production of high performance products.

④. Long and Short-term Business Development Plans

i. Short-term Plan

- a. Strengthen partnerships with existing customers and increase market share.
- b. Actively engage with target customers and develop new lines of business.
- c. Build up comprehensive customer service and technology supporting system, to provide integrated resolutions based on customer demand in a timely basis.
- d. Develop integrated service platform.
- e. Establish cutting tools customized design, economical production and market share.

ii. Long-term Plan

- a. Continue to develop core technology related new business to build up driving momentum for future business growth.
- b. Continue to seek any opportunity of strategic alliances to strengthen the company's competitive advantage.

2. Market analysis and the condition of sale and production

(1) Market Analysis

①. Sales Breakdown by Region

Unit: NT\$1,000

Region Year	2014		2015	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Domestic sales	750,223	23.17	691,711	19.73
China	2,229,322	68.85	2,584,386	73.72
Others	258,564	7.98	229,800	6.55
Total	3,238,109	100.00	3,505,897	100.00

②. Market Share

According to the company's estimation, the company's global market share was approximately 25%, with monthly sales volume at 21 million pieces vs. monthly total demand of 83 million pcs worldwide; making the company a leading drill supplier in the world.

③. The Status of Future Market Demand and Supply and Prospect

i. Demand Side

With the trend of electronic products being slimmer and smaller with multi-functions, circuit layout miniaturization has naturally become the trend. And the annual growth of demand for drills is equivalent to (the growth rate of PCB) X (the growth rate of layout density). As estimated by IEK of ITRI, the annual growth rate of 2015 Taiwan PCB production was 3.8%.

ii. Supply Side

Total monthly capacity of top three drill suppliers was around 77 million pieces, which took over 70% of global shares at the end of 2015. There were no capacity expansions among drill manufacturers during the past 3 years. It should help balance the demand and supply status as the market demand recover.

④. Competition Niche

- i. Advanced Core Technology : with high-precision grinding technology, high process yield and consistent mass production quality, these core technologies shall facilitate the company to maintain leading position in the PCB drill supply industry; furthermore, these are stepping stones for the company to cross into drilling services and metal cutting tool business.
- ii. Flexible capacity allocation capabilities on 21 million pcs production base.
- iii. Cost control effectiveness: highly automated production lines, continuous production improvement, advantage in material cost, maintained our cost competitiveness.
- iv. Comprehensive customer base of worldwide well-known manufacturers.

⑤. Advantages/Disadvantages for the Future Development and Solutions

i. Advantages

- ∨ New generation of electronic products and technology drive the demands of ultra-micro drills.
- ∨ Establishment of “Cloud” servers and mobile phone base station has positive future prospects, and will increase demand for drills.
- ∨ Development of new product and service will benefit the company’s revenue and profit.
- ∨ Continue to hold the leading position in advanced technology along with high-yield and stable production, enabling steady orders and new business.

ii. Disadvantages

- ∨ Severe price competition for the low-end products in the industry is likely to result in vicious competition in the market.
- ∨ Major raw material of the company’s products is tungsten carbide. The company may not be in best position in material procurement because of its characteristic of rareness.

iii. Policy of Response

- ∨ Strengthen sales marketing activities.
- ∨ To expedite R&D development and put high value-added products to mass production.
- ∨ To strengthen process management and effectively reduce production costs.
- ∨ Develop new supply of raw material, to further enhance material cost management.

(2) Major Applications and Production Process of the Main Products

①. Major Applications of the Main Products

Item	Major Functions	Major Applications
Drills	To form through-holes for interlayer of IC substrate, HDI, traditional PCB and FPC	Computer : PC, notebook, server Communication: cell phones, networking products Consumer: tablet PCs, game console, TV, wearable devices, automobile
Routers	To cut out profiles of printed circuit board	

②. Production process



③. Supply Status of Major Materials

The major material of the company's products is tungsten carbide. Its material features and quality stability are the prime concerns in procurement. The company has established good relationship with its suppliers; hence the supply status has been kept normal and stable.

Major material	Suppliers	Supply status
Tungsten carbide	Japan-based Mitsubishi Japan-based Sumitomo	Good

④. Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years:

a. Material supplier list

Unit: NT\$1,000

2014				2015				2016 Q1			
Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer
A	95,003	15.38	None	A	94,785	15.50	None	C	19,258	15.88	None
B	64,922	10.51	None	B	63,030	10.31	None	A	19,100	15.75	None
C	36,823	5.96	None	C	51,287	8.39	None	B	13,506	11.14	None
Other	420,763	68.15		Other	402,356	65.80		Other	69,399	57.23	
Purchase Amount-Net	617,511	100.00		Purchase Amount-Net	611,458	100.00		Purchase Amount-Net	121,263	100.00	

b. List of major clients

Unit: NT\$1,000

2014				2015				2016 Q1			
Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer	Name	Amount	Ratio to annual net purchase amount (%)	Relationship with the issuer
A	430,724	13.30	subsidiary	A	395,196	11.27	subsidiary	A	82,089	11.39	subsidiary
B	352,078	10.87	None	B	383,522	10.94	None	B	67,538	9.37	None
Other	2,455,307	75.83		Other	2,727,179	77.79		Other	571,288	79.24	
Sales Amount-Net	3,238,109	100.00		Sales Amount-Net	3,505,897	100.00		Sales Amount-Net	720,915	100.00	

⑤. Output values in the recent two years

Unit: NT\$1,000/1,000pcs.

Year/output value	2014			2015		
	Production capacity	Output	Output value	Production capacity	Output	Output value
Major products						
PCB Tool	241,752	218,765	1,310,114	241,752	226,033	1,331,128
Total	241,752	218,765	1,310,114	241,752	226,033	1,331,128

⑥. Sales turnovers in the recent two years

Unit: NT\$1,000/1,000 pcs

Year/sales turnover	2014				2015			
	Domestic sales		Export sales		Domestic sales		Export sales	
	volume	value	Volume	Value	Volume	Value	Volume	value
Major products								
PCB Tool and Drill	45,332	731,533	152,180	2,460,730	35,324	376,978	157,698	3,081,156
Others	-	19,673	-	26,173	-	22,023	-	25,740
Total	45,332	751,206	152,180	2,486,903	35,324	399,001	157,698	3,106,896

3. Status of employees:

Year		2014	2015	April 30,2016
Number of employees	Indirect	119	136	151
	Direct	231	226	222
	Total	350	362	373
Average age		34.0	35.0	35.1
Average service years		5.14	5.24	5.39
Education distribution ratio	PhD	0.29%	0%	0%
	Master	3.43%	4.38%	4.09%
	College	35.71%	39.46%	38.14%
	Senior high school graduate	56.57%	52.88%	54.22%
	senior high school and Below	4.00%	3.28%	3.55%

4. Expenditure on Environmental Protection:

(1) To elaborate on the amount the company spent on loss (including compensation) and punishment caused by environmental pollution for the recent two years and the current year as of the annual report publication date, and disclose the counter measures (including improvement measures) and possible disbursements (covering the estimated amounts of possible losses, punishments and compensation caused by not taking counter measures. If the amounts can not be appropriately estimated, please state why): N/A

(2) Influence of RoHS :

As confirmed by the Industrial Development Bureau of Ministry of Economic Affairs as per doc. Guang-Dian-Zi no. 09500240130 dated March 29, 2006, the company is free from the restriction of RoHS requested by EU for hazardous substances.

5. Employee / Employer relation:

(1) Working environment and personal safety

The Company deeply believes that “sustainable development” is the challenging goal encountered by businesses in the 21st century: we will never forget to exercise social responsibilities while pursuing growth. In addition to continuously enhancing production technology and product quality, we also actively establish an environmental management system and safety and health management system, establish social environmental responsibilities and safety and health policies and exercise responsibilities of good social citizens. We are not only devoted to environmental protection, but also establish a safe healthy and comfortable working environment. For standards and compliance rules regarding environmental protection, safety health policies, we commit to following the following execution guidelines:

- Comply with various environmental regulations – comply and satisfy environmental protection, labor safety and health regulations and other requirements promulgated by the government, respond to global green environment, labor rights and zero disaster exercise.
- Constant environmental improvement – keep the environmental management system in constant operation, meanwhile being devoted to current environment improvement to enhance overall performance.
- Ongoing waste reduction – reduce the creation of waste and reduce the waste volume created via recycle classification as much as possible
- Ongoing pollution prevention - launch overall planning via stream thinking to reduce the possibility of gerneation pollution
- Respect of life – safety is my responsibility, superiors in various degrees and all employees including OEM companies, contractors, suppliers, part-time students, contracted employees, temporary employees and outsourcing personnel shall comply with the governmental regulations and various work safety and environmental protection resolutions. In particular, superiors in different levels shall set a good example with their own conduct and execute good supervision.
- Risk management – identify risks and by danger assessment and risk evaluation and control the risk according to risk levels. Meanwhile, carry out safety and health self-management and establish an occupational safety and health management system (OHSAS 18001)
- Pollution Prevention - source management, carry out water reduction, energy saving, reuse, cleaning process, cost reduction, reduction impact to ecological environment and establishment of environmental management system (ISO 14001)
- Ongoing improvement – environmental protection popularization, safety and health training, environmental safety conscious reinforcement, environmental system and regulations implementation, systematic management, ongoing improvement, quality environmental protection construction, safe and healthy working place.
- Carry out health management and promote employees’ physical and mental health

(2) Assessment of employees’ behavioral ethics

The company has established "Ethical Corporate Management Best Practice Principles" and “standards of conduct” as standards for compliance by directors, supervisors, managers and employees

- When engaging in commercial activities, directors, supervisors, managers, employees of the company or persons having substantial control over such company ("substantial controllers") shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, nor commit unethical acts including breach of ethics, illegal acts, or

breach of fiduciary duty ("unethical conduct") for purposes of acquiring or maintaining benefits.

- When conducting business, The company and their directors, supervisors, managers, employees and substantial controllers, shall not directly or indirectly offer, promise to offer, request or accept any improper benefits, including rebates, commissions, grease payments, or offer or accept improper benefits in other ways to or from clients, agents, contractors, suppliers, public servants, or other interested parties, unless the laws of the territories where the company operate permit so.
- When directly or indirectly offering a donation to political parties or organizations or individuals participating in political activities, The company and their directors, supervisors, managers, employees and substantial controllers, shall comply with the Political Donations Act and their own relevant internal operational procedures, and shall not make such donations in exchange for commercial gains or business advantages.
- When making or offering donations and sponsorship, The company and their directors, supervisors, managers, employees and substantial controllers shall comply with relevant laws and regulations and internal operational procedures, and shall not surreptitiously engage in bribery.
- The company and their directors, supervisors, managers, employees and substantial controllers shall not directly or indirectly offer or accept any unreasonable presents, hospitality or other improper benefits to establish business relationship or influence commercial transactions.
- Avoid conflict of interest: taking overall Company interest into consideration without intention to gain improper interest for themselves, spouse, parents, children or relative within the third-degree of kinship or impair the Company's interest.
- Avoid chance to make money for one's own: avoid opportunities to make money for one's own by using Company property, information and or taking advantage of duties.
- Confidentiality: information regarding the Company itself or it businesses, unless it is publicized under authorization or legal regulations, shall be kept confidential.
- Fair trade: treat the Company's customers, suppliers and competitors as fair as possible.
- Protect and properly use the Company's assets: protect the Company's assets to ensure that they can be efficiently and legally used for public affairs.
- Comply with laws and regulations: comply with all applicable regulations, rules and laws of the Company.
- Encourage reporting of any illegal conduct or conduct violating ethical behavior standards.
- Punishment: the Company shall investigate the responsibilities of any person that neglects his/her duties according to the violation condition and take appropriate legal actions.

(3) Employees' welfare

To value employees and take good care of them, the Company has established an employee recreation area, and offered extra life and medical insurance to protect employees, in which the field personnel shall have accident insurance with a higher insurance amount. There is an employee welfare committee organized to plan a variety of employee welfare matters. In addition to employee travel and various recreational activities, there are also subsidies for marriage, giving birth and education, solicitation money and gifts to three major holidays, birthdays, etc. provided.

(4) Employee advanced studies and training

Various training courses were implemented under the plan referring to "implementation and

management procedures of educational training”, which allowed all employees to be capable of undertaking work. To ensure the efficiency of training, the training system is divided into: internal and external training courses and accreditation appraisal. The Company not only holds training courses for new comer and on service personnel, but also actively cultivates internal lecturers as well as a training system and advanced employee studies for the expectation to cultivate internal talents in different fields, enhance personnel quality and to achieve the goal of speed talent training, skill improvement and experience inheritance.

There were a total of 269 classes of various training courses held in 2015. The total curriculum hours were 1,089 hours with 4,138 employees participating and the total educational training expenditure was NT\$810,556 dollars.

Category	Class	Hours	Persons
New comer training	23	156	97
Specialization training	187	731	2,594
Management training	24	122	382
Labor safety and health training	22	55	723
Others	13	25	342
Total	269	1,089	4,138

The best learning environment for all employees, the Company into diverse learning platform, in addition to the physical classroom, and build group video curriculum, and develop a knowledge management system and online teaching system, and motivating employees to the various learning activities.

(5) Retirement system

The Company follows Chapter 6 of the Labor Standard Law to implement employee retirement related affairs and contribute employee pension reserves as regulated in the old system and labor pension as required in the new system monthly pursuant to regulations. The Company has not yet ended December 31, 2015 to retirement-eligible, for retirement applications.

(6) Labor relationship

The Company has emphasized employee welfare and interest since its establishment, and the labor relation is very cohesive. The Company holds labor meetings periodically and provides employee proposal and opinion boxes for employees to respond to problems and constitute good interaction. It is expected to establish a cohesive relationship between labor and capital.

(7) As of the printing date of the annual report, the losses suffered and possible estimate amount in the future arising from disputes between labor and capital and correspondent actions. If it is unable to make a reasonable estimate, please explain the fact that cannot be reasonably estimated: N/A

6. Important agreements (including supply and sales contracts, technical corporation contracts, engineering contracts, long-term loan contracts, and the important contracts which may influence shareholders' equity)

Contract characteristics	The interested party	Contract start and end dates	Major content	Restriction
Long-term loan contract	Taiwan Cooperative Bank	2015.10~2017.10	Payment due date	N/A

VI. Financial information

1. Condensed balance sheet and Income statement of the last five years

A-1-1. Condensed Balance Sheet-IFRSs(Consolidated Financial Statements)

Unit: NT\$ 1,000

Year Item		Condensed Balance Sheet of fiscal year 2011~2015					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current Assets			2,364,396	2,731,325	3,424,828	3,599,105	3,504,193
Property, plant and equipment			3,314,030	3,266,291	3,535,826	2,977,495	2,832,977
Intangible Assets			8,137	6,508	5,687	9,131	28,089
Other Assets			140,762	203,893	184,142	312,324	344,968
Total Assets			5,827,325	6,208,017	7,150,483	6,898,055	6,710,227
Current Liabilities	Before allocation		879,049	865,594	1,430,882	1,120,899	1,008,139
	After allocation		989,999	991,906	1,625,527	*	-
Non-Current Liabilities			967,472	1,025,523	936,485	870,231	787,440
Total Liabilities	Before allocation		1,846,521	1,891,117	2,367,367	1,991,130	1,795,579
	After allocation		1,957,471	2,017,429	2,562,012	*	-
Equity attributable to shareholders of the company		N/A	3,793,223	4,136,137	4,592,539	4,688,076	4,682,172
Capital Stock			1,566,578	1,578,906	1,590,466	1,594,783	1,594,783
Capital surplus			1,194,724	1,200,741	1,214,142	1,219,550	1,219,550
Retained earnings	Before allocation		1,137,738	1,293,661	1,528,714	1,704,358	1,753,764
	After allocation		1,026,788	1,167,349	1,334,069	*	-
Other stockholders' equity			(105,817)	62,829	259,217	169,385	114,075
Treasury stock			-	-	-	-	-
Non-controlling interest			187,581	180,763	190,577	218,849	232,476
Total equities	Before allocation		3,980,804	4,316,900	4,783,116	4,906,925	4,914,648
	After allocation		3,869,854	4,190,588	4,588,471	*	-

*2016 regular meeting of shareholders resolution.

A-1-2. Condensed Balance Sheet-IFRSs(Financial Statements)

Unit: NT\$ 1,000

Year Item		Condensed Balance Sheet of fiscal year 2011~2015					As of March 31, 2016
		2011	2012	2013	2014	2015	
Current Assets			776,081	706,035	798,503	760,613	
Property, plant and equipment			1,135,062	971,602	816,805	639,068	
Intangible Assets			2,415	1,144	2,574	6,996	
Other Assets			2,917,040	3,293,375	3,778,007	4,043,508	
Total Assets			4,830,598	4,972,156	5,395,889	5,450,185	
Current Liabilities	Before allocation		367,617	371,214	357,418	336,172	
	After allocation		478,567	497,526	552,063	*	
Non-Current Liabilities			669,758	464,805	445,932	425,937	
Total Liabilities	Before allocation		1,037,375	836,019	803,350	762,109	
	After allocation		1,148,325	962,331	997,995	*	
Equity attributable to shareholders of the company		N/A	3,793,223	4,136,137	4,592,539	4,688,076	N/A
Capital Stock			1,566,578	1,578,906	1,590,466	1,594,783	
Capital surplus			1,194,724	1,200,741	1,214,142	1,219,550	
Retained earnings	Before allocation		1,137,738	1,293,661	1,528,714	1,704,358	
	After allocation		1,026,788	1,167,349	1,334,069	*	
Other stockholders' equity			(105,817)	62,829	259,217	169,385	
Treasury stock			-	-	-	-	
Non-controlling interest			-	-	-	-	
Total equities	Before allocation		3,793,223	4,136,137	4,592,539	4,688,076	
	After allocation		3,682,273	4,009,825	4,397,894	*	

*2016 regular meeting of shareholders resolution.

A-2-1. Condensed Balance Sheet-ROC(Consolidated Financial Statements)

Unit: NT\$ 1,000

Item		Year	Condensed Balance Sheet of fiscal year 2011~2015			
			2011	2012	2013	2014
Current Assets			2,395,098	2,403,242	N/A	
Funds & investments			9,610	9,240		
Fixed Assets			3,294,131	3,302,650		
Intangible Assets			-	-		
Other Assets			118,063	114,544		
Total Assets			5,816,902	5,829,676		
Current Liabilities	Before allocation		979,414	872,706		
	After allocation		1,089,830	983,656		
Long-term Liabilities			864,181	884,223		
Other Liabilities			65,733	81,435		
Total Liabilities	Before allocation		1,909,328	1,838,364		
	After allocation		2,019,744	1,949,314		
Capital Stock			1,525,685	1,566,578		
Capital surplus			1,187,279	1,194,724		
Retained earnings	Before allocation		835,422	958,064		
	After allocation		725,006	847,114		
Unrealized gain on financial instruments			7,770	656		
Cumulative translation adjustments			190,040	83,567		
Minority stake			161,378	187,723		
Total shareholders' equity	Before allocation		3,907,574	3,991,312		
	After allocation		3,797,158	3,880,362		

A-2-2. Condensed Balance Sheet-ROC(Financial Statements)

Unit: NT\$ 1,000

Item		Year	Condensed Balance Sheet of fiscal year 2011~2015			
			2011	2012	2013	2014
Current Assets			665,539	784,021	N/A	
Funds&investments			2,799,319	2,984,244		
Fixed Assets			1,244,693	1,136,212		
Intangible Assets			-	-		
Other Assets			25,712	28,811		
Total Assets			4,735,263	4,933,288		
Current Liabilities	Before allocation		356,562	406,901		
	After allocation		466,978	517,851		
Long-term Liabilities			574,503	655,946		
Other Liabilities			58,002	66,852		
Total Liabilities	Before allocation		989,067	1,129,699		
	After allocation		1,099,483	1,240,649		
Capital Stock			1,525,685	1,566,578		
Capital surplus			1,187,279	1,194,724		
Retained earnings	Before allocation		835,422	958,064		
	After allocation		725,006	847,114		
Unrealized gain on financial instruments			7,770	656		
Cumulative translation adjustments			190,040	83,567		
Total shareholders' equity	Before allocation		3,746,196	3,803,589		
	After allocation		3,635,780	3,692,639		

B-1-1. Condensed Income Statement-IFRSs(Consolidated Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2011~2015					As of March 31, 2016
	2011	2012	2013	2014	2015	
Net sales		2,365,885	2,534,972	3,238,109	3,505,897	720,915
Gross Profit		748,609	737,450	958,362	1,111,007	204,667
Operating Income		366,393	331,365	484,272	556,060	67,363
Non-operating income and expenses		(10,651)	17,163	(5,398)	(40,979)	(9,470)
Income before tax		355,742	348,528	478,874	515,081	57,893
Operating income		274,151	271,959	372,997	390,210	51,765
Loss of business units		-	-	-	-	-
Net income		274,151	271,959	372,997	390,210	51,765
Other comprehensive income		(118,179)	170,974	199,914	(92,719)	(56,201)
Total comprehensive income		155,972	442,933	572,911	297,491	(4,436)
Net income attributable to Shareholders of the company	N/A	273,773	280,315	360,453	372,393	49,477
Net income attributable to Non-controlling interest		378	(8,356)	12,544	17,817	2,288
Total comprehensive incom attributable to Shareholders of the company		158,071	447,847	557,753	280,457	(5,904)
Total comprehensive incom attributable to Non-controlling interest		(2,099)	(4,914)	15,158	17,034	1,468
Earnings per share		1.73	1.78	2.28	2.34	0.31

B-1-2. Condensed Income Statement- IFRSs(Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2011~2015					As of March 31, 2016
	2011	2012	2013	2014	2015	
Net sales		1,018,679	1,082,286	1,237,655	1,242,772	
Gross Profit		276,414	305,720	412,169	423,106	
Operating Income		140,554	158,381	233,318	205,094	
Non-operating income and expenses		166,907	154,465	180,492	221,812	
Income before tax		307,461	312,846	413,810	426,906	
Operating income		273,773	280,315	360,453	372,393	
Loss of business units		-	-	-	-	
Net income		273,773	280,315	360,453	372,393	
Other comprehensive income		(115,702)	167,532	196,417	(91,936)	
Total comprehensive income		158,071	447,847	557,753	280,457	
Net income attributable to Shareholders of the company	N/A	273,773	280,315	360,453	372,393	N/A
Net income attributable to Non-controlling interest		-	-	-	-	
Total comprehensive incom attributable to Shareholders of the company		158,071	447,847	557,753	280,457	
Total comprehensive incom attributable to Non-controlling interest		-	-	-	-	
Earnings per share		1.73	1.78	2.28	2.34	

B-2-1. Condensed Income Statement-ROC(Consolidated Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Income Statement of fiscal year 2011~2015				
	2011	2012	2013	2014	2015
Net sales	2,230,000	2,365,885			
Gross Profit	776,138	748,609			
Operating Income	398,548	368,092			
Non operating income	41,825	29,494			
Non operating expenses	49,519	41,592			
Income from continuing operations before Tax	390,854	355,994			
Income from continuing operations	295,157	274,351		N/A	
Income from discontinued operations	-	-			
Extraordinary gain (loss)	-	-			
Cumulative effect of change in accounting principle	-	-			
Net Income	302,908	273,951			
EPS(\$)	2.01	1.74			

B-2-2. Condensed Income Statement-ROC(Financial Statements)

Unit: NT\$1,000

Item \ Year	Condensed Income Statement of fiscal year 2011~2015				
	2011	2012	2013	2014	2015
Net sales	1,065,785	1,018,679	N/A		
Gross Profit	288,599	276,414			
Operating Income	141,446	130,773			
Non operating income	229,000	194,513			
Non operating expenses	18,332	17,577			
Income from continuing operations before Tax	352,114	307,709			
Income from continuing operations	302,908	273,951			
Income from discontinued operations	-	-			
Extraordinary gain (loss)	-	-			
Cumulative effect of change in accounting principle	-	-			
Net Income	302,908	273,951			
EPS(\$)	2.01	1.74			

C. Auditing by CPAs

CPAs and their auditing opinions in the past five years

Year	CPAs	Opinions
2011	Chien-Shin, Shieh & Ku-Tung, Lin (Deloitte & Touche-Taiwan)	Unqualified
2012	Wan-Yi, Liao & Chien-Shin, Shieh (Deloitte & Touche-Taiwan)	Unqualified
2013	Wan-Yi, Liao & Chien-Shin, Shieh (Deloitte & Touche-Taiwan)	Unqualified
2014	Wan-Yi, Liao & Chien-Shin, Shieh (Deloitte & Touche-Taiwan)	Unqualified
2015	Wan-Yi, Liao & Chien-Shin, Shieh (Deloitte & Touche-Taiwan)	Unqualified

2-1-1. Financial analysis in the past five years-IFRSs(Consolidated Financial Statements)

Item		Year	Condensed Income Statement of fiscal year 2011~2015					As of March 31, 2016
			2011	2012	2013	2014	2015	
Financial structure (%)	Ratio of liabilities to assets	N/A		31.69	30.46	33.11	28.87	26.76
	Ratio of long-term capital to fixed assets		146.80	160.43	158.09	188.89	195.99	
Solvency (%)	Current Ratio		268.97	315.54	239.35	320.82	347.59	
	Quick Ratio		219.42	264.94	204.90	271.98	286.96	
	Times interest Earned Ratio		10.45	11.64	15.59	16.48	8.92	
Operating ability	Account Receivables Turnover (times)		2.92	2.93	3.16	2.65	2.28	
	Days sales in accounts receivable		125.00	124.57	115.50	137.73	160.09	
	Inventory Turnover (times)		3.71	4.27	5.09	4.73	3.89	
	Account Payable Turnover (times)		11.91	13.52	13.03	12.08	11.74	
	Average days in sales		98.38	85.48	71.70	77.16	93.83	
	Fixed Assets Turnover (times)		0.72	0.77	0.95	1.08	0.93	
	Total Assets Turnover(times)		0.41	0.42	0.48	0.51	0.42	
Profit ability	Ratio of Return on assets (%)		5.25	4.97	5.99	5.95	3.34	
	Ratio of Return on shareholders' equity (%)		6.96	6.56	8.20	8.05	4.25	
	Ratio of Income before tax to Capital stock(%)		22.71	22.07	30.16	32.35	14.52	
	Profit ratio (%)		11.59	10.73	11.52	11.13	7.18	
	EPS (\$)		1.73	1.78	2.28	2.34	0.31	
Cash Flows (%)	Cash flow ratio (%)		62.95	105.42	49.77	68.28	43.25	
	Cash flow adequacy ratio (%)		91.54	124.07	117.78	112.54	124.43	
	Cash reinvestment ratio (%)		5.88	9.42	6.14	5.65	4.31	
Balance	Degree of operating leverage	3.34	3.96	3.45	3.41	5.77		
	Degree of financial leverage	1.11	1.11	1.07	1.06	1.12		

2-1-2.Financial analysis in the past five years-IFRSs(Financial Statements)

Item		Year	Condensed Income Statement of fiscal year 2011~2015					As of March 31, 2016
			2011	2012	2013	2014	2015	
Financial structure (%)	Ratio of liabilities to assets		21.48	16.81	14.89	13.98		
	Ratio of long-term capital to fixed assets		391.98	472.02	613.65	798.33		
Solvency (%)	Current Ratio		211.11	190.20	223.41	226.26		
	Quick Ratio		160.29	143.87	176.72	176.07		
	Times interest Earned Ratio		22.47	28.21	41.21	45.61		
Operating ability	Account Receivables Turnover (times)		3.59	3.61	4.56	4.95		
	Days sales in accounts receivable		101.67	101.11	80.04	73.74		
	Inventory Turnover (times)		4.10	4.61	5.18	5.22		
	Account Payable Turnover (times)		19.80	19.21	15.62	14.56		
	Average days in sales		89.02	79.18	70.46	69.92		
	Fixed Assets Turnover (times)	N/A	0.90	1.03	1.38	1.71	N/A	
	Total Assets Turnover(times)		0.21	0.22	0.23	0.23		
Profit ability	Ratio of Return on assets (%)		6.02	5.91	7.12	7.01		
	Ratio of Return on shareholders' equity (%)		7.27	7.07	8.26	8.03		
	Ratio of Income before tax to Capital stock(%)		19.63	19.81	26.06	26.82		
	Profit ratio (%)		26.88	25.90	29.12	29.96		
	EPS (\$)		1.73	1.78	2.28	2.31		
Cash Flows (%)	Cash flow ratio (%)		71.77	127.64	82.26	136.96		
	Cash flow adequacy ratio (%)		168.50	288.89	223.45	194.91		
	Cash reinvestment ratio (%)		2.73	6.10	2.55	3.90		
Balance	Degree of operating leverage		4.39	4.04	3.18	3.75		
	Degree of financial leverage		1.12	1.09	1.05	1.05		

2-2-1. Financial analysis in the past five years-ROC(Consolidated Financial Statements)

Item		Year	Condensed Income Statement of fiscal year 2011~2015					
			2011	2012	2013	2014	2015	
Financial structure (%)	Ratio of liabilities to assets		32.82	31.53				
	Ratio of long-term capital to fixed assets		144.86	147.62				
Solvency (%)	Current Ratio		244.54	275.38				
	Quick Ratio		197.79	225.46				
	Times interest Earned Ratio		9.41	10.46				
Operating ability	Account Receivables Turnover (times)		2.91	2.92				
	Days sales in accounts receivable		125.43	125.00				
	Inventory Turnover (times)		3.60	3.71				
	Account Payable Turnover (times)		11.39	11.91				
	Average days in sales		101.39	98.38				
	Fixed Assets Turnover (times)		0.68	0.72				
	Total Assets Turnover(times)		0.38	0.41			N/A	
Profit ability	Ratio of Return on assets (%)		5.96	5.25				
	Ratio of Return on shareholders' equity (%)		8.31	6.95				
	Ratio to issued capital stock (%)	Before allocation		26.12	23.50			
		After allocation		25.62	22.72			
	Profit ratio (%)		13.24	11.60				
	EPS (\$)		2.01	1.74				
Cash Flows (%)	Cash flow ratio (%)		68.18	71.69				
	Cash flow adequacy ratio (%)		59.51	63.14				
	Cash reinvestment ratio (%)		7.94	6.84				
Balance	Degree of operating leverage		2.90	3.31				
	Degree of financial leverage		1.13	1.11				
Explanations for significant changes (over20%) in operating results include:N/A								

2-2-2. Financial analysis in the past five years-ROC(Financial Statements)

Item \ Year		Condensed Income Statement of fiscal year 2011~2015					
		2011	2012	2013	2014		
Financial structure (%)	Ratio of liabilities to assets	20.89	22.90				
	Ratio of long-term capital to fixed assets	347.13	392.49				
Solvency (%)	Current Ratio	186.65	192.68				
	Quick Ratio	134.81	146.77				
	Times interest Earned Ratio	20.21	22.48				
Operating ability	Account Receivables Turnover (times)	3.93	3.59				
	Days sales in accounts receivable	92.88	101.67				
	Inventory Turnover (times)	4.63	4.10				
	Account Payable Turnover (times)	17.20	19.80				
	Average days in sales	78.83	89.02				
	Fixed Assets Turnover (times)	0.86	0.90				
	Total Assets Turnover(times)	0.23	0.21			N/A	
Profit ability	Ratio of Return on assets (%)	6.67	5.91				
	Ratio of Return on shareholders' equity (%)	8.87	7.26				
	Ratio to issued capital stock (%)	Before allocation	9.27	8.35			
		After allocation	23.08	19.64			
	Profit ratio (%)	28.42	26.89				
	EPS (\$)	2.01	1.75				
Cash Flows (%)	Cash flow ratio (%)	108.81	64.22				
	Cash flow adequacy ratio (%)	114.23	168.27				
	Cash reinvestment ratio (%)	5.15	2.65				
Balance	Degree of operating leverage	4.00	4.37				
	Degree of financial leverage	1.15	1.12				
Explanations for significant changes (over20%) in operating results include:N/A							

Note1:Equations:

1. Financial structure

(1)Ratio of liabilities to assets=Total liabilities/Total assets

(2)Ratio of long-term capital to fixed assets= (Net Shareholder's equity + Long-term liabilities) / Net fixed assets.

2. Debt-paying ability

(1)Current Ratio=Current assets/Current liabilities

(2)Quick Ratio= (Current assets-Inventory-Prepaid expense) /Current liabilities

(3)Times interest Earned Ratio= Net profit before tax and interest expense/interest expense

3. Operating ability

(1) Receivables (Including accounts receivable and the notes receivable due to operation) turnover ratio= Net sales/Average receivables (including accounts receivable and the notes receivable due to operation) balance

(2)Average cash receiving days=365/Turnover rate of total assets.

(3) Inventory Turnover Ratio=Cost of sales/Average amount of inventory

(4)Payables (including accounts payable and the notes payable due to operation) turnover ratio= Cost of sales/Average Payables (including accounts payable and the notes payable due to operation) balance

(5)Average period of sales=365/Inventory Turnover Ratio

(6)Ratio of Fixed Assets Turnover=Net sales/Net fixed assets

(7)Ratio of Total Assets Turnover=Net sales/Total assets

4. Profitability

(1)Return on assets = [gain and loss after tax + interest expense × (1-ax ratio)]/ Average Total assets

(2)Return on shareholders' equity=gain and loss after tax/Average Net shareholders' equity.

(3)Net profit margin=gain and loss after tax/Net sales

(4)EPS= (Net income -Preferred dividend) /weighted average number of issued shares (Note4)

5. Cash Flows

(1)Cash flow ratio=Operating net Cash Flows/Current liabilities

(2) Net Cash flow adequacy ratio = the past five years' operating net Cash Flows/ the past five years' (capital expense+ inventory increasing amount+ cash dividend).

(3)Ratio of cash reinvestment= (Operating net Cash Flows- cash dividend) / (Gross fixed assets+ Long-term investment+ other financial assets+ operating capital) (Note5)

6. Balance:

(1)Degree of Operating leverage= (Net operating income- operating cost and expense changes) / Operating income (Note6)

(2) Degree of Financial leverage=Operating income / (Operating income-interest expense)

Note2: The notice items for calculating EPS are as follows:

1. Based on weighted average common shares, not the weighted average number of issued shares.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and additional paid-in capital, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) should be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend should be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note3: The notice items for cash flow analysis are as follows:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capita investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross fixed assets meant for the total fixed assets before deducting the cumulative depreciation.

Note4: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretionary judgment, it must be made reasonably and consistently.

3. Supervisor's Report in the past five years: Please refer to P67 in the annual report for details.
4. Consolidated financial difficulties of the Company and related party on the Company's financial position: Please refer to P68~135 in the annual report for details.
5. Financial statements in the most recent years: Please refer to P136~140 in the annual report for details.
6. Impact of financial difficulties of the Company and related party on the Company's financial position: N/A

Topoint Technology Co., Ltd.

Supervisor's Report

The 2015 consolidated financial statements, business report, and remuneration of the company and its subsidiaries has been audited and certified by the CPAs: Wan-Yi, Liao and Chien-Shin, Shieh of Deloitte & Touche-Taiwan. The supervisors have reviewed and audited the above-mentioned issued documents, composed and presented by the Board of Directors. It is concluded that the said documents are presented fairly; therefore, the Supervisor's Report is hereby issued in accordance with Article 219 of Company Law.

Sincerely yours,

2016 Shareholder's Meeting of TOP

Supervisor: Gen-Cing, Chen

Supervisor: Chung-Ta, Wu

Supervisor: Cheng-Chie, Niu

March 14, 2016

INDEPENDENT AUDITORS' REPORT

The Board of Directors and Shareholders
Topoint Technology Co., Ltd.

We have audited the accompanying consolidated balance sheets of Topoint Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group") as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with the Regulations Governing the Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Those rules and standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall consolidated financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2015 and 2014, and its consolidated financial performance and its consolidated cash flows for the years then ended, in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed by the Financial Supervisory Commission of the Republic of China.

We have also audited the financial statements of the parent company, Topoint Technology Co., Ltd. as of and for the years ended December 31, 2015 and 2014, on which we have issued an unqualified report.

March 14, 2016

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

ASSETS	2015		2014	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,328,898	19	\$ 1,429,603	20
Financial assets at fair value through profit or loss (Notes 7 and 31)	25,536	-	-	-
Available-for-sale financial assets - current (Notes 4, 8 and 31)	-	-	735	-
Notes receivable (Notes 4 and 9)	49,743	1	41,141	1
Accounts receivable (Notes 4, 5 and 9)	1,189,646	17	958,615	13
Accounts receivable - related parties (Notes 4 and 32)	215,767	3	194,471	3
Other receivables (Notes 4 and 9)	112,877	2	157,911	2
Current tax assets (Notes 4 and 24)	2,490	-	1,168	-
Inventories (Notes 4, 5 and 10)	535,086	8	476,559	7
Prepayments (Notes 11 and 16)	135,332	2	164,094	2
Other current assets	730	-	531	-
Total current assets	<u>3,596,105</u>	<u>52</u>	<u>3,424,828</u>	<u>48</u>
NONCURRENT ASSETS				
Financial assets measured at cost - noncurrent (Notes 4 and 12)	6,192	-	10,345	-
Property, plant and equipment (Notes 4, 14 and 33)	2,977,495	43	3,535,826	49
Intangible assets (Notes 4 and 15)	9,131	-	5,687	-
Deferred tax assets (Notes 4 and 24)	97,388	1	104,699	1
Long-term prepayments for lease (Note 16)	31,671	1	33,219	1
Other noncurrent assets (Notes 17 and 32)	180,073	3	35,879	1
Total noncurrent assets	<u>3,301,950</u>	<u>48</u>	<u>3,725,655</u>	<u>52</u>
TOTAL	<u>\$ 6,898,055</u>	<u>100</u>	<u>\$ 7,150,483</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 18)	\$ 8,206	-	\$ 170,338	2
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 31)	795	-	18,615	-
Notes payable	-	-	13	-
Accounts payable (Note 19)	174,523	2	214,269	3
Accounts payable - related parties (Note 32)	266	-	7,484	-
Other payables (Note 20)	658,229	10	762,603	11
Current tax liabilities (Notes 4 and 24)	56,997	1	68,070	1
Long-term borrowings - current portion (Notes 18 and 33)	216,839	3	182,699	3
Other current liabilities	5,044	-	6,791	-
Total current liabilities	<u>1,120,899</u>	<u>16</u>	<u>1,430,882</u>	<u>20</u>
NONCURRENT LIABILITIES				
Long-term borrowings, net of current portion (Notes 18 and 33)	717,202	11	806,498	11
Guarantee deposits received	11,661	-	11,254	-
Deferred tax liabilities (Notes 4 and 24)	141,368	2	118,733	2
Total noncurrent liabilities	<u>870,231</u>	<u>13</u>	<u>936,485</u>	<u>13</u>
Total liabilities	<u>1,991,130</u>	<u>29</u>	<u>2,367,367</u>	<u>33</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	1,592,041	23	1,588,006	22
Unregistered share capital	2,742	-	2,460	-
Capital surplus	1,219,550	18	1,214,142	17
Retained earnings				
Legal reserve	317,343	5	281,298	4
Special reserve	198,770	3	198,770	3
Unappropriated earnings	1,188,245	17	1,048,646	14
Total retained earnings	1,704,358	25	1,528,714	21
Other equity	169,385	2	259,217	4
Total equity attributable to owners of the Company	<u>4,688,076</u>	<u>68</u>	<u>4,592,539</u>	<u>64</u>
NONCONTROLLING INTERESTS				
Total equity	<u>218,849</u>	<u>3</u>	<u>190,577</u>	<u>3</u>
TOTAL	<u>\$ 6,898,055</u>	<u>100</u>	<u>\$ 7,150,483</u>	<u>100</u>

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUE (Note 32)	\$ 3,514,174	100	\$ 3,242,501	100
LESS: SALES RETURNS	164	-	1,328	-
SALES DISCOUNTS AND ALLOWANCES	<u>8,113</u>	<u>-</u>	<u>3,064</u>	<u>-</u>
NET OPERATING REVENUE	3,505,897	100	3,238,109	100
OPERATING COSTS				
Operating costs (Note 32)	<u>2,394,890</u>	<u>68</u>	<u>2,279,747</u>	<u>70</u>
GROSS PROFIT	<u>1,111,007</u>	<u>32</u>	<u>958,362</u>	<u>30</u>
OPERATING EXPENSES				
Selling and marketing	138,068	4	109,970	3
General and administrative	312,653	9	277,632	9
Research and development	<u>103,179</u>	<u>3</u>	<u>84,705</u>	<u>3</u>
Total operating expenses	<u>553,900</u>	<u>16</u>	<u>472,307</u>	<u>15</u>
OTHER OPERATING EXPENSES (Note 23)	<u>(1,047)</u>	<u>-</u>	<u>(1,783)</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>556,060</u>	<u>16</u>	<u>484,272</u>	<u>15</u>
NONOPERATING EXPENSES				
Interest income	18,255	1	17,006	1
Gain (loss) on valuation of financial liabilities	10,569	-	(18,615)	(1)
Other income	9,632	-	5,179	-
Gain on disposal of investment	1,022	-	-	-
Other expenses	(2,463)	-	(1,177)	-
Interest expenses	(33,272)	(1)	(32,828)	(1)
Foreign exchange gain (loss), net (Note 23)	<u>(44,722)</u>	<u>(1)</u>	<u>25,037</u>	<u>1</u>
Total nonoperating expenses	<u>(40,979)</u>	<u>(1)</u>	<u>(5,398)</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	515,081	15	478,874	15
INCOME TAX EXPENSE (Notes 4 and 24)	<u>(124,871)</u>	<u>(4)</u>	<u>(105,877)</u>	<u>(3)</u>
NET PROFIT	<u>390,210</u>	<u>11</u>	<u>372,997</u>	<u>12</u>

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	\$ (2,535)	-	\$ 1,099	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	431	-	(187)	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(90,073)	(3)	199,031	6
Unrealized loss on available-for-sale financial assets	<u>(542)</u>	<u>-</u>	<u>(29)</u>	<u>-</u>
Total other comprehensive income	<u>(92,719)</u>	<u>(3)</u>	<u>199,914</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS)	<u>\$ 297,491</u>	<u>8</u>	<u>\$ 572,911</u>	<u>18</u>
NET PROFIT ATTRIBUTED TO:				
Owners of the Company	\$ 372,393	11	\$ 360,453	11
Noncontrolling interests	<u>17,817</u>	<u>-</u>	<u>12,544</u>	<u>1</u>
	<u>\$ 390,210</u>	<u>11</u>	<u>\$ 372,997</u>	<u>12</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Company	\$ 280,457	8	\$ 557,753	17
Noncontrolling interests	<u>17,034</u>	<u>-</u>	<u>15,158</u>	<u>1</u>
	<u>\$ 297,491</u>	<u>8</u>	<u>\$ 572,911</u>	<u>18</u>
EARNINGS PER SHARE (NEW TAIWAN DOLLARS; Note 25)				
Basic	<u>\$2.34</u>		<u>\$2.28</u>	
Diluted	<u>\$2.27</u>		<u>\$2.23</u>	

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

(Concluded)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014
(In Thousands of New Taiwan Dollars, Except Amount Per Share)**

	Equity Attributable to Owners of the Company						Other Equity (Note 22)		Total	Noncontrolling Interests (Note 22)	Total Equity
	Share Capital (Note 22)	Unregistered Share Capital (Note 22)	Capital Surplus (Note 22)	Retained Earnings (Notes 4 and 22)			Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets			
				Legal Reserve	Special Reserve	Unappropriated Earnings					
BALANCE AT JANUARY 1, 2014	\$ 1,578,906	\$ -	\$ 1,200,741	\$ 253,267	\$ 198,770	\$ 841,624	\$ 62,258	\$ 571	\$ 4,136,137	\$ 180,763	\$ 4,316,900
Appropriation of the 2013 earnings											
Legal reserve	-	-	-	28,031	-	(28,031)	-	-	-	-	-
Cash dividends distributed by the Company - NT\$0.8 per share	-	-	-	-	-	(126,312)	-	-	(126,312)	-	(126,312)
	-	-	-	28,031	-	(154,343)	-	-	(126,312)	-	(126,312)
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	(5,344)	(5,344)
Recognition of employee share options by the Company	9,100	2,460	13,401	-	-	-	-	-	24,961	-	24,961
Net profit for the year ended December 31, 2014	-	-	-	-	-	360,453	-	-	360,453	12,544	372,997
Other comprehensive income for the year ended December 31, 2014, net of income tax	-	-	-	-	-	912	196,417	(29)	197,300	2,614	199,914
Total comprehensive income for the year ended December 31, 2014	-	-	-	-	-	361,365	196,417	(29)	557,753	15,158	572,911
BALANCE AT DECEMBER 31, 2014	1,588,006	2,460	1,214,142	281,298	198,770	1,048,646	258,675	542	4,592,539	190,577	4,783,116
Appropriation of the 2014 earnings											
Legal reserve	-	-	-	36,045	-	(36,045)	-	-	-	-	-
Cash dividends distributed by the Company - NT\$1.2226 per share	-	-	-	-	-	(194,645)	-	-	(194,645)	-	(194,645)
	-	-	-	36,045	-	(230,690)	-	-	(194,645)	-	(194,645)
Decrease in noncontrolling interests	-	-	-	-	-	-	-	-	-	11,238	11,238
Recognition of employee share options by the Company	4,035	282	5,408	-	-	-	-	-	9,725	-	9,725
Net profit for the year ended December 31, 2015	-	-	-	-	-	372,393	-	-	372,393	17,817	390,210
Other comprehensive loss for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(2,104)	(89,290)	(542)	(91,936)	(783)	(92,719)
Total comprehensive income for the year ended December 31, 2015	-	-	-	-	-	370,289	(89,290)	(542)	280,457	17,034	297,491
BALANCE AT DECEMBER 31, 2015	\$ 1,592,041	\$ 2,742	\$ 1,219,550	\$ 317,343	\$ 198,770	\$ 1,188,245	\$ 169,385	\$ -	\$ 4,688,076	\$ 218,849	\$ 4,906,925

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 515,081	\$ 478,874
Adjustments for:		
Depreciation	590,610	558,916
Amortization	5,000	4,420
Provision (reversal of provision) for doubtful accounts	(3,045)	1,209
Loss (gain) on valuation of financial instruments	(10,569)	18,615
Interest expense	33,272	32,828
Interest income	(18,255)	(17,006)
Compensation cost of employee share options	788	1,031
Net loss (gain) on disposal of property, plant and equipment	1,047	(2,474)
Gain on disposal of investment	(1,022)	-
Impairment loss on property, plant and equipment	-	4,257
Amortization of prepayments for lease	800	774
Net changes in operating assets and liabilities		
Financial assets held for trading	(32,772)	-
Notes receivable	(8,602)	(13,598)
Accounts receivable	(227,851)	(243,643)
Accounts receivable - related parties	(21,296)	(84,556)
Other receivables	48,026	(41,752)
Inventories	(58,045)	(59,293)
Prepayments	28,743	(30,569)
Other current assets	(199)	(108)
Notes payable	(13)	(3)
Accounts payable	(39,746)	94,758
Accounts payable - related parties	(7,218)	(1,085)
Other payables	96,868	101,713
Other current liabilities	(1,747)	(1,056)
Net defined benefit asset	(77)	(1,491)
Cash generated from operations	889,778	800,761
Interest received	19,360	15,230
Interest paid	(32,943)	(32,525)
Income tax paid	(110,818)	(71,277)
Net cash generated from operating activities	<u>765,377</u>	<u>712,189</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds of the sale of available-for-sale financial assets	1,200	-
Payments for property, plant and equipment (Note 28)	(425,149)	(466,670)
Proceeds of the disposal of property, plant and equipment	14,491	52,717
Payments for intangible assets	(8,506)	(3,410)
Increase in refundable deposits	(24,042)	(5,368)
Acquisition of noncontrolling interests (Note 27)	-	(9,117)
Decrease (increase) in other noncurrent assets	464	(5,329)
Net cash used in investing activities	<u>(441,542)</u>	<u>(437,177)</u>

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars)

	2015	2014
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	\$ (162,132)	\$ 66,020
Proceeds of long-term borrowings	134,770	98,449
Repayments for long-term borrowings	(190,315)	(214,378)
Increase in guarantee deposits received	407	655
Cash dividends	(194,645)	(126,312)
Exercise of employee stock options	8,937	23,930
Increase in noncontrolling interests (Note 22)	<u>11,238</u>	<u>3,773</u>
Net cash used in financing activities	<u>(391,740)</u>	<u>(147,863)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(32,800)</u>	<u>92,601</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	(100,705)	219,750
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,429,603</u>	<u>1,209,853</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,328,898</u>	<u>\$ 1,429,603</u>

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

(Concluded)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

Topoint Technology Co., Ltd. (the “Company”) was incorporated in 1996. On May 10, 2000, the Securities and Futures Commission (SFC) approved the Company’s application to become a public company. Since December 21, 2004, the Company’s shares have been traded on the Taipei Exchange. Later, when the Company’s shares ceased to be traded over the counter, the Company’s shares became listed on the Taiwan Stock Exchange on January 21, 2008. The Company mainly manufactures and markets micro-drills for printed circuit boards (PCBs), numerically controlled drilling machines for PCBs and peripheral equipment used in PCB manufacture.

The consolidated financial statements are presented in the Company’s functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company’s board of directors on March 14, 2016.

3. APPLICATION OF NEW AND REVISED STANDARDS, AMENDMENTS AND INTERPRETATIONS

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 version of the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed by the FSC.

Rule No. 1030029342 and Rule No. 1030010325 issued by the FSC on April 3, 2014, stipulated that the Group should apply the 2013 version of IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed by the FSC and the related amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers starting January 1, 2015.

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the 2013 IFRSs version would not have any material impact on the Group’s accounting policies.

b. New IFRSs in issue but not yet endorsed by the FSC

On March 10, 2016, the FSC announced the scope of the 2016 version of IFRSs to be endorsed and will take effect from January 1, 2017. The scope includes all IFRSs that were issued by the IASB before January 1, 2016 and have effective dates on or before January 1, 2017, which means the scope excludes those that are not yet effective as of January 1, 2017 such as IFRS 9 “Financial Instruments” and IFRS 15 “Revenue from Contracts with Customers” and those with undetermined effective date. In addition, the FSC announced that the Group should apply IFRS 15 starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new, amended and revised standards and interpretations.

The Group has not applied the following New IFRSs issued by the IASB but not yet endorsed by the FSC.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 (Note 2)
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 3)
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
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 IASB
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 27 “Equity Method in Separate Financial Statements”	January 1, 2016
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 2 applies to share-based payment transactions with grant date on or after July 1, 2014; the amendment to IFRS 3 applies to business combinations with acquisition date on or after July 1, 2014; the amendment to IFRS 13 is effective immediately; the remaining amendments are effective for annual periods beginning on or after July 1, 2014.

Note 3: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

The initial application of the above New IFRSs, whenever applied, would not have any material impact on the Group's accounting policies.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the Financial Supervisory Commission (FSC).

Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis, except for financial instruments which are measured at fair values.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- a. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- b. Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- c. Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Noncurrent Assets and Liabilities

Current assets include:

- a. Assets held primarily for the purpose of trading;
- b. Assets expected to be realized within twelve months after the reporting period; and
- c. Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

Current liabilities include:

- a. Liabilities held primarily for the purpose of trading;
- b. Liabilities due to be settled within twelve months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and
- c. Liabilities for which the Group does not have an unconditional right to defer settlement for at least twelve months after the reporting period.

Assets and liabilities that are not classified as current are classified as noncurrent.

Basis of Consolidation

- Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation.

Attribution of total comprehensive income to noncontrolling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the noncontrolling interests even if this results in the noncontrolling interests having a deficit balance.

Changes in the Group's ownership interests in existing subsidiaries

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the Group's interests and the noncontrolling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the noncontrolling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

See Note 13 and Table 6 for the detailed information of subsidiaries (including the percentage of ownership and main business).

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period.

Nonmonetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising on the retranslation of nonmonetary items are included in profit or loss for the period, except for exchange differences arising from the retranslation of nonmonetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which case, the exchange differences are also recognized directly in other comprehensive income.

Nonmonetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including of the subsidiaries operations in other countries or currencies used different with the Company) are translated into New Taiwan dollars using exchange rates prevailing at the end of each reporting period. Income and expense items are translated at the average exchange rates for the period. Exchange differences arising are recognized in other comprehensive income (attributed to the owners of the Company and noncontrolling interests as appropriate).

Inventories

Inventories consist of raw materials, supplies, work-in-process, finished goods and merchandise and are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at weighted-average cost on the balance sheet date.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, less subsequent accumulated depreciation and subsequent accumulated impairment loss.

Freehold land is not depreciated.

Depreciation is recognized so as to write off the cost of assets less their residual values over their estimated useful life, using the straight-line method. The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

When property, plant and equipment are retired or disposed of, the related cost, accumulated depreciation and accumulated impairment loss are removed from the accounts, the difference between the sales proceeds and the carrying amount of the assets are recognized in profit or loss.

Intangible Assets

Intangible assets with finite useful lives are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. The residual value of an intangible asset with a finite useful life shall be assumed to be zero unless the Group expects to dispose of the intangible asset before the end of its economic life, with the effect of any changes in estimate accounted for on a prospective basis.

When identifiable intangible assets are retired or disposed of, the related cost, accumulated amortization and accumulated impairment loss removed from the accounts, the difference between the not disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

Impairment of Property, Plant and Equipment and Identifiable Intangible Assets

An impairment loss is recognized when the recoverable amount of an asset is less than its carrying amount. A reversal of the impairment loss is recognized if there is a subsequent recovery in the value of the asset. However, the carrying amount after reversal cannot exceed the original cost less accumulated depreciation or amortization.

Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a. Financial assets

All regular way purchases or sales of financial assets are recognized and derecognized on a trade date basis.

1) Measurement category

Financial assets are classified into the following categories: Financial assets at fair value through profit or loss, available-for-sale financial assets, and loans and receivables.

a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss does not incorporate any dividend or interest earned on the financial asset. Fair value is determined in the manner described in Note 31.

b) Available-for-sale financial assets

Available-for-sale financial assets are nonderivatives that are either designated as available-for-sale or are not classified as borrowings and receivables, held-to-maturity investments or financial assets at fair value through profit or loss.

Available-for-sale financial assets are measured at fair value. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of or is determined to be impaired.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

Available-for-sale equity investments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured and derivatives that are linked to and must be settled by delivery of such unquoted equity investments are measured at cost less any identified impairment loss at the end of each reporting period and are presented in a separate line item as financial assets carried at cost. If, in a subsequent period, the fair value of the financial assets can be reliably measured, the financial assets are remeasured at fair value. The difference between carrying amount and fair value is recognized in profit or loss or other comprehensive income on financial assets. Any impairment losses are recognized in profit and loss.

c) Loans and receivables

Loans and receivables (including accounts receivables, cash and cash equivalent, and other receivables) are measured at amortized cost using the effective interest method, less any impairment, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalent includes time deposits with highly liquid, readily convertible to a known amount of cash and be subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

2) Impairment of financial assets

Financial assets, other than those at fair value through profit or loss, are assessed for indicators of impairment at the end of each reporting period. Financial assets are considered impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial asset, the estimated future cash flows of the investment have been affected.

For financial assets carried at amortized cost, such as accounts receivables and other receivables, assets are assessed for impairment on a collective basis even if they were assessed as not impaired individually.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is based on historical recovery rate.

For financial assets measured at amortized cost, if, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

For available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered objective evidence of impairment.

When an available-for-sale financial asset is considered impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss are not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income.

For financial assets that are 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 the estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment loss will not be reversed in subsequent periods.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of accounts receivables and other receivables, where the carrying amount is reduced through the use of an allowance account. When an accounts receivable and other receivables are considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss, except for uncollectible accounts receivables and other receivables that are written off against the allowance account.

3) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income is recognized in profit or loss.

b. Financial liabilities

The Group derecognizes financial liabilities only when, the Group's obligations are discharged or canceled or expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

c. Derivative financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts.

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as a financial liability. Method to determine the fair value please refer to Note 31.

Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable.

a. Sale of goods

Revenue from the sale of goods is recognized when the goods are delivered and titles have been passed to the buyer.

The Group does not recognize sales revenue on materials delivered to subcontractors because this delivery does not involve a transfer of risks and rewards of materials ownership.

b. Dividend and interest income

Dividend income from investments is recognized when the shareholder's right to receive payment has been established.

Interest income from a financial asset is recognized when it is probable that the economic benefits will flow to the Group and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

Leasing

When the Group is a lessee, operating lease payments are recognized as an expense on a straight-line basis over the lease term.

Employee benefits

a. Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related service.

b. Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered service entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost) and net interest on the net defined benefit asset are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses, and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit asset represents the actual surplus in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

Share-based Payment Arrangements

Equity-settled share-based payments to employees are measured at the fair value of the equity instruments at the grant date.

The fair value determined at the grant date of the employee share options is expensed on a straight-line basis over the vesting period, based on the Group's estimate of employee share options that will eventually vest, with a corresponding increase in capital surplus - employee share options. The fair value determined at the grant date of the employee share options is recognized as an expense in full at the grant date when the share options granted vest immediately.

At the end of each reporting period, the Group revises its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

a. Current tax

Based on the Income Tax Law, an additional tax at 10% of unappropriated earnings is provided for as income tax in the year the shareholders approve a resolution to retain these earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

b. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry forward and unused tax credits for purchases of machinery, equipment and technology, and research and development expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

c. Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Following are the key assumptions and sources of estimation uncertainty:

a. Estimated impairment of accounts receivable

When there is objective evidence of an impairment, the Group recognizes the impairment loss by assessing the impairment amount of each receivable and estimating the degree of collectibility based on historical experience to determine the uncollectable amount.

b. Write-down of inventory

Inventories are stated at the lower of cost or net realizable value. Net realizable value is determined by the final selling price per unit less the estimated selling expenses. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. The Group assesses the write-downs on the basis of the months in which inventories are slow-moving and on historical experience on inventory repairs and obsolescence.

6. CASH AND CASH EQUIVALENTS

	<u>December 31</u>	
	2015	2014
Cash on hand	\$ 1,499	\$ 1,841
Checking accounts and demand deposits	973,498	950,505
Cash equivalents		
Time deposits	<u>353,901</u>	<u>477,257</u>
	<u>\$ 1,328,898</u>	<u>\$ 1,429,603</u>

The market interest rate intervals of cash in bank and time deposits at the end of reporting period were as follows:

	<u>December 31</u>	
	2015	2014
Cash in bank	0.01%-1.15%	0.01%-1.15%
Time deposits	0.27%-3.30%	0.35%-3.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>December 31</u>	
	2015	2014
<u>Financial assets held for trading</u>		
Nonderivative financial assets		
Mutual funds	\$ 25,019	\$ -
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	<u>517</u>	<u>-</u>
	<u>\$ 25,536</u>	<u>\$ -</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ 795</u>	<u>\$ 18,615</u>

At the end of the reporting period, outstanding forward exchange contracts not under hedge accounting were as follows:

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2015</u>			
Buy	NTD/JPY	2016.8.11-2016.8.25	NTD16,866/JPY60,690
Buy	NTD/JPY	2016.9.1-2016.9.8	NTD16,574/JPY60,690
Buy	RMB/CHF	2016.10.11	RMB5,713/CHF861
Buy	RMB/CHF	2016.10.17	RMB16,644/CHF2,450
Buy	KRW/USD	2016.2.5	KRW639,000/USD547
Sell	EUR/RMB	2016.4.29	EUR500/RMB3,465

(Continued)

	Currency	Maturity	Notional Amount (In Thousands)
Sell	EUR/RMB	2016.5.23	EUR300/RMB2,130
Sell	EUR/RMB	2016.5.25	EUR300/RMB2,120
<u>December 31, 2014</u>			
Buy	NTD/JPY	2015.4.10-2015.4.17	NTD14,875/JPY50,000
Buy	NTD/JPY	2015.4.16-2015.4.23	NTD20,632/JPY69,280
Buy	NTD/JPY	2015.6.1-2015.6.11	NTD18,037/JPY60,690
Buy	NTD/JPY	2015.6.19-2015.6.26	NTD17,922/JPY60,690
Buy	RMB/AUD	2015.4.16	RMB5,165/AUD901
Buy	RMB/AUD	2015.4.23	RMB5,164/AUD901
Buy	RMB/AUD	2015.5.21	RMB4,309/AUD752
Buy	RMB/AUD	2015.6.4	RMB4,307/AUD752
Buy	RMB/AUD	2015.10.14	RMB2,983/AUD566
(Concluded)			

The Group entered into forward exchange contracts to manage exposures to exchange rate fluctuations of foreign currency denominated assets and liabilities. The purpose of its financial hedging strategy is to avoid price volatility of primary markets.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>December 31</u>	
	2015	2014
Listed shares	\$ -	\$ 735

9. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	<u>December 31</u>	
	2015	2014
<u>Notes receivable</u>		
Notes receivable - operating	\$ 49,743	\$ 41,141
<u>Accounts receivable</u>		
Accounts receivable	\$ 1,193,560	\$ 965,709
Less: Allowance for impairment loss	<u>3,914</u>	<u>7,094</u>
	<u>\$ 1,189,646</u>	<u>\$ 958,615</u>
<u>Other receivables</u>		
Purchase of equipment - on others' behalf	\$ 36,424	\$ 37,265
Bank retention accounts	34,605	105,479
Others	<u>41,848</u>	<u>15,167</u>
	<u>\$ 112,877</u>	<u>\$ 157,911</u>

a. Notes receivable

The average credit period on sales of goods was 90 to 120 days. In determining the recoverability of a note receivable, the Group considered any change in the credit quality of the note receivable since the date credit was initially granted to the end of the reporting period. The notes receivable that are past due recognized 100% allowance for bad debt.

As of the reporting date, the Group had no notes receivables that were past due or impaired.

b. Accounts receivable

The average payment term for accounts receivable was 90 to 120 days after sales. When evaluating the recoverability of accounts receivable, the Group takes into account the possible changes in the credit quality of the receivable for the period from the original credit date to the balance sheet date. Accounts receivable are assessed individually when there is objective evidence of impairment. Accounts receivable that are past due for over 360 days are considered unrecoverable and are provided with a 100% allowance for bad debt. For the accounts receivable that are aged between 181 days and 360 days, the Group estimates the allowance for impairment loss on the basis of irrecoverable amounts determined through reference to historical trading experience.

For the accounts receivable balances that were past due at the end of the reporting period, the Group did not recognize an allowance for impairment loss because there was no significant change in credit quality and the amounts were still considered recoverable. The Group did not hold any collateral or other credit enhancements for these balances.

The aging of receivables was as follows:

	December 31	
	2015	2014
Not overdue	\$ 1,128,984	\$ 951,452
Up to 60 days	36,207	6,903
61-120 days	11,641	-
121-180 days	2,547	260
181-360 days	<u>10,267</u>	<u>-</u>
	<u>\$ 1,189,646</u>	<u>\$ 958,615</u>

The above aging schedule was based on the past due date.

The aging of receivables that were past due but not impaired was as follows:

	December 31	
	2015	2014
Up to 60 days	\$ 36,207	\$ 6,903
61-120 days	11,641	-
121-180 days	2,547	260
181-360 days	<u>10,267</u>	<u>-</u>
	<u>\$ 60,662</u>	<u>\$ 7,163</u>

Movements in the allowance for impairment loss recognized on accounts receivable were as follows:

	Individually Assessed for Impairment	Collectively Assessed for Impairment	Total
Balance at January 1, 2014	\$ 4,149	\$ 1,358	\$ 5,507
Add: Impairment loss recognized on receivables	-	1,209	1,209
Foreign exchange translation gains and losses	<u>241</u>	<u>137</u>	<u>378</u>
Balance at December 31, 2014	4,390	2,704	7,094
Add: Impairment loss (reversal of impairment loss) recognized on receivables	(4,255)	1,210	(3,045)
Foreign exchange translation losses	<u>(65)</u>	<u>(70)</u>	<u>(135)</u>
Balance at December 31, 2015	<u>\$ 70</u>	<u>\$ 3,844</u>	<u>\$ 3,914</u>

The Group recognized impairment losses of \$70 thousand and \$4,390 thousand on trade receivables as of December 31, 2015 and 2014, respectively. These amounts mainly related to customers that were in liquidation or in severe financial difficulties. The Group did not hold any collateral for these receivables.

The Group signed contracts for non-recourse factoring of accounts receivable with Mega International Commercial Bank and Fubon Bank. The amounts of the factoring accounts receivable for the years ended December 31, 2015 and 2014 were \$475,401 thousand and \$495,384 thousand, respectively.

As of December 31, 2015 and 2014, the outstanding factored accounts receivable were as follows:

Counterparties	Receivables Sold	Advances Received at Year-end	Not Yet Received as of Year-end	Retention	Interest Rates for Advances Received (%)	Credit Line
<u>December 31, 2015</u>						
Fubon Bank	\$ 30,288	\$ -	\$ 24,230	\$ 6,058	-	RMB48,000
Mega International Commercial Bank	34,784	30,467	932	3,385	1.36-1.52	US\$ 4,000 thousand
	<u>\$ 65,072</u>	<u>\$ 30,467</u>	<u>\$ 25,162</u>	<u>\$ 9,443</u>		
<u>December 31, 2014</u>						
Fubon Bank	\$ 99,958	\$ -	\$ 79,966	\$ 19,992	-	RMB48,000
Mega International Commercial Bank	51,969	46,448	360	5,161	1.37-1.43	US\$ 4,000 thousand
	<u>\$ 151,927</u>	<u>\$ 46,448</u>	<u>\$ 80,326</u>	<u>\$ 25,153</u>		

The above credit line may be used on a revolving basis.

The above factored accounts receivable had not been received and the retention amounts were reclassified to other receivables - bank retention accounts.

10. INVENTORIES

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Raw materials	\$ 140,782	\$ 127,704
Supplies	102,967	94,811
Work in process	-	23,063
Finished goods	214,339	187,830
Merchandises	<u>76,998</u>	<u>43,151</u>
	<u>\$ 535,086</u>	<u>\$ 476,559</u>

The costs of inventories recognized as operating costs were as follows: (a) \$1,328,231 thousand for the year ended December 31, 2015, which included a loss of \$2,671 thousand on inventory obsolescence and a gain of \$9 thousand on physical inventory; and (b) \$1,216,166 thousand for the year ended December 31, 2014, which included a loss of \$15,347 thousand on inventory obsolescence and a loss of \$59 thousand on physical inventory.

11. PREPAYMENTS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Prepaid value-added tax	\$ 90,340	\$ 124,009
Prepayment for purchases	28,579	19,380
Prepaid expenses	12,475	16,456
Other prepayments	3,145	3,437
Land use right (Note 16)	<u>793</u>	<u>812</u>
	<u>\$ 135,332</u>	<u>\$ 164,094</u>

12. FINANCIAL ASSETS MEASURED AT COST

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Foreign unlisted common shares	<u>\$ 6,192</u>	<u>\$ 10,345</u>

Management believed that the above unlisted equity investments held by the Group had a fair value that could not be reliably measured because the range of reasonable fair value estimates was so significant; therefore they were measured at cost less impairment at the end of the reporting period.

13. SUBSIDIARIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Investor	Investee	Main Business	% of Ownership	
			December 31 2015	December 31 2014
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	International investment	100.00	100.00
	Unipoint Technology Co., Ltd.	Testing of drill bits and mounting plate blot holes	61.76	61.76
Topoint Technology Co., Ltd. (B.V.I.)	Warspeed Corporation (B.V.I.)	International trade	100.00	100.00
	Topoint Japan Co., Ltd.	Selling electronic components	100.00	100.00
	Shanghai Topoint Precision Technology Co., Ltd.	Manufacturing and selling precision equipment and measurement facilities	100.00	100.00
	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00
	Sharpoint Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00
	Sharpoint Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	84.00	65.22
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling print circuit board	75.00	75.00
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	100.00	100.00
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	16.00	34.78
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting tools	92.50	97.19
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	-
Chengdu Raypoint Precision Tools Co., Ltd.	Kunshan Raypoint Precision Tools Co., Ltd.	Cutting tools	100.00	100.00
Unipoint Technology Co., Ltd.	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	International investment	100.00	100.00
Unipoint Technology Holdings Co., Ltd. (B.V.I.)	Unipoint Technology Shenzhen Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00

14. PROPERTY, PLANT AND EQUIPMENT

	December 31	
	2015	2014
Land	\$ 75,652	\$ 75,652
Buildings	365,102	388,954
Machinery and equipment	2,447,352	2,967,311
Transportation equipment	9,252	9,514
Office equipment	5,199	2,462
Miscellaneous equipment	74,938	91,933
	<u>\$ 2,977,495</u>	<u>\$ 3,535,826</u>

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Total
<u>Cost</u>							
Balance at January 1, 2014	\$ 75,652	\$ 591,060	\$ 5,557,626	\$ 14,271	\$ 9,666	\$ 181,448	\$ 6,429,723
Additions	-	8,643	714,053	3,683	1,187	24,600	752,166
Disposals	-	-	(66,123)	(1,469)	(701)	(518)	(68,811)
Effect of foreign currency exchange differences	-	19,496	217,359	721	385	4,202	242,163
Balance at December 31, 2014	<u>75,652</u>	<u>619,199</u>	<u>6,422,915</u>	<u>17,206</u>	<u>10,537</u>	<u>209,732</u>	<u>7,355,241</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2014	-	198,043	2,859,617	5,579	7,585	92,608	3,163,432
Impairment loss recognized in profit or loss	-	-	4,257	-	-	-	4,257
Depreciation expense	-	28,073	503,848	2,737	912	23,346	558,916
Disposals	-	-	(16,446)	(926)	(698)	(498)	(18,568)
Effect of foreign currency exchange differences	-	4,129	104,328	302	276	2,343	111,378
Balance at December 31, 2014	-	<u>230,245</u>	<u>3,455,604</u>	<u>7,692</u>	<u>8,075</u>	<u>117,799</u>	<u>3,819,415</u>
Carrying amount at December 31, 2014	<u>\$ 75,652</u>	<u>\$ 388,954</u>	<u>\$ 2,967,311</u>	<u>\$ 9,514</u>	<u>\$ 2,462</u>	<u>\$ 91,933</u>	<u>\$ 3,535,826</u>
<u>Cost</u>							
Balance at January 1, 2015	\$ 75,652	\$ 619,199	\$ 6,422,915	\$ 17,206	\$ 10,537	\$ 209,732	\$ 7,355,241
Additions	-	9,528	75,381	3,062	3,818	8,715	100,504
Disposals	-	-	(19,872)	(915)	(1,852)	(3,022)	(25,661)
Effect of foreign currency exchange differences	-	(8,121)	(116,217)	(309)	(152)	(1,798)	(126,597)
Balance at December 31, 2015	<u>75,652</u>	<u>620,606</u>	<u>6,362,207</u>	<u>19,044</u>	<u>12,351</u>	<u>213,627</u>	<u>7,303,487</u>
<u>Accumulated depreciation and impairment</u>							
Balance at January 1, 2015	-	230,245	3,455,604	7,692	8,075	117,799	3,819,415
Depreciation expense	-	27,155	534,682	3,039	850	24,884	590,610
Disposals	-	-	(4,752)	(796)	(1,667)	(2,908)	(10,123)
Effect of foreign currency exchange differences	-	(1,896)	(70,679)	(143)	(106)	(1,086)	(73,910)
Balance at December 31, 2015	-	<u>255,504</u>	<u>3,914,855</u>	<u>9,792</u>	<u>7,152</u>	<u>138,689</u>	<u>4,325,992</u>
Carrying amount at December 31, 2015	<u>\$ 75,652</u>	<u>\$ 365,102</u>	<u>\$ 2,447,352</u>	<u>\$ 9,252</u>	<u>\$ 5,199</u>	<u>\$ 74,938</u>	<u>\$ 2,977,495</u>

The above items of property, plant and equipment were depreciated on a straight-line basis over the estimated useful lives of the assets:

Building	
Main buildings	10-50 years
Elevators	8-15 years
Decorating constructions	3-10 years
Machinery and equipment	3-10 years
Transportation equipment	3-5 years
Office equipment	3-5 years
Miscellaneous equipment	3-10 years

Refer to Note 33 for the carrying amount of property, plant and equipment pledged by the Group to secure borrowings.

15. INTANGIBLE ASSETS

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
<u>Carrying value for each classification</u>		
Computer software	\$ 8,964	\$ 5,427
Patents	<u>167</u>	<u>260</u>
	<u>\$ 9,131</u>	<u>\$ 5,687</u>

	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2014	\$ 13,630	\$ 576	\$ 14,206
Additions	3,410	-	3,410
Decrease	(3,046)	(156)	(3,202)
Effect of foreign currency exchange differences	<u>492</u>	<u>25</u>	<u>517</u>
Balance at December 31, 2014	<u>14,486</u>	<u>445</u>	<u>14,931</u>

Accumulated amortization

Balance at January 1, 2014	7,458	240	7,698
Amortization expense	4,328	92	4,420
Decrease	(3,046)	(156)	(3,202)
Effect of foreign currency exchange differences	<u>319</u>	<u>9</u>	<u>328</u>
Balance at December 31, 2014	<u>9,059</u>	<u>185</u>	<u>9,244</u>

Carrying amount at December 31, 2014 \$ 5,427 \$ 260 \$ 5,687

Cost

Balance at January 1, 2015	\$ 14,486	\$ 445	\$ 14,931
Additions	8,506	-	8,506
Decrease	(7,184)	-	(7,184)
Effect of foreign currency exchange differences	<u>(174)</u>	<u>(10)</u>	<u>(184)</u>
Balance at December 31, 2015	<u>15,634</u>	<u>435</u>	<u>16,069</u>

Accumulated amortization

Balance at January 1, 2015	9,059	185	9,244
Amortization expense	4,912	88	5,000
Decrease	(7,184)	-	(7,184)
Effect of foreign currency exchange differences	<u>(117)</u>	<u>(5)</u>	<u>(122)</u>
Balance at December 31, 2015	<u>6,670</u>	<u>268</u>	<u>6,938</u>

Carrying amount at December 31, 2015 \$ 8,964 \$ 167 \$ 9,131

The intangible assets were amortized on a straight-line basis over the following estimated useful lives of the assets:

Computer software	1-5 years
Patents	5-10 years

16. LONG-TERM PREPAYMENTS FOR LEASE

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Land-use right		
Current (classified under prepayments)	\$ 793	\$ 812
Noncurrent	<u>31,671</u>	<u>33,219</u>
	<u>\$ 32,464</u>	<u>\$ 34,031</u>

The above land use right is amortized by the straight-line method over 49 years.

17. OTHER NONCURRENT ASSETS

	<u>December 31</u>	
	2015	2014
Prepayments for equipment	\$ 126,430	\$ 3,356
Refundable deposits	45,145	21,103
Certificates of deposit - restricted	5,483	4,130
Long-term prepaid expenses	2,405	4,222
Prepaid pension cost (Note 21)	<u>610</u>	<u>3,068</u>
	<u>\$ 180,073</u>	<u>\$ 35,879</u>

18. BORROWINGS

a. Short-term borrowings

	<u>December 31</u>	
	2015	2014
Unsecured borrowings	<u>\$ 8,206</u>	<u>\$ 170,338</u>
Interest rate	2.48%	1.51%-2.30%

b. Long-term borrowings

	<u>December 31</u>	
	2015	2014
<u>Secured borrowings</u>		
China Development Bank	\$ 182,362	\$ 71,751
Taiwan Cooperative Bank	98,041	144,371
Shin Kong Bank	<u>21,321</u>	<u>39,908</u>
	<u>301,724</u>	<u>256,030</u>
<u>Unsecured borrowings</u>		
Syndicated borrowing - Industrial Bank of Taiwan, etc.	400,000	400,000
China Development Bank	167,408	195,597
CTBC Bank	31,184	52,222
Shanghai Commercial & Savings Bank	24,619	71,213
Taiwan Cooperative Bank	<u>9,106</u>	<u>14,135</u>
	<u>632,317</u>	<u>733,167</u>
Less: Current portion	<u>216,839</u>	<u>182,699</u>
Long-term borrowings	<u>\$ 717,202</u>	<u>\$ 806,498</u>

- 1) Secured loan from China Development Bank: In November 2014, Chengdu Raypoint Precision Tools Co., Ltd. signed a contract for a loan, under which the principal is repayable from November 2015 to November 2019. As of December 31, 2015 and 2014, the loan balance was \$182,362 thousand and \$71,751 thousand, respectively, at annual interest rate of 4.74% to 6.00% and 4.74% to 6.15%, respectively.

- 2) Secured loan from Taiwan Cooperative Bank: The Company signed a contract for a loan repayable monthly from April 2014 to March 2019. As of December 31, 2015 and 2014, the loan balances were \$19,787 thousand and \$25,660 thousand, respectively, at annual interest rates of 1.63% and 1.70%, respectively. Unipoint Technology Co., Ltd. signed a contract for a loan repayable monthly from October 2011 to September 2018. As of December 31, 2015 and 2014, the loan balances were \$78,254 thousand and \$118,711 thousand, respectively, at annual interest rates of 2.45% to 2.50%.
- 3) Secured loan from Shin Kong Bank: Unipoint Technology Co., Ltd. signed a contract for a loan repayable quarterly from January 2013 to May 2016. As of December 31, 2015 and 2014, the loan balances were \$21,321 thousand and \$39,908 thousand, respectively, at annual interest rates of 2.26% and 2.33%, respectively.
- 4) Syndicated loan from Industrial Bank of Taiwan, etc.: In July 2012, the Company obtained an unsecured borrowing of \$1,000,000 thousand from a banking syndicate comprising the Industrial Bank of Taiwan, Taipei Fubon Commercial Bank, Taiwan Cooperative Bank, Mega International Commercial Bank, Chang Hwa Bank, Taiwan Land Bank and five other banks. On December 24, 2014, the Company signed an agreement with the syndicate to extend the credit period for two years, until October 2017.

Related information as of December 31, 2015 and 2014 is as follows:

	Credit Line	Amount to Be Paid	Interest Rate	Repayment
<u>December 31, 2015</u>				
Unsecured borrowing	\$ 799,000	\$ 400,000	1.704%- 1.898%	Principal repayable on maturity in October 2017. The credit line balance begins to diminish 18 months after the date loan is obtained, and will keep diminishing every 6 months for eight times. If the principal exceeds the diminishing credit line balance on certain dates, the Company should pay the lending banks the excess.
<u>December 31, 2014</u>				
Unsecured borrowing	900,000	400,000	1.782%- 1.900%	Principal repayable on maturity in October 2017. The credit line balance begins to diminish 18 months after the date loan is obtained, and will keep diminishing every 6 months for eight times. If the principal exceeds the diminishing credit line balance on certain dates, the Company should pay the lending banks the excess.

Under the borrowing agreement, certain financial ratios (current ratio, debt to asset ratio, interest coverage and net tangible assets) based on audited annual and semiannual consolidated financial statements of the Company must be in accordance with the criteria stated in the agreements. As of December 31, 2015 and 2014, the Company had all met such criteria.

- 5) Unsecured loan from China Development Bank: Sharpoint (Shenzhen) Technology Co., Ltd. signed a loan agreement in November 2011. The loan is repayable from November 2012 to September 2016. As of December 31, 2015 and 2014, the loan balances were \$7,878 thousand and \$15,192 thousand, respectively, at annual interest rates of 5.60% and 5.26%, respectively. Kunshan Topoint Technology Co., Ltd. signed a loan agreement in April 2013. The loan is repayable from April 2014 to April 2018. As of December 31, 2015 and 2014, the loan balances were \$159,530 thousand and \$180,405 thousand, respectively, at annual interest rates of 4.85% and 4.75%, respectively.
- 6) Unsecured loan from CTBC Bank: Sharpoint (Qinhuangdao) Technology Co., Ltd. signed a loan agreement in January 2011. The loan is repayable semiannually from July 2012 to August 2016. As of December 31, 2015 and 2014, the loan balances were \$31,184 thousand and \$52,222 thousand, respectively, at annual interest rates of 1.78% and 1.72%, respectively.
- 7) Unsecured loan from Shanghai Commercial & Savings Bank: Topoint Technology Co., Ltd. (B.V.I.) signed a loan agreement in May 2011, with interest payable monthly. The loan is repayable quarterly from July 2014 to April 2016. As of December 31, 2015 and 2014, the loan balances were \$24,619 thousand and \$71,213 thousand, respectively, at annual interest rates of 2.32% and 2.01%, respectively.
- 8) Unsecured loan from Taiwan Cooperative Bank: Unipoint Technology Co., Ltd. signed an agreement for a loan repayable monthly from October 2012 to September 2017. As of December 31, 2015 and 2014, the loan balances were \$9,106 thousand and \$14,135 thousand, respectively, at annual interest rates of 2.43% and 2.50%, respectively.

The Group's assets mortgaged or pledged as collaterals for the above long-term borrowings are disclosed in Note 32.

19. ACCOUNTS PAYABLE

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Accounts payable - operating	<u>\$ 174,523</u>	<u>\$ 214,269</u>

The average credit period for purchases was 90 to 150 days. The Group has established financial risk management policies to ensure that all payables are repaid within pre-agreed credit periods.

20. OTHER PAYABLES

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Accrued payroll and employee benefits	\$ 235,366	\$ 198,257
Payable for purchase of equipment	162,466	364,037
Bonus to employees and remuneration to directors	95,442	58,393
Payable for purchase of equipment - on others' behalf	35,991	5,090
Payable for annual leave	8,480	7,339
Others	<u>120,484</u>	<u>129,487</u>
	<u>\$ 658,229</u>	<u>\$ 762,603</u>

21. RETIREMENT BENEFIT PLANS

a. Defined contribution plan

The Company and Unipoint Technology Co., Ltd. of the Group adopted a pension plan under the Labor Pension Act (LPA), which is a state-managed defined contribution plan. Under the LPA, an entity makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The employees of the Group's subsidiaries in Mainland China are members of a state-managed retirement benefit plan operated by the government of Mainland China. The subsidiary is required to contribute a specified percentage of payroll costs to the retirement benefit scheme to fund the benefits.

The only obligation of the Group with respect to the retirement benefit plan is to make the specified contributions.

There were no regular employees for Topoint Technology Co., Ltd. (B.V.I.), Warspeed Corporation (B.V.I.) and Unipoint Technology Holdings Co., Ltd. (B.V.I.)

Pension expenses for these defined contribution plans are classified under the following accounts:

	For the Year Ended December 31	
	2015	2014
Operating costs	\$ 46,969	\$ 27,182
Operating expenses	\$ 14,557	\$ 11,702

b. Defined benefit plan

The defined benefit plan adopted by the Company in accordance with the Labor Standards Law is operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the six months before retirement. The Company contribute amounts equal to 2% of total monthly salaries and wages to a pension fund administered by the pension fund monitoring committee. Pension contributions are deposited in the Bank of Taiwan in the committee's name. Before the end of each year, the Group assesses the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Group is required to fund the difference in one appropriation that should be made before the end of March of the next year. The pension fund is managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Group has no right to influence the investment policy and strategy.

The amounts included in the consolidated balance sheets in respect of the Group's defined benefit plans were as follows:

	December 31	
	2015	2014
Present value of defined benefit obligation	\$ 22,010	\$ 18,969
Fair value of plan assets	<u>(22,620)</u>	<u>(22,037)</u>
Surplus	\$ <u>(610)</u>	<u>(3,068)</u>
Net defined benefit asset	\$ <u>(610)</u>	\$ <u>(3,068)</u>

Movements in net defined benefit asset were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Asset
Balance at January 1, 2014	\$ <u>19,569</u>	\$ <u>(20,047)</u>	\$ <u>(478)</u>
Recognized in profit or loss			
Net interest expense (income)	<u>391</u>	<u>(357)</u>	<u>34</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(108)	(108)
Actuarial loss - changes in demographic assumptions	17	-	17
Actuarial gain - changes in financial assumptions	(836)	-	(836)
Actuarial gain - experience adjustments	<u>(172)</u>	<u>-</u>	<u>(172)</u>
Recognized in other comprehensive income	<u>(991)</u>	<u>(108)</u>	<u>(1,099)</u>
Contributions from the employer	<u>-</u>	<u>(1,525)</u>	<u>(1,525)</u>
Balance at December 31, 2014	<u>18,969</u>	<u>(22,037)</u>	<u>(3,068)</u>
Recognized in profit or loss			
Net interest expense (income)	<u>426</u>	<u>(503)</u>	<u>(77)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(80)	(80)
Actuarial loss - changes in demographic assumptions	45	-	45
Actuarial loss - changes in financial assumptions	2,560	-	2,560
Actuarial loss - experience adjustments	<u>10</u>	<u>-</u>	<u>10</u>
Recognized in other comprehensive income	<u>2,615</u>	<u>(80)</u>	<u>2,535</u>
Balance at December 31, 2015	<u>\$ 22,010</u>	<u>\$ (22,620)</u>	<u>\$ (610)</u>

Through the defined benefit plans under the Labor Standards Law, the Group is exposed to the following risks:

- 1) Investment risk: The plan assets are invested in domestic/and foreign/equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government/corporate bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.
- 3) Salary risk: The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

The actuarial valuations of the present value of the defined benefit obligation were carried out by qualified actuaries. The principal assumptions used for the purposes of the actuarial valuations were as follows:

	December 31	
	2015	2014
Discount rate(s)	1.50%	2.25%
Expected rate(s) of salary increase	1.00%	1.00%

If possible reasonable change in each of the significant actuarial assumptions will occur and all other assumptions will remain constant, the present value of the defined benefit obligation would increase (decrease) as follows:

	December 31	
	2015	2014
Discount rate(s)		
0.25% increase	<u>\$ (899)</u>	<u>\$ (794)</u>
0.25% decrease	<u>\$ 947</u>	<u>\$ 837</u>
Expected rate(s) of salary increase		
0.25% increase	<u>\$ 949</u>	<u>\$ 846</u>
0.25% decrease	<u>\$ (906)</u>	<u>\$ (806)</u>

The sensitivity analysis presented above may not be representative of the actual change in the present value of the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

	December 31	
	2015	2014
The expected contributions to the plan for the next year	<u>\$ 692</u>	<u>\$ 712</u>
The average duration of the defined benefit obligation	17 years	17 years

22. EQUITY

a. Share capital - common stock

	December 31	
	2015	2014
Registered shares (thousands)	<u>300,000</u>	<u>300,000</u>
Registered capital	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>
Issued shares (thousands)	<u>159,205</u>	<u>158,801</u>
Issued capital	\$ 1,592,041	\$ 1,588,006
Share premium	<u>1,211,142</u>	<u>1,204,077</u>
	<u>\$ 2,803,183</u>	<u>\$ 2,792,083</u>

The par value of the issued common stock is NT\$10. Each stock is entitled to a right to vote and to receive dividends.

Of the authorized capital, a total of 30,000 thousand shares should be reserved for on employee stock option plan, preferred stock with warrant and bonds with warrant attached.

b. Unregistered share capital

	December 31	
	2015	2014
Unregistered share capital	<u>\$ 2,742</u>	<u>\$ 2,460</u>

A reconciliation of the Company's outstanding common stock share is as follows:

	Share (Thousand)	Share Capital	Unregistered Share Capital	Share Premium
Balance at January 1, 2014	157,891	\$ 1,578,906	\$ -	\$ 1,185,161
Exercise of employee share options	<u>910</u>	<u>9,100</u>	<u>2,460</u>	<u>18,916</u>
Balance at December 31, 2014	158,801	1,588,006	2,460	1,204,077
Unregistered share capital transfer to share capital	246	2,460	(2,460)	-
Exercise of employee share options	<u>158</u>	<u>1,575</u>	<u>2,742</u>	<u>7,065</u>
Balance at December 31, 2015	<u>159,205</u>	<u>\$ 1,592,041</u>	<u>\$ 2,742</u>	<u>\$ 1,211,142</u>

c. Capital surplus

	December 31	
	2015	2014
Issued capital	\$ 1,211,142	\$ 1,204,077
Employee share options	<u>8,408</u>	<u>10,065</u>
	<u>\$ 1,219,550</u>	<u>\$ 1,214,142</u>

A reconciliation of each type of capital surplus in 2015 and 2014 is as follows:

	Share Premium	Employee Share Options
Balance at January 1, 2014	\$ 1,185,161	\$ 15,580
Arising on share-based payments	-	1,031
Exercise of employee share options	<u>18,916</u>	<u>(6,546)</u>
Balance at December 31, 2014	1,204,077	10,065
Arising on share-based payments	-	788
Exercise of employee share options	<u>7,065</u>	<u>(2,445)</u>
Balance at December 31, 2015	<u>\$ 1,211,142</u>	<u>\$ 8,408</u>

The capital surplus from shares issued in excess of par and donations could be used to offset deficits; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to capital (limited to a certain percentage of the Company's paid-in capital and once a year).

The capital surplus from long-term investments, employee share options and share warrants may not be used for any purpose.

d. Retained earnings and dividend policy

Under the Company's Articles of Incorporation, the Company should make appropriations from its income net of taxes and any prior losses in the following order:

- 1) Pay all taxes.
- 2) Offset its losses in previous years.
- 3) Legal reserve at 10% of annual net income.
- 4) Special reserve.
- 5) Remuneration of 3% (maximum) to directors and supervisors;
- 6) Bonuses of 1% to 25% to employees; and
- 7) The remainder, together with the unappropriated earnings of prior years and adjustment of unappropriated earnings of the current year, to be distributed to the shareholders.

These appropriations should be approved by the shareholders in, and given effect to in the financial statements of, the year following the year of earnings generation.

To meet the requirements for present and future operational expansion and to satisfy the shareholders' need for cash inflow, the Company's dividend policy states that total dividends should be at least 20% of net income and cash dividends should be at least 10% of total dividends.

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed by the Company's board of directors on December 22, 2015 and are subject to the resolution of the shareholder in their 2016 annual meeting. For information about the accrual basis of the employees' compensation and remuneration to directors and supervisors and the actual appropriations, please refer to Employee benefits expense in Note 23.c.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs", the Company should appropriate or reverse to a special reserve.

Legal reserve should be appropriated until the legal reserve equals the Company's paid-in capital. Legal reserve may be used to offset deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Except for non-ROC resident shareholders, all shareholders receiving dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2014 and 2013 have been approved in the shareholders, meetings on June 11, 2015 and June 11, 2014, respectively, as follows:

	Appropriation of Earnings and Capitalization of Capital Surplus		Dividends Per Share (NT\$)	
	2014	2013	2014	2013
Legal reserve	\$ 36,045	\$ 28,031		
Cash dividends	194,645	126,312	\$1.2226	\$0.800

The appropriations of earnings for 2015 had been proposed by the Company's board of directors on March 14, 2016. The appropriations and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 37,239	
Cash dividends	215,296	\$1.35

The appropriations of earnings for 2015 are subject to the resolution of the shareholders' meeting.

e. Other equity items

1) Exchange differences on translating foreign operations

Exchange differences relating to the translation of the results and net assets of the Group's foreign operations from their functional currencies to the Group's presentation currency (i.e., New Taiwan dollars) were recognized directly in other comprehensive income and accumulated in the foreign currency translation reserve. Exchange differences previously accumulated in the foreign currency translation reserve (in respect of translating both the net assets of foreign operations and hedges of foreign operations) were reclassified to profit or loss on the disposal of the foreign operation.

2) Unrealized gain on available-for-sale financial assets

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ 542	\$ 571
Unrealized loss arising on revaluation of available-for-sale financial assets	-	(29)
Cumulative gain reclassified to profit or loss on sale of available-for-sale financial assets	<u>(542)</u>	<u>-</u>
Balance at December 31	<u>\$ -</u>	<u>\$ 542</u>

The investments revaluation reserve represents the cumulative gains and losses arising on the revaluation of available-for-sale financial assets that have been recognized in other comprehensive income, net of amounts reclassified to profit or loss when those assets have been disposed of or are determined to be impaired.

f. Noncontrolling interests

	For the Year Ended December 31	
	2015	2014
Balance at January 1	\$ 190,577	\$ 180,763
Attributable to noncontrolling interests:		
Share of profit for the year	17,817	12,544
Exchange difference arising on translation of foreign entities	(783)	2,614
Issue of ordinary shares for cash	11,238	3,773
Noncontrolling interests arising from acquisition of subsidiaries (Note 27)	<u>-</u>	<u>(9,117)</u>
Balance at December 31	<u>\$ 218,849</u>	<u>\$ 190,577</u>

23. NET PROFIT

a. Depreciation, and amortization expenses

	For the Year Ended December 31	
	2015	2014
An analysis of depreciation by function		
Operating costs	\$ 556,488	\$ 511,744
Operating expenses	<u>34,122</u>	<u>47,172</u>
	<u>\$ 590,610</u>	<u>\$ 558,916</u>
An analysis of amortization by function		
Operating costs	\$ 922	\$ 531
Operating expenses	<u>4,078</u>	<u>3,889</u>
	<u>\$ 5,000</u>	<u>\$ 4,420</u>

b. Other losses

	For the Year Ended December 31	
	2015	2014
Gain (loss) on disposal of property, plant and equipment	\$ (1,047)	\$ 2,474
Impairment loss on property, plant and equipment	<u>-</u>	<u>(4,257)</u>
	<u>\$ (1,047)</u>	<u>\$ (1,783)</u>

c. Employee benefit expenses

	For the Year Ended December 31	
	2015	2014
Short-term benefits		
Post-employment benefit (Note 21)		
Defined contribution plans	\$ 61,526	38,884
Defined benefit plans	<u>(77)</u>	<u>34</u>
	61,449	38,918
Share-based payments		
Cash-settled	788	1,031
Payroll expenses	749,179	629,521
Labor and health insurance expenses	22,803	20,909
Other employee benefits	<u>13,912</u>	<u>14,695</u>
Total employee benefit expenses	<u>\$ 848,131</u>	<u>\$ 705,074</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 597,566	\$ 496,407
Operating expenses	<u>250,565</u>	<u>208,667</u>
	<u>\$ 848,131</u>	<u>\$ 705,074</u>

The existing Articles of Incorporation of the Company stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates 1% to 25% and no higher than 3%, respectively, of net income (net of the bonus and remuneration). For the year ended December 31, 2014, the bonus to employees and the remuneration to directors and supervisors were \$48,661 thousand and \$9,732 thousand, respectively, representing 15% and 3%, respectively, of the base net income. To be in compliance with the Company Act as amended in May 2015, the proposed amended Articles of Incorporation of the Company stipulate to distribute employees' compensation and remuneration to directors and supervisors at the rates 1% to 25%, and no higher than 3%, respectively, of net profit before income tax, employees' compensation, and remuneration to directors and supervisors. For the year ended December 31, 2015, the employees' compensation and the remuneration to directors and supervisors were \$77,152 thousand and \$10,287 thousand, respectively, representing 15% and 2%, respectively, of the base net profit. The bonus to employees and remuneration to directors and supervisors for the year ended December 31, 2015 have been proposed by the Company's board of directors on March 14, 2016 and are subject to the resolution of the shareholders in their meeting to be held on 2016.

Material differences between such estimated amounts and the amounts proposed by the board of directors on or before the date the annual consolidated financial statements are authorized for issue are adjusted in the year the bonus and remuneration were recognized. If there is a change in the proposed amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in accounting estimate.

The bonuses to employees and remuneration to directors and supervisors for 2014 and 2013 which have been approved in the shareholders' meetings on June 11, 2015 and June 11, 2014, respectively, were as follows:

	For the Year Ended December 31	
	2014	2013
	Cash Dividends	Cash Dividends
Bonus to employees	\$ 48,661	\$ 37,843
Remuneration of directors and supervisors	9,732	7,568

There was no difference between the amounts of the bonus to employees and the remuneration to directors and supervisors approved in the shareholders' meetings on June 11, 2015 and June 11, 2014 and the amounts recognized in the financial statements for the years ended December 31, 2014 and 2013, respectively.

Information on the bonus to employees, directors and supervisors proposed by the Company's board of directors is available on the Market Observation Post System website of the Taiwan Stock Exchange.

d. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2015	2014
Foreign-currency exchange gains	\$ 28,038	\$ 31,370
Foreign-currency exchange losses	<u>(72,760)</u>	<u>(6,333)</u>
Net profit (loss)	<u>\$ (44,722)</u>	<u>\$ 25,037</u>

24. INCOME TAXES

a. Major components of tax expense recognized in profit or loss

	For the Year Ended December 31	
	2015	2014
Current tax		
In respect of the current year	\$ 87,942	\$ 87,396
Income tax on unappropriated earnings	13,068	12,597
Adjustments for prior year	<u>(1,264)</u>	<u>(1,638)</u>
	99,746	98,355
Deferred tax		
In respect of the current year	<u>25,125</u>	<u>7,522</u>
Income tax expense recognized in profit or loss	<u>\$ 124,871</u>	<u>\$ 105,877</u>

A reconciliation of accounting profit and income tax expenses is as follows:

	For the Year Ended December 31	
	2015	2014
Profit before tax	<u>\$ 515,081</u>	<u>\$ 478,874</u>
Income tax expense calculated at the statutory rate (17%)	\$ 87,564	\$ 81,409
Nondeductible expenses in determining taxable income	(31,882)	(27,359)
Tax preference	(3,293)	(3,067)
Income tax on unappropriated earnings	13,068	12,597
Unrealized loss carryforward	13,303	-
Effect of different tax rate of group entities operating in other jurisdictions	24,104	22,505
Adjustments for prior years' tax	(1,264)	(1,638)
Others	<u>23,271</u>	<u>21,430</u>
Income tax expense recognized in profit or loss	<u>\$ 124,871</u>	<u>\$ 105,877</u>

The applicable tax rate for the Group's members based in the ROC was 17%. The applicable tax rate used by subsidiaries in China was 25%, except for the lower corporate tax rate of 15% enjoyed in December 2010 by Shanghai Topoint Precision Technology Co., Ltd. as a high-technology enterprise, and in January 2015 by Chengdu Raypoint Precision Tools Co., Ltd. as a company that would promote development in the western region.

Warspeed Corporation (B.V.I.), Topoint Technology Co., Ltd. (B.V.I.) and Unipoint Technology Holdings Co., Ltd. (B.V.I.) are tax-exempt under the tax laws.

As the status of 2016 appropriations of earnings is uncertain, the potential income tax consequences of 2015 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2015	2014
<u>Deferred tax</u>		
In respect of the current year		
Remeasurement on defined benefit plan	<u>\$ 431</u>	<u>\$ (187)</u>

c. Current tax assets and liabilities

	December 31	
	2015	2014
Current tax assets		
Tax refund receivable	<u>\$ 2,490</u>	<u>\$ 1,168</u>
Current tax liabilities		
Income tax payable	<u>\$ 56,997</u>	<u>\$ 68,070</u>

The balances of current tax liabilities on December 31, 2015 and 2014 are net amounts after deducting related prepaid tax.

d. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2015

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Deferred revenue	\$ 20,002	\$ 862	\$ -	\$ 20,864
Investment loss recognized under the equity method	21,269	1,322	-	22,591
Depreciation difference between financial accounting and taxation	8,792	(718)	-	8,074
Unpaid expense	3,945	1,241	-	5,186
Write-down of inventories	6,531	(868)	-	5,663
Others	<u>5,203</u>	<u>(1,619)</u>	<u>431</u>	<u>4,015</u>
	65,742	220	431	66,393
Tax losses	<u>38,957</u>	<u>(7,962)</u>	<u>-</u>	<u>30,995</u>
	<u>\$ 104,699</u>	<u>\$ (7,742)</u>	<u>\$ 431</u>	<u>\$ 97,388</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment gain recognized under the equity method	\$ 116,458	\$ 24,559	\$ -	\$ 141,017
Unrealized exchange gains	<u>2,275</u>	<u>(1,924)</u>	<u>-</u>	<u>351</u>
	<u>\$ 118,733</u>	<u>\$ 22,635</u>	<u>\$ -</u>	<u>\$ 141,368</u>

For the year ended December 31, 2014

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Closing Balance
<u>Deferred tax assets</u>				
Temporary differences				
Deferred revenue	\$ 20,576	\$ (574)	\$ -	\$ 20,002
Investment loss recognized under the equity method	18,168	3,101	-	21,269
Depreciation difference between financial accounting and taxation	8,708	84	-	8,792
Unpaid expense	4,786	(841)	-	3,945
Write-down of inventories	4,176	2,355	-	6,531
Others	<u>4,186</u>	<u>1,204</u>	<u>(187)</u>	<u>5,203</u>
	60,600	5,329	(187)	65,742
Tax losses	<u>28,171</u>	<u>10,786</u>	<u>-</u>	<u>38,957</u>
	<u>\$ 88,771</u>	<u>\$ 16,115</u>	<u>\$ (187)</u>	<u>\$ 104,699</u>
<u>Deferred tax liabilities</u>				
Temporary differences				
Investment gain recognized under the equity method	\$ 91,062	\$ 25,396	\$ -	\$ 116,458
Unrealized exchange gains	<u>579</u>	<u>1,696</u>	<u>-</u>	<u>2,275</u>
	<u>\$ 91,641</u>	<u>\$ 27,092</u>	<u>\$ -</u>	<u>\$ 118,733</u>

- e. Unused loss carryforwards for which no deferred tax assets have been recognized in the consolidated balance sheets

	December 31, 2015
Loss carryforwards	
Expiry in 2016	\$ 26,415
Expiry in 2017	19,733
Expiry in 2018	<u>6,628</u>
	<u>\$ 52,776</u>

- f. Loss carryforwards as of December 31, 2015 comprised:

Company Name	Unused Amount	Expiry Year
Unipoint Technology Shenzhen Co., Ltd.	\$ 6,604	2016
	4,933	2017
	3,344	2018
	10,571	2019
	<u>8,219</u>	2020
	<u>33,671</u>	
Kunshan Restek Technology Co., Ltd.	1,026	2017
	2,067	2018

(Continued)

Company Name	Unused Amount	Expiry Year
	\$ 1,179	2019
	<u>1,250</u>	2020
	<u>5,522</u>	
Sharpoint Technology (Qinhuangolao) Co., Ltd.	<u>4,064</u>	2020
Kunshan Raypoint Precision Tools	<u>604</u>	2020
Kunshan Topoint Technology Co., Ltd.	<u>314</u>	2020
Winpoint Electronics (Huaian) Co., Ltd.	<u>14</u>	2020
	<u>\$ 44,189</u>	
		(Concluded)

g. Integrated income tax

	<u>December 31</u>	
	2015	2014
Unappropriated earnings		
Unappropriated earnings from 1998	<u>\$ 1,188,245</u>	<u>\$ 1,048,646</u>
Imputation credit account	<u>\$ 114,254</u>	<u>\$ 56,812</u>

The creditable ratios for the distribution of the earnings of 2015 and 2014 were 12.08% (expected ratio) and 11.08% (actual ratio), respectively.

Under the Income Tax Law, for the distribution of earnings generated on or after January 1, 1998, the imputation credits allocable to ROC resident shareholders of the Company are calculated on the basis of the creditable ratio and the balances of the imputation credit accounts (ICA) as of the date of dividend distribution. Thus, the expected creditable ratio for the 2015 earnings may differ from the actual creditable ratio to be used in allocating imputation credits to the shareholders.

h. Income tax assessments

Income tax returns of the Company and Unipoint Technology Co., Ltd. through 2013 had been examined and cleared by the tax authorities.

25. EARNINGS PER SHARE

The earnings and weighted average number of common shares outstanding that were used in the computation of earnings per share were as follows:

Net Profit for the Year

	<u>For the Year Ended December 31</u>	
	2015	2014
Profit attributable to owners of the Company	<u>\$ 372,393</u>	<u>\$ 360,453</u>
Earnings used in the computation of basic earnings per share	\$ 372,393	\$ 360,453
Effect of potentially dilutive ordinary shares	-	-
Earnings used in the computation of diluted earnings per share	<u>\$ 372,393</u>	<u>\$ 360,453</u>

Weighted average number of common shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2015	2014
Weighted average number of common shares in computation of basic earnings per share	159,082	158,199
Effect of potentially dilutive common shares:		
Employee s' compensation or bonus issue to employees	4,610	2,526
Employee stock option	<u>263</u>	<u>687</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>163,955</u>	<u>161,412</u>

If the Group offered to settle compensation or bonuses paid to employees in cash or shares, the Group assumed the entire amount of the compensation or bonus would be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Effective Date	Resolution Date	Units	Exercise Price (NT\$)
2011.09.19	2011.09.26	<u>3,500</u>	\$20.70

Each of the option represented 1,000 common shares of the Company. The term of these options is five years. These options may be exercised after two years from the grant date. Under the terms of the stock option plan, if the number of the Company's common shares changes, the exercise price of options granted will not be adjusted.

The Company elected to take the optional exemption from applying IFRS 2 "Share-based Payment" retrospectively for the shared-based payment transactions granted and vested before the date of transition.

The Company's stock options in 2015 and 2014 are summarized as follows:

	2015		2014	
	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)	Number of Options (In Thousands)	Weighted- average Exercise Price (NT\$)
Balance at January 1	1,775	\$ 20.70	3,248	\$ 20.70
Options forfeited	(133)	20.70	(317)	20.70
Options exercised	<u>(432)</u>	20.70	<u>(1,156)</u>	20.70
Balance at December 31	<u>1,210</u>		<u>1,775</u>	
Options exercisable, end of period	<u>1,150</u>	20.70	<u>1,014</u>	20.70

Stock options outstanding as of December 31, 2015 are summarized as follows:

Exercise Price (NT\$)	Outstanding Units (In Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Exercisable Units (In Thousands)	Weighted-Weighted-average Exercise Price (NT\$)
\$ 20.70	1,210	0.74	\$ 20.70	1,150	\$ 20.70

Stock options outstanding as of December 31, 2014 are summarized as follows:

Exercise Price (NT\$)	Outstanding Units (In Thousands)	Weighted-average Remaining Contractual Life (Years)	Weighted-average Exercise Price (NT\$)	Exercisable Units (In Thousands)	Weighted-Weighted-average Exercise Price (NT\$)
\$ 20.70	1,775	1.74	\$ 20.70	1,040	\$ 20.70

Compensation costs recognized were \$788 thousand and \$1,031 thousand for the years ended December 31, 2015 and 2014, respectively.

Had the Black-Scholes pricing model been used to calculate compensation cost using the fair value method, the assumptions would have been as follows:

		September 26, 2011 Issued
Assumptions	Expected dividend yield	4.21%
	Risk-free interest rate	1.12%
	Expected duration	5 years
	Expected volatility	48.66%
	Weighted-average fair value (NT\$)	\$5.80

27. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

On August 13, 2014, the Group acquired an additional 2.09% of its interest in Unipoint Technology Co, Ltd., increasing its controlling interest from 59.67% to 61.76%.

The above transactions were accounted for as equity transactions, since the Group did not cease to have control over these subsidiaries.

		August 13, 2014
Cash consideration paid		\$ (9,117)
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to noncontrolling interests		<u>9,117</u>
Differences arising from equity transaction		<u>\$ -</u>

28. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2015 and 2014, the Group entered into the following partial cash investing activities, which were not reflected in the consolidated statements of cash flows:

	<u>For the Year Ended December 31</u>	
	<u>2015</u>	<u>2014</u>
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 100,504	\$ 752,166
Net increase (decrease) in prepayments for equipment	123,074	(50,590)
Net decrease (increase) in payable for purchase of equipment	<u>201,571</u>	<u>(234,906)</u>
Cash paid	<u>\$ 425,149</u>	<u>\$ 466,670</u>

29. OPERATING LEASE AGREEMENT

The Group as lessee

The operating lease agreement refers to a plant. The lease term is 5-10 years. The Group does not have a bargain purchase option to acquire the leased plant at the end of the lease periods.

As of December 31, 2015 and 2014, the refundable deposits under the operating lease agreement were \$2,181 thousand and \$1,730 thousand, respectively.

The future minimum lease payments on the noncancelable operating lease commitments were as follows:

	<u>December 31</u>	
	<u>2015</u>	<u>2014</u>
Less than 1 year	\$ 11,086	\$ 9,533
1 to 5 years	19,001	20,787
Over 5 years	<u>13,456</u>	<u>17,367</u>
	<u>\$ 43,543</u>	<u>\$ 47,687</u>

30. CAPITAL MANAGEMENT

The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

31. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments that are not measured at fair value

The management believes the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values (or their fair values cannot be reliably measured).

b. Fair value of financial instruments that are measured at fair value on a recurring basis

1) Fair value hierarchy

December 31, 2015

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 517	\$ -	\$ 517
Nonderivative financial assets held for trading	<u>25,019</u>	<u>-</u>	<u>-</u>	<u>25,019</u>
	<u>\$ 25,019</u>	<u>\$ 517</u>	<u>\$ -</u>	<u>\$ 25,536</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 795</u>	<u>\$ -</u>	<u>\$ 795</u>

December 31, 2014

	Level 1	Level 2	Level 3	Total
<u>Available-for-sale financial assets</u>				
Securities listed in ROC equity securities	<u>\$ 735</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 735</u>
<u>Financial liabilities at fair value through profit or loss (FVTPL)</u>				
Derivative financial instruments	<u>\$ -</u>	<u>\$ 18,615</u>	<u>\$ -</u>	<u>\$ 18,615</u>

There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Valuation techniques and assumption applied for the purpose of measuring fair value

The fair values of financial assets and financial liabilities are determined as follows:

- a) The fair values of mutual funds traded in active markets are determined at their net asset value at the end of the reporting period.
- b) The fair values of financial assets and financial liabilities with standard terms and conditions and traded in active liquid markets are determined with reference to quoted market prices.
- c) Foreign currency forward contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates matching maturities of the contracts. The use of estimates and hypotheses of valuation method group entity adopt is in consistent with the market participants, when pricing such financial instruments.

c. Categories of financial instruments

	December 31	
	2015	2014
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	\$ 25,536	\$ -
Loans and receivables (Note 1)	2,896,931	2,781,741
Available-for-sale financial assets (Note 2)	6,192	11,080
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	795	18,615
Amortized cost (Note 3)	1,281,030	1,744,549

Note 1: The balances included loans and receivables measured at amortized cost, which comprise cash and cash equivalents, notes receivable, accounts receivable, accounts receivable - related parties, and other receivables.

Note 2: The balances included the carrying amount of available-for-sale financial assets measured at cost.

Note 3: The balances included financial liabilities measured at amortized cost, which comprise short-term and long-term borrowings, notes payable, accounts payables, accounts payable - related parties, and part of other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payables and borrowings. The Group's Corporate Treasury function monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency risk

Several subsidiaries of the Company had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 17% of the Group's sales were denominated in currencies other than the functional currency of the Group entity making the sale, while almost 10% of costs were denominated in the Group entity's functional currency.

The carrying amounts of the Group's foreign currency denominated monetary assets, monetary liabilities (including those eliminated on consolidation) and of the derivatives exposing to foreign currency risk at the end of the reporting period are set out in Notes 7 and 34.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars, Korea won and Euros.

The following table details the Group's sensitivity to a 1% increase and decrease in New Taiwan dollars (the functional currency) against the relevant foreign currencies. 1% is the sensitivity rate used when reporting foreign currency risk internally to key management personnel and represents management's assessment of the reasonably possible change in foreign exchange rates. The sensitivity analysis included only outstanding foreign currency denominated monetary items and foreign currency forward contracts designated as cash flow hedges, and adjusts their translation at the end of the reporting period for a 1% change in foreign currency rates. A positive number below indicates an increase in (pre-tax/post-tax) profit and other equity associated with New Taiwan dollars strengthen 1% against the relevant currency. For a 1% weakening of New Taiwan dollars against the relevant currency, there would be an equal and opposite impact on (pre-tax/post-tax) profit and other equity and the balances below would be negative.

	U.S. Dollar			
	USD:NTD		USD:RMB	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
Profit (loss)	\$ (1,120)	\$ (2,753)	\$ 1,898	\$ 7,594

	Korea Won		Euro	
	For the Year Ended December 31		For the Year Ended December 31	
	2015	2014	2015	2014
	Loss	\$ (393)	\$ (517)	\$ (114)

This was mainly attributable to the exposure outstanding no U.S. dollars, Korea won and Euros cash in bank, receivables and payables.

b) Interest rate risk

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rate risks at the end of the reporting period were as follows:

	December 31	
	2015	2014
Fair value interest rate risk		
Financial assets	\$ 354,381	\$ 478,008
Financial liabilities	-	281,715
Cash flows interest rate risk		
Financial assets	973,018	949,754
Financial liabilities	942,247	877,820

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for nonderivative instruments at the end of the reporting period. For floating rate assets and liabilities, the analysis was prepared assuming the amount of the asset and liability outstanding at the end of the reporting period was outstanding for the whole year. A 25 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profits for the years ended December 31, 2015 and 2014 would have decreased/increased by \$77 thousand and increased/decreased by \$180 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits and variable-rate borrowings.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. As of the end of the reporting period, the Group's maximum exposure to credit risk, which will cause a financial loss to the Group due to failure of counterparties to discharge an obligation, is primary from the book value of its financial assets.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults.

The Group's concentration of credit risk of 33.61% and 50.50% in total trade receivables as of December 31, 2015 and 2014, respectively, were related to the Group's five largest customers.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group manages liquidity risk by maintaining adequate bank balance and banking facilities, and continuously monitoring forecast and actual cash flows as well as the maturity profiles of financial assets and liabilities.

The Group's noninterest-bearing liabilities pertaining on nonderivative financial liabilities are paid in succession within one year.

The following table details the Group's remaining maturity for its borrowings with agreed repayment periods. The tables had been drawn up based on the undiscounted cash flows of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2015

	Weighted- average Effective Interest Rate (%)	On Demand or Less than 1 Month	Over 1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
<u>Nonderivative financial liabilities</u>					
Variable interest rate liabilities	3.05	<u>\$ 41,597</u>	<u>\$ 19,853</u>	<u>\$ 163,595</u>	<u>\$ 717,202</u>

December 31, 2014

	Weighted- average Effective Interest Rate (%)	On Demand or Less than 1 Month	Over 1 Month - 3 Months	Over 3 Months to 1 Year	Over 1 Year - 5 Years
<u>Nonderivative financial liabilities</u>					
Variable interest rate liabilities	2.93	\$ -	\$ -	\$ 199,797	\$ 678,023
Fixed interest rate liabilities	2.15	<u>12,490</u>	<u>41,160</u>	<u>99,590</u>	<u>128,475</u>
		<u>\$ 12,490</u>	<u>\$ 41,160</u>	<u>\$ 299,387</u>	<u>\$ 806,498</u>

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2015 and 2014. Please refer to Note 9.

32. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, the Group had business transactions with the following related parties:

a. The Group's related parties were as follows:

<u>Related Party</u>	<u>Relationship with the Group</u>
Other related parties	
Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.
Unimicron Technology (Shenzhen) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (Kunshan) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (FPC) Corp.	Investee of Unimicron Technology Corporation
Unimicron Technology (Suzhou) Corp.	Investee of Unimicron Technology Corporation

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Transactions between the Group and other related parties do not have significant difference between the Group and non-related parties. Details of transactions are disclosed below.

b. Operating revenue

Related Party	<u>For the Year Ended December 31</u>	
	2015	2014
Other related parties	<u>\$ 544,647</u>	<u>\$ 578,904</u>

c. Purchases of goods

Related Party	For the Year Ended December 31	
	2015	2014
Other related parties	\$ <u>3,452</u>	\$ <u>4,539</u>

d. Manufacturing overhead

Related Party	For the Year Ended December 31	
	2015	2014
Other related parties	\$ <u>3,544</u>	\$ <u>15,809</u>

Manufacturing overhead is payment to other related parties for meal expenses and utilities expenses.

e. Receivables from related parties

Related Party	December 31	
	2015	2014
Other related parties	\$ <u>215,767</u>	\$ <u>194,471</u>

The outstanding accounts receivables from related parties are unsecured. For the years ended December 31, 2015 and 2014, no impairment loss was recognized for accounts receivables from related parties.

f. Payables to related parties

Related Party	December 31	
	2015	2014
Other related parties	\$ <u>266</u>	\$ <u>7,484</u>

The outstanding accounts payable to related parties are unsecured.

g. Property, plant and equipment disposed

Related Party	For the Year Ended December 31, 2015	
	Proceeds	Gain (Loss) on Disposal
Other related parties	\$ <u>11,567</u>	\$ <u>(626)</u>

h. Compensation of key management personnel:

	For the Year Ended December 31	
	2015	2014
Short-term employee benefits	\$ 48,965	\$ 41,155
Post-employment benefits	108	108
Share-based payments	<u>79</u>	<u>103</u>
	<u>\$ 49,152</u>	<u>\$ 41,366</u>

The remuneration of directors and key executives was determined by the remuneration committee having regard to the performance of individuals and market trends.

33. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings:

	<u>December 31</u>	
	2015	2014
Property, plant and equipment	<u>\$ 584,798</u>	<u>\$ 661,317</u>

34. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the Group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

December 31, 2015

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 6,971	32.825 (USD:NTD)	\$ 228,826
USD	8,413	6.4936 (USD:RMB)	276,158
KRW	1,399,578	0.0281 (KRW:NTD)	39,328
EUR	1,417	7.0952 (EUR:RMB)	50,846
Nonmonetary items			
USD	117,403	32.825 (USD:NTD)	3,853,756
<u>Financial liabilities</u>			
Monetary items			
USD	3,559	32.825 (USD:NTD)	116,809
USD	14,194	6.4936 (USD:RMB)	465,923
CHF	3,732	6.4018 (CHF:RMB)	123,838

December 31, 2014

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 12,580	31.65 (USD:NTD)	\$ 398,147
USD	7,093	6.119 (USD:RMB)	224,501
KRW	1,771,715	0.0292 (KRW:NTD)	51,734
EUR	1,600	7.555 (EUR:RMB)	61,540
Nonmonetary items			
USD	115,179	31.65 (USD:NTD)	3,645,405

(Continued)

<u>Financial liabilities</u>	Foreign Currencies	Exchange Rate	Carrying Amount
Monetary items			
USD	\$ 3,881	31.65 (USD:NTD)	\$ 122,849
USD	31,086	6.119 (USD:RMB)	983,887
AUD	3,871	5.0174 (AUD:RMB)	100,455
			(Concluded)

For the years ended December 31, 2015 and 2014, (realized and unrealized) net foreign exchange gains (losses) were \$(44,722) thousand and \$25,037 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign functional currency transactions and currencies of the Group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

- 1) Financing provided to others: Table 1 (attached)
- 2) Endorsements/guarantees provided: Table 2 (attached)
- 3) Marketable securities held (excluding investment in subsidiaries): Table 3 (attached)
- 4) Marketable securities acquired and disposed at costs or prices at least NT\$300 million or 20% of the paid-in capital: None
- 5) Acquisition of individual real estate at costs of at least NT \$300 million or 20% of the paid-in capital: None
- 6) Disposal of individual real estate at prices of at least NT\$300 million or 20% of the paid-in capital: None
- 7) Total purchases from or sales to related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 4 (attached)
- 8) Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Table 5 (attached)
- 9) Trading in derivative instruments: Notes 7 and 31
- 10) Intercompany relationships and significant intercompany transactions: Table 9 (attached)
- 11) Information on investees (excluding investees in mainland China): Table 6 (attached)

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)

- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
- The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8 (attached)
 - The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8 (attached)
 - The amount of property transactions and the amount of the resultant gains or losses: Table 8 (attached)
 - The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)
 - The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Table 1 (attached)
 - Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None

36. SEGMENT INFORMATION

Information reported to the chief operating decision maker for the purpose of resource allocation and assessment of segment performance focuses on regional operating performance. Specifically, the Group's reportable segments under IFRS 8 "Operating Segments" were as follows: Taiwan area, Mainland China area and other areas. These segments mainly process PCBs and design, manufacture and sell related cutting equipment.

a. Segment revenues and results

The following was an analysis of the Group's revenue and results from operations by reportable segment

	Taiwan	Mainland China	Others	Eliminations	Total
<u>Year ended December 31, 2015</u>					
Revenues from external customers	\$ 855,270	\$ 2,619,790	\$ 30,837	\$ -	\$ 3,505,897
Intersegment revenues	\$ 662,603	\$ 17,150	\$ -	\$ (679,753)	\$ -
Segment income (loss)	\$ 274,712	\$ 249,423	\$ 3,690	\$ (12,744)	\$ 515,081
<u>Year ended December 31, 2014</u>					
Revenues from external customers	\$ 957,576	\$ 2,264,891	\$ 15,642	\$ -	\$ 3,238,109
Intersegment revenues	\$ 513,308	\$ 13,594	\$ -	\$ (526,902)	\$ -
Segment income (loss)	\$ 274,551	\$ 206,107	\$ 992	\$ (2,776)	\$ 478,874

b. Segment total assets

	December 31	
	2015	2014
Taiwan	\$ 2,005,766	\$ 2,092,046
Mainland China	4,869,654	5,047,121
Others	<u>22,635</u>	<u>11,316</u>
Consolidated total assets	<u>\$ 6,898,055</u>	<u>\$ 7,150,483</u>

c. Revenue from major products and services

The following is an analysis of the Group's revenue from its major products and services.

	For the Year Ended December 31	
	2015	2014
PCB drill bits/mounting plate blot holes	\$ 3,455,141	\$ 3,192,263
Others	<u>50,756</u>	<u>45,846</u>
	<u>\$ 3,505,897</u>	<u>\$ 3,238,109</u>

d. Geographical information

The Group operates in two principal geographical areas - Taiwan and Mainland China.

The Group's revenue from external customers by location of operations and information about its noncurrent assets by location of assets are detailed below.

	Revenue from External Customers		Noncurrent Assets	
	For the Year Ended December 31		December 31	
	2015	2014	2015	2014
Taiwan	\$ 691,711	\$ 750,223	\$ 914,495	\$ 1,123,555
Mainland China	2,584,386	2,229,322	2,286,288	2,492,487
Others	<u>229,800</u>	<u>258,564</u>	<u>3,169</u>	<u>1,846</u>
	<u>\$ 3,505,897</u>	<u>\$ 3,238,109</u>	<u>\$ 3,203,952</u>	<u>\$ 3,617,888</u>

Noncurrent assets exclude deferred tax assets and post-employment benefit assets.

e. Information about major customers

Sales revenues that exceeded 10% of the Group's revenue were from the following customers:

	For the Year Ended December 31	
	2015	2014
Customer A in Taiwan	\$ 395,196	\$ 430,724
Customer B in Mainland China	<u>383,522</u>	<u>352,078</u>
	<u>\$ 778,718</u>	<u>\$ 782,802</u>

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 5)	Ending Balance (Notes 5)	Actual Borrowing Amount (Note 6)	Interest Rate (%)	Nature of Financing	Business Transaction Amount	Reason for Short-term Financing	Allowance for Impairment Loss	Collateral		Financing Limit for Each Borrowing Company	Financing Company's Financing Amount Limits
													Item	Value		
1	Topoint Technology Co., Ltd. (B.V.I.)	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	\$ 65,650 (US\$ 2,000 thousand)	\$ 32,825 (US\$ 1,000 thousand)	\$ 32,825 (US\$ 1,000 thousand)	2.45	Short-term financing	\$ -	Operating turnover	\$ -	-	\$ -	\$ 4,688,076 (Note 1)	\$ 4,688,076 (Note 1)
		Sharpoint Technology (Shenzhen) Co., Ltd.	Other receivables	Yes	98,475 (US\$ 3,000 thousand)	-	-	-	Short-term financing	-	Operating turnover	-	-	-	4,688,076 (Note 1)	4,688,076 (Note 1)
		Topoint Japan Co., Ltd.	Other receivables	Yes	6,818 (JPY 25,000 thousand)	6,818 (JPY 25,000 thousand)	6,818 (JPY 25,000 thousand)	0.71	Short-term financing	-	Operating turnover	-	-	-	4,688,076 (Note 1)	4,688,076 (Note 1)
3	Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Other receivables	Yes	20,200 (RMB 4,000 thousand)	20,200 (RMB 4,000 thousand)	20,200 (RMB 4,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	1,174,948 (Note 2)	1,174,948 (Note 2)
		Kunshan Topoint Technology Co., Ltd.	Other receivables	Yes	121,320 (RMB 24,000 thousand)	121,320 (RMB 24,000 thousand)	121,320 (RMB 24,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,688,076 (Note 1)	4,688,076 (Note 1)
		Chengdu Raypoint Precision Tools Co., Ltd.	Other receivables	Yes	192,089 (RMB 38,000 thousand)	192,089 (RMB 38,000 thousand)	192,089 (RMB 38,000 thousand)	4.35- 4.75	Short-term financing	-	Operating turnover	-	-	-	1,174,948 (Note 2)	1,174,948 (Note 2)
		Unipoint Technology Shenzhen Co., Ltd.	Other receivables	Yes	80,880 (RMB 16,000 thousand)	80,880 (RMB 16,000 thousand)	80,880 (RMB 16,000 thousand)	4.35	Short-term financing	-	Operating turnover	-	-	-	4,688,076 (Note 1)	4,688,076 (Note 1)
5	Unipoint Technology Co., Ltd.	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	Other receivables	Yes	116,529 (US\$ 3,550 thousand)	32,825 (US\$ 1,000 thousand)	32,825 (US\$ 1,000 thousand)	2.03	Short-term financing	-	Operating turnover	-	-	-	211,858 (Note 3)	211,858 (Note 3)
6	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	Unipoint Technology Shenzhen Co., Ltd.	Other receivables	Yes	116,529 (US\$ 3,550 thousand)	32,825 (US\$ 1,000 thousand)	32,825 (US\$ 1,000 thousand)	4.03	Short-term financing	-	Operating turnover	-	-	-	529,645 (Note 4)	529,645 (Note 4)

Note 1: The maximum financing allowed for a foreign company in which the lender directly and indirectly held 100% voting shares of is limited to the net value of the lender as of December 31, 2015.

Note 2: The maximum financing allowed for a single party or the total financing provided is limited to 40% of the net value of Shanghai Topoint Precision Technology Co., Ltd. as of December 31, 2015.

Note 3: The maximum financing allowed for a single party or the total financing provided is limited to 40% of the net value of Unipoint Technology Co., Ltd. as of December 31, 2015.

Note 4: The maximum financing allowed for a foreign company in which Unipoint Technology Co., Ltd. directly and indirectly held 100% voting shares of is limited to the net value of Unipoint Technology Co., Ltd. as of December 31, 2015.

Note 5: The maximum balance for the period and ending balances were approved by the board of directors. The borrowing drawdown was the same as the ending balance.

Note 6: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guarantee		Limits on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period (Note 6)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 6)	Actual Borrowing Amount	Amount Endorsed Guaranteed by Collaterals	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements (%) (Note 5)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries (Note 7)	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent (Note 7)	Endorsement/ Guarantee Given on behalf of Companies in Mainland China (Note 7)
		Name	Relationship										
0	Topoint Technology Co., Ltd. (the "Company")	Topoint Technology Co., Ltd. (B.V.I.)	Subsidiary	\$ 2,812,846 (Note 2)	\$ 237,981 (US\$ 7,250 thousand)	\$ 65,748 (US\$ 2,003 thousand)	\$ 32,825 (US\$ 1,000 thousand)	\$ -	1	\$ 4,688,076 (Note 2)	Y	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Note 1	2,812,846 (Note 2)	79,437 (US\$ 4,420 thousand)	31,184 (US\$ 950 thousand)	31,184 (US\$ 950 thousand)	-	1	4,688,076 (Note 2)	Y	-	Y
		Chengdu Raypoint Precision Tools Co., Ltd.	Note 1	2,812,846 (Note 2)	123,249 (CHF 3,714 thousand)	123,249 (CHF 3,714 thousand)	123,249 (CHF 3,714 thousand)	-	3	4,688,076 (Note 2)	Y	-	Y
		Sharpoint Electronics (Huaian) Co., Ltd.	Note 1	2,812,846 (Note 2)	141,607 (US\$ 4,314 thousand)	-	-	-	-	-	4,688,076 (Note 2)	Y	-
1	Topoint Technology Co., Ltd. (B.V.I)	Chengdu Raypoint Precision Tools Co., Ltd.	Note 1	3,787,663 (Note 4)	13,671 (AUD 570 thousand)	-	-	-	-	3,787,663 (Note 4)	-	-	Y
3	Shanghai Topoint Precision Technology Co., Ltd.	Sharpoint Technology (Shenzhen) Co., Ltd.	Note 1	1,762,422 (Note 3)	206,141 (US\$ 6,280 thousand)	198,263 (US\$ 6,040 thousand)	7,878 (US\$ 240 thousand)	-	7	2,937,369 (Note 3)	-	-	Y
		Kunshan Technology Co., Ltd.	Subsidiary	1,762,422 (Note 3)	177,314 (RMB 35,077 thousand)	151,184 (RMB 29,908 thousand)	151,184 (RMB 29,908 thousand)	-	5	2,937,369 (Note 3)	-	-	Y
		Chengdu Raypoint Precision Tools Co., Ltd.	Subsidiary	1,762,422 (Note 3)	209,818 (US\$ 4,350 thousand) and RMB 13,260 thousand)	182,263 (US\$ 3,780 thousand) and RMB 11,530 thousand)	182,263 (US\$ 3,780 thousand) and RMB 11,530 thousand)	182,263 (US\$ 3,780 thousand) and RMB 11,530 thousand)	-	6	2,937,369 (Note 3)	-	-

Note 1: A subsidiary company which the Company indirectly held over 50% voting shares.

Note 2: The maximum of total endorsement/guarantee provided is limited to the net value of the Company as of December 31, 2015. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of the Company as of December 31, 2015.

Note 3: The maximum of total endorsement/guarantee provided is limited to the net value of Shanghai Topoint Precision Technology Co., Ltd. as of December 31, 2015. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of Shanghai Topoint Precision Technology Co., Ltd. as of December 31, 2015.

(Continued)

Note 4: The maximum total endorsement/guarantee provided and the maximum endorsement/guarantee provided for a single party are limited to the net value of Topoint Technology Co., Ltd. (B.V.I.) as of December 31, 2015.

Note 5: The rate is calculated in accordance with the financial statements of the endorsement/guarantee provider.

Note 6: The maximum balance for the period and ending balance were approved by the board of directors.

Note 7: Indicate “Y” if the endorsement/guarantee is given by parent on behalf of subsidiaries, gain by subsidiaries on behalf of parent or given on behalf of companies in Mainland China.

(Concluded)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2015				
				Shares	Carrying Value	Percentage of Ownership	Fair Value	Note
Topoint Technology Co., Ltd. (B.V.I.)	<u>Stock</u> Golden Creation (Cayman) Trade Co., Ltd.	-	Financial assets measured at cost	189	\$ 6,192 (US\$ 189 thousand)	2.42	\$ -	-
Unipoint Technology Co., Ltd.	<u>Share certificates</u> Cooperative Money Market Fund	-	Financial assets at fair value through profit or loss (FVTPL)	2,493,467.12	25,019	-	25,019	Note 1

Note 1: The fair value of the financial assets at FVTPL was calculated at the net assets value of the mutual fund on December 31, 2015.

Note 2: The information of the investment in subsidiaries please refer to Tables 6 and 7.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALE TO RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchase/Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total (Note 1)	
Topoint Technology Co., Ltd.	Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.	Sales	\$ 120,794	10	Net 120 days after monthly closing	-	-	\$ 12,377	6	-
Unipoint Technology Co., Ltd.	Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.	Sales	274,402	94	Net 120 days after monthly closing	-	-	126,413	74	(Note 2)
Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary	Sales	321,515	26	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	26,710	12	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	Parent company	Purchase	321,515	40	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(26,710)	18	(Note 2)
Topoint Technology Co., Ltd.	Warpspeed Corporation (B.V.I.)	Subsidiary	Sales	190,820	15	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	18,561	9	(Note 2)
Warpspeed Corporation (B.V.I.)	Topoint Technology Co., Ltd.	Parent company	Purchase	190,820	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(18,561)	100	(Note 2)
Topoint Technology Co., Ltd.	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Subsidiary	Sales	107,982	9	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	(Note 2)
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Topoint Technology Co., Ltd.	Parent company	Purchase	107,982	36	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	(Note 2)
Warpspeed Corporation (B.V.I.)	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd. (B.V.I.)	Sales	219,503	87	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	20,626	100	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Warpspeed Corporation (B.V.I.)	Subsidiary of Topoint Technology Co., Ltd. (B.V.I.)	Purchase	219,503	28	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(20,626)	14	(Note 2)
Kunshan Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Parent company	Sales	159,576	94	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	36,258	91	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	Subsidiary	Purchase	159,576	20	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(36,258)	24	(Note 2)

Note 1: The rate is calculated in accordance with individual financial statements of the companies.

Note 2: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

DECEMBER 31, 2015

(In Thousands of New Taiwan Dollars and U.S. Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Accounts Receivable - Related Parties		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance (Note 2)		Amount	Actions Taken		
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd. Chengdu Raypoint Precision Tools Co., Ltd.	Subsidiary Subsidiary	Other receivables	\$ 121,496	Note 1	\$ -	-	\$ -	\$ -
			Other receivables	194,592	Note 1	-	-	-	-
			Accounts receivable	97	1.27	-	-	-	-

Note 1: Other receivables refer to financing provided and interest receivable.

Note 2: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
 FOR THE YEAR ENDED DECEMBER 31, 2015
 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2015			Net Income (Loss) of the Investee	Share of Profit (Notes 2 and 3)
				December 31, 2015	December 31, 2014	Shares	%	Carrying Value (Notes 2 and 3)		
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	\$ 1,755,695	\$ 1,580,494	7,139	100.00	\$ 3,680,016	\$ 163,720	\$ 161,225 (Note 1)
	Unipont Technology Co., Ltd.	Republic of China	Testing of drill bits and mounting plate bolt holes	305,299	305,299	30,696,297	61.76	323,593	44,492	27,478
	Warpspeed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569	1,569	50,000	100.00	1,263	12,965	12,965
	Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667	7,667	600	100.00	(582)	3,292	3,292
Unipoint Technology Co., Ltd.	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	178,814 (US\$ 5,600 thousand)	178,814 (US\$ 5,600 thousand)	11,200	100.00	66,092	(40,421)	(40,421)

Note 1: Investment gain is the investee's net income of \$163,720 thousand minus unrealized profits of \$2,495 thousand from upstream and side stream intercompany transactions.

Note 2: The investees' financial statements used as basis for calculating investment gains (losses) recognized had all been audited.

Note 3: Eliminated from the consolidated financial statements.

Note 4: Information on investee company in Mainland China please refer to Table 7.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investee Company	Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from Taiwan as of January 1, 2015	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2015	Net Income (Loss) of the Investee (Note 7)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 7 and 11)	Carrying Amount as of December 31, 2015 (Notes 7 and 11)	Accumulated Repatriation of Investment Income as of December 31, 2015
						Outflow	Inflow						
Topoint Technology Co., Ltd. (the "Company")	Shanghai Topoint Precision Technology Co., Ltd.	Manufacturing and selling precision equipment and measurement facilities	\$ 1,443,066 (US\$ 44,200 thousand) (Note 1)	Indirect: Through an investment company registered in a third region (Note 2)	\$ 914,337 (US\$ 27,300 thousand)	\$ -	\$ -	\$ 914,337 (US\$ 27,300 thousand)	\$ 160,723	100.00	\$ 160,723	\$ 2,937,369	\$ -
	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	250,222 (US\$ 7,800 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	250,222 (US\$ 7,800 thousand)	-	-	250,222 (US\$ 7,800 thousand)	(12,500)	100.00	(12,500)	301,665	-
	Sharpoint Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	147,583 (US\$ 5,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	147,583 (US\$ 5,000 thousand)	-	-	147,583 (US\$ 5,000 thousand)	4,745	100.00	4,745	196,121	-
	Sharpoint Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	177,872 (US\$ 6,000 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	177,872 (US\$ 6,000 thousand)	-	-	177,872 (US\$ 6,000 thousand)	9,804	100.00	9,804	204,558	-
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Indirect: Through an investment company registered in a third region (Note 2)	90,480 (US\$ 3,000 thousand)	169,328 (US\$ 5,400 thousand)	-	259,808 (US\$ 8,400 thousand)	21,109	100.00 (Note 9)	21,109	320,170 (Note 9)	-
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling print circuit board	30,480 (US\$ 1,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	(4,835)	75.00	(3,626)	3,376	-
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	97,228 (RMB 20,800 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	(1,446)	100.00	(1,446)	109,929	-
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	308,875 (US\$ 10,000 thousand) (Note 9)	Other (Note 4)	-	-	-	- (Note 9)	- (Note 9)	- (Note 9)	- (Note 9)	- (Note 9)	-
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	199,568 (RMB 40,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	26,829	92.50	24,817	215,615	-
Chengdu Raypoint Precision Tools Co., Ltd.	Kunshan Raypoint Precision Tools Co., Ltd.	Cutting equipment	25,437 (RMB 5,000 thousand)	Other (Note 5)	- (Note 5)	-	-	- (Note 5)	(2,404)	92.50	(2,404)	22,891	-
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	25,341 (RMB 5,000 thousand)	Other (Note 6)	- (Note 6)	-	-	- (Note 6)	(42)	100.00	(42)	25,234	-
Unipoint Technology Co., Ltd.	Unipoint Technology Shenzhen Co., Ltd.	Testing of drill bits and mounting plate bolt holes	178,814 (US\$ 5,600 thousand)	Indirect: Through an investment company registered in a third region (Note 3)	178,814 (US\$ 5,600 thousand)	-	-	178,814 (US\$ 5,600 thousand)	(40,728)	61.76	(40,728)	65,774	-

(Continued)

Investor Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2015	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 10)
Topoint Technology Co., Ltd. (the "Company")	\$ 1,755,695 (US\$ 54,689 thousand)	\$ 2,287,469 (US\$ 71,589 thousand) (Note 8)	\$ 2,812,846
Unipoint Technology Co., Ltd.	178,814 (US\$ 5,600 thousand)	178,814 (US\$ 5,600 thousand)	317,787

Note 1: The amount includes the capitalization of retained earnings of US\$16,700 of Shanghai Topoint Precision Technology Co., Ltd. and US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.).

Note 2: Investment company required in third region is Toping Technology Co., Ltd. (B.V.I.)

Note 3: Investment company required in third region is Unipoint Technology Holdings Co., Ltd. (B.V.I.)

Note 4: Invested and established by the owned fund of Shanghai Topoint Precision Technology Co., Ltd.

Note 5: Invested and established by the owned fund of Chengdu Raypoint Precision Tools Co., Ltd.

Note 6: Invested and established by the owned fund of Sharpoint Electronics (Huaian) Co., Ltd.

Note 7: Investment gains (losses) and carrying values were recognized on the basis of the investee's financial statements audited by the independent CPA of the Company.

Note 8: Investment amounts authorized by Investment Commission under the Ministry of Economic Affairs (MOEA) included the capitalization of retained earnings of US\$16,700 thousand of Shanghai Topoint Precision Technology Co., Ltd. and US\$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.).

Note 9: The investment amounts from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co. are US\$8,400 thousand (84%) and US\$1,600 thousand (16%), respectively. The recognition of gain on investment are \$17,732 thousand and \$3,377 thousand, respectively, which lead to the ending balances of investment account - \$171,829 thousand and \$32,729 thousand.

Note 10: According to the Investment Commission under the MOEA, the Company's issued capital is between \$80,000 thousand and \$5,000,000 thousand, and the upper limit on the Company's investment is at the highest of 60% of the capital or \$80,000 thousand.

Note 11: Eliminated from the consolidated financial statements.

(Concluded)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

SIGNIFICANT TRANSACTIONS WITH INVESTEE COMPANIES IN MAINLAND CHINA, EITHER DIRECTLY OR INDIRECTLY THROUGH A THIRD PARTY, AND THEIR PRICES, PAYMENT TERMS AND UNREALIZED GAINS OR LOSSES
FOR THE YEAR ENDED DECEMBER 31, 2015
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Investor Company	Investee Company	Transaction Details	Amount	% to Total Sales or Purchase	Transaction Details		Notes/Accounts Receivable (Payable)		Deferred Gain (Loss)	Note	
						Payment Term	Comparison with Normal Transaction	Ending Balance	% to Total			
0	Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Sales	\$ 478,280	38	Based on mutual agreement	Based on mutual agreement	\$ 45,130	21	\$ 8,030	Notes 1 and 3	
			Purchase of materials	17,150	5	Based on mutual agreement	Based on mutual agreement	(3,976)	8	174	Notes 1 and 3	
			Payment on behalf of others	-	-			141	-	-	-	Notes 1, 2 and 3
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Purchase machinery and equipment on behalf of others	5,518	-	Based on mutual agreement	Based on mutual agreement	-	-	-	907	Note 3
			Sales	142,037	11	Based on mutual agreement	Based on mutual agreement	-	-	3,018	Notes 1 and 3	
		Sharpoint Technology (Suzhou) Co., Ltd.	Sales	21,703	2	Based on mutual agreement	Based on mutual agreement	6,519	3	199	Notes 1 and 3	
			Disposal of machinery and equipment	11,372	-	Based on mutual agreement	Based on mutual agreement	-	-	807	Note 3	
		Kunshan Topoint Technology Co., Ltd.	Purchase machinery and equipment on behalf of others	8,344	-	Based on mutual agreement	Based on mutual agreement	-	-	1,879	Note 3	
Chengdu Raypoint Precision Tools Co., Ltd.	Sales	7,919	1	Based on mutual agreement	Based on mutual agreement	127	-	24	Notes 1 and 3			

Note 1: Except for the Company's direct transaction with Shanghai Topoint Precision Technology Co., Ltd., Sharpoint Technology (Qinhuangdao) Co., Ltd., Sharpoint Technology (Suzhou) Co., Ltd. and Chengdu Raypoint Precision Tools Co., Ltd., other transactions were made indirectly through Warspeed Corporation (B.V.I.). The prices and payment terms were based on mutual agreement.

Note 2: The transaction refers to the Company's purchase of new parts, material and supplies.

Note 3: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
0	Topoint Technology Co., Ltd.	Warspeed Corporation (B.V.I.)	1	Accounts receivable - related parties	\$ 18,561	-	-
				Sales	190,820	-	6
		Shanghai Topoint Precision Technology Co., Ltd.	1	Accounts receivable - related parties	26,710	-	-
				Inventories	214	-	-
				Accounts payable - related parties	3,976	-	-
				Deferred credits	44,101	-	1
				Sales	321,515	-	9
				Unrealized profit	8,030	-	-
				Cost of goods sold	9,211	-	-
		Topoint Japan Co., Ltd.	1	Gain on disposal of property, plant and equipment	8,716	-	-
				Accounts receivable - related parties	13,662	-	-
				Deferred credits	1,304	-	-
				Sales	12,664	-	-
				Unrealized profit	1,304	-	-
				Cost of goods sold	1,304	-	-
				Rental revenue	4,256	-	-
		Unipoint Technology Co., Ltd.	1	Other income	3,151	-	-
				Accounts receivable - related parties	8,598	-	-
				Refundable deposits	300	-	-
				Accounts payable - related parties	210	-	-
				Guarantee deposits received	3	-	-
				Deferred credits	178	-	-
				Sales	15,435	-	-
				Unrealized profit	5	-	-
				Cost of goods sold	2,222	-	-
				Rental revenue	36	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	1	Other income	6,600	-	-
Deferred credits	15,720			-	-		
Sales	107,982			-	3		
Unrealized profit	3,018			-	-		
Sharpoint Technology (Suzhou) Co., Ltd.	1	Cost of goods sold	15,720	-	-		
		Accounts receivable - related parties	6,519	-	-		
		Deferred credits	1,753	-	-		
		Sales	21,703	-	1		
		Unrealized profit	199	-	-		
		Cost of goods sold	895	-	-		

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Kunshan Topoint Technology Co., Ltd.	1	Deferred credits	\$ 37,529	-	1
				Gain on disposal of property, plant and equipment	563	-	-
				Other income	4,133	-	-
		Chengdu Raypoint Precision Tools Co., Ltd.	1	Accounts receivable - related parties	127	-	-
				Deferred credits	24	-	-
				Sales	7,919	-	-
				Unrealized profit	24	-	-
				Cost of goods sold	24	-	-
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	3	Accounts receivable - related parties	6,818	-	-
		Sharpoin Technology (Qinhuangdao) Co., Ltd.	3	Accounts receivable - related parties	32,825	-	-
2	Warspeed Corporation (B.V.I.)	Topoint Technology Co., Ltd.	2	Accounts payable - related parties	18,561	-	-
				Cost of goods sold	190,820	-	6
		Shanghai Topoint Precision Technology Co., Ltd.	3	Accounts receivable - related parties	20,626	-	-
				Sales	219,503	-	6
		Sharpoin Technology (Qinhuangdao) Co., Ltd.	3	Sales	34,054	-	1
3	Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	2	Accounts receivable - related parties	3,976	-	-
				Inventories	26,361	-	-
				Machinery and equipment	255,630	-	4
				Accumulated depreciation	273,369	-	4
				Accounts payable - related parties	26,710	-	-
				Sales	17,150	-	-
				Cost of goods sold	348,349	-	10
		Warspeed Corporation (B.V.I.)	3	Accounts payable - related parties	20,626	-	-
				Cost of goods sold	219,503	-	6
		Sharpoin Technology (Qinhuangdao) Co., Ltd.	3	Accounts receivable - related parties	49,334	-	1
				Sales	68,923	-	2
				Cost of goods sold	1,952	-	-
		Unipoint Technology Shenzhen Co., Ltd.	3	Accounts receivable - related parties	83,122	-	1
				Sales	10,070	-	-
				Cost of goods sold	903	-	-
				Interest income	1,915	-	-
		Sharpoin Technology (Shenzhen) Co., Ltd.	3	Accounts receivable - related parties	2,322	-	-
				Sales	13,075	-	-
				Cost of goods sold	260	-	-
		Sharpoin Technology (Suzhou) Co., Ltd.	3	Accounts receivable - related parties	1,818	-	-
				Sales	5,925	-	-
				Cost of goods sold	2,069	-	-
		Kunshan Restek Technology Co., Ltd.	3	Accounts receivable - related parties	20,249	-	-
				Interest income	1,189	-	-
		Kunshan Topoint Technology Co., Ltd.	3	Accounts receivable - related parties	121,496	-	2
				Accounts payable - related parties	36,258	-	1
				Interest income	7,092	-	-
				Cost of goods sold	159,576	-	5

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Chengdu Raypoint Precision Tools Co., Ltd.	3	Accounts receivable - related parties	\$ 194,689	-	3
		Sharpoint Electronics (Huaian) Co., Ltd.	3	Sales	563	-	-
				Interest income	9,137	-	-
				Accounts receivable - related parties	25,594	-	-
				Sales	69,794	-	2
				Cost of goods sold	2,915	-	-
4	Topoint Japan Co., Ltd.	Topoint Technology Co., Ltd.	2	Inventories	1,304	-	-
				Accounts payable - related parties	13,662	-	-
				Cost of goods sold	20,071	-	1
		Topoint Technology Co., Ltd. (B.V.I.)	3	Accounts payable - related parties	6,818	-	-
5	Unipoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	2	Accounts receivable - related parties	210	-	-
				Refundable deposits	3	-	-
				Inventories	178	-	-
				Accounts payable - related parties	8,598	-	-
				Guarantee deposits received	300	-	-
				Cost of goods sold	22,218	-	-
				Rental revenue	2,400	-	-
				Rental expense	36	-	-
		Unipoint Technology Holdings Co., Ltd. (B.V.I.)	3	Accounts receivable - related parties	32,825	-	-
				Interest income	1,540	-	-
6	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	Unipoint Technology Co., Ltd.	3	Accounts payable - related parties	32,825	-	-
				Interest expenses	1,540	-	-
		Unipoint Technology Shenzhen Co., Ltd.	3	Accounts receivable - related parties	32,825	-	-
				Interest income	1,847	-	-
7	Unipoint Technology Shenzhen Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	3	Inventories	61	-	-
				Accounts payable - related parties	83,122	-	1
				Other income	964	-	-
				Cost of goods sold	10,070	-	-
				Interest expense	1,915	-	-
		Unipoint Technology Holdings Co., Ltd. (B.V.I.)	3	Accounts payable - related parties	32,825	-	-
				Interest expenses	1,847	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	3	Cost of goods sold	47	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	3	Accounts receivable - related parties	886	-	-
				Other income	9,164	-	-
		Kunshan Topoint Technology Co., Ltd.	3	Accounts receivable - related parties	192	-	-
				Other income	1,019	-	-
		Kunshan Restek Technology Co., Ltd.	3	Cost of goods sold	2,640	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	3	Sales	161	-	-
				Other income	681	-	-
8	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Topoint Technology Co., Ltd.	2	Inventories	15,720	-	-
				Cost of goods sold	120,684	-	3
		Warpspeed Corporation (B.V.I.)	3	Cost of goods sold	34,054	-	1

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
		Topoint Technology Co., Ltd. (B.V.I.) Shanghai Topoint Precision Technology Co., Ltd.	3 3	Accounts payable - related parties Inventories	\$ 32,825 3,248	- -	- -
		Unipoint Technology Shenzhen Co., Ltd. Sharpoint Electronics (Huaian) Co., Ltd.	3 3	Accounts payable - related parties Sales Cost of goods sold Sales Sales	49,334 1,296 68,923 47 1,500	- - - - -	1 - 2 - -
9	Sharpoint Technology (Shenzhen) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	3	Accounts payable - related parties Other income Cost of goods sold	2,322 260 13,075	- - -	- - -
10	Sharpoint Technology (Suzhou) Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd. Unipoint Technology Shenzhen Co., Ltd.	2 3 3	Inventories Machinery and equipment Accumulated depreciation Accounts payable - related parties Cost of goods sold Inventories Accounts payable - related parties Sales Cost of goods sold Accounts payable - related parties Cost of goods sold	895 1,459 601 6,519 22,399 2,082 1,818 13 5,925 886 9,164	- - - - - - - - - - -	- - - - 1 - - - - - -
11	Kunshan Restek Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd. Unipoint Technology Shenzhen Co., Ltd.	3 3	Accounts payable - related parties Interest expenses Sales	20,249 1,189 2,640	- - -	- - -
12	Kunshan Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd. Unipoint Technology Shenzhen Co., Ltd. Sharpoint Electronics (Huaian) Co., Ltd.	2 3 3 3	Machinery and equipment Accumulated depreciation Cost of goods sold Accounts receivable - related parties Accounts payable - related parties Sales Interest expenses Accounts payable - related parties Cost of goods sold Accounts receivable - related parties Sales	48,947 11,418 4,696 36,258 121,496 159,576 7,092 192 1,019 3,653 9,398	- - - - - - - - - - -	1 - - 1 2 5 - - - - -
13	Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd. Kunshan Topoint Technology Co., Ltd. Unipoint Technology Shenzhen Co., Ltd. Sharpoint Technology (Qinhuangdao) Co., Ltd.	3 3 3 3	Inventories Accounts payable - related parties Cost of goods sold Accounts payable - related parties Cost of goods sold Cost of goods sold Cost of goods sold	2,915 25,594 69,794 3,653 9,398 842 1,500	- - - - - - -	- - 2 - - - -

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	% to Total Sales or Assets (Note 4)
14	Chengdu Raypoint Precision Tools Co., Ltd.	Topoint Technology Co., Ltd.	2	Inventories	\$ 24	-	-
				Accounts payable - related parties	127	-	-
				Cost of goods sold	7,919	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	3	Accounts payable - related parties	194,689	-	3
				Cost of goods sold	563	-	-
				Interest expenses	9,137	-	-
		Kunshan Raypoint Precision Tools Co., Ltd.	3	Accounts receivable - related parties	6,396	-	-
				Accounts payable - related parties	9,433	-	-
				Sales	17,190	-	-
Cost of goods sold	37,376	-	1				
15	Kunshan Raypoint Precision Tools Co., Ltd.	Chengdu Raypoint Precision Tools Co., Ltd.	3	Accounts receivable - related parties	9,433	-	-
				Accounts payable - related parties	6,396	-	-
				Sales	37,376	-	1
				Cost of goods sold	17,190	-	-

Note 1: Companies are numbered as follows:

- a. The number of Topoint Technology Co., Ltd. ("Topoint") is "0."
- b. Subsidiaries are numbered from "1."

Note 2: The flow of transactions is as follows:

- a. From Topoint to the subsidiary.
- b. From the subsidiary to Topoint.
- c. Between subsidiaries.

Note 3: The prices and payment terms for related-party transactions were based on agreements.

Note 4: If the transaction amounts are related to the balance sheet accounts, the percentages are those of the year-end balances to the consolidated total assets. If the transaction amounts are related to the income statement accounts, the percentages are the total amounts of the year to the consolidated total sales.

Note 5: Eliminated from the consolidated financial statements.

(Concluded)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OPERATING REVENUES				
Sales	\$ 1,250,610	101	\$ 1,240,997	100
Less : Sales returns	164	-	1,328	-
Sales discounts and allowances	7,674	1	2,014	-
Net Operating Revenues	1,242,772	100	1,237,655	100
OPERATING COSTS				
Cost of goods sold	819,666	66	822,540	67
GROSS PROFIT	423,106	34	415,115	33
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	(12,570)	(1)	(2,946)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	-	-	-	-
REALIZED GROSS PROFIT	410,536	33	412,169	33
OPERATING EXPENSES				
Marketing and selling	43,734	4	42,955	3
General and administrative	129,654	11	109,306	9
Research and development	41,333	3	34,286	3
Total operating expenses	214,721	18	186,547	15
OTHER OPERATING INCOME AND EXPENSES	9,279	1	7,696	1
NET OPERATING INCOME	205,094	16	233,318	19
NON-OPERATING INCOME AND EXPENSES				
Share of the profit of subsidiaries	204,960	17	172,371	14
Interest income	678	-	552	-
Rental income	4,292	-	2,671	-
Other income	18,059	2	5,695	-
Gain on disposal of investment	1,007	-	-	-
Foreign exchange gain, net	2,386	-	9,494	1
Interest expenses	(9,570)	(1)	(10,291)	(1)
Foreign exchange loss, net	-	-	-	-
Total non-operating income and expenses	221,812	18	180,492	14
INCOME BEFORE INCOME TAX	426,906	34	413,810	33
INCOME TAX EXPENSE	(54,513)	(4)	(53,357)	(4)
NET INCOME	372,393	30	360,453	29

(Continued)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2015		2014	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Defined benefit actuarial losses	(2,535)	-	1,099	-
Tax of other comprehensive income	431	-	(187)	-
Items that may be reclassified subsequently to profit or loss:				
Translation adjustments on foreign subsidiaries	(89,290)	(7)	196,417	16
Unrealized losses on Available-for-sale financial assets	(542)	-	(29)	-
Total other comprehensive income	<u>(91,936)</u>	<u>(7)</u>	<u>197,300</u>	<u>16</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 280,457</u>	<u>23</u>	<u>\$ 557,753</u>	<u>45</u>
EARNINGS PER SHARE				
Basic	<u>\$ 2.34</u>		<u>\$ 2.28</u>	
Diluted	<u>\$ 2.27</u>		<u>\$ 2.23</u>	

(Concluded)

(With Deloitte & Touche auditors' report dated March 14, 2016)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2015 AND 2014

(In Thousands of New Taiwan Dollars)

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	\$ 426,906	\$ 413,810
Adjustments to reconcile net income to net cash provided by operating activities :		
Depreciation	178,076	184,011
Amortization	3,643	1,980
Interest expenses	9,570	10,291
Interest income	(678)	(552)
Compensation Cost of employee stock options	788	1,031
Share of the profit of subsidiaries	(204,960)	(172,371)
Gain on disposal of property, plant and equipment, net	(9,279)	(11,953)
Gain on disposal of investment	(1,007)	-
Impairment of property,plant and equipment	-	4,257
Unrealized gain on transactions with subsidiaries	12,570	2,946
Net changes in operation assets and liabilities		
Notes receivable	(891)	5,089
Accounts receivable	2	3,930
Accounts receivable - related parties	69,341	(36,941)
Other receivables	1,975	(20,154)
Inventories	(407)	3,964
Prepayments	(6,276)	(7,541)
Other current assets	40	(140)
Accounts payable	(7,786)	12,326
Accounts payable - related parties	1,239	1,457
Other payable	59,384	(48,836)
Other current liabilities	(1,833)	1,135
Accrued pension liabilities	(77)	(1,491)
Cash provided by operating	<u>530,340</u>	<u>346,248</u>
Interest received	679	552
Interest paid	(9,810)	(10,161)
Income tax paid	<u>(60,781)</u>	<u>(42,633)</u>
Net cash provided by operating activities	<u>460,428</u>	<u>294,006</u>

(Continued)

TOPOINT TECHNOLOGY CO.,LTD.**STATEMENTS OF CASH FLOWS****YEARS ENDED DECEMBER 31, 2015 AND 2014****(In Thousands of New Taiwan Dollars)**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from disposal of available-for-sale financial assets	1,200	-
Acquisition of property, plant and equipment	(14,294)	(57,608)
Proceeds from disposal of property, plant and equipment	16,890	22,577
Acquisition of intangible assets	(8,065)	(3,410)
Increase in refundable deposits	142	(1,852)
Acquisition of subsidiaries	(175,201)	(99,597)
Decrease in other non-current assets	0	1
Net cash used in investing activities	<u>(179,328)</u>	<u>(139,889)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	(69,342)	15,782
Proceeds from long-term loans	-	30,000
Repayment of long-term loans	(5,873)	(60,270)
Increase in guarantee deposits received	411	646
Cash dividends paid	(194,645)	(126,312)
Exercise of employee share options	8,937	23,930
Net cash used in financing activities	<u>(260,512)</u>	<u>(116,224)</u>
EFFECT OF EXCHANGE RATE CHANGES	<u>6,042</u>	<u>2,811</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	26,630	40,704
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>287,796</u>	<u>247,092</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u>\$ 314,426</u>	<u>\$ 287,796</u>

(Concluded)

(With Deloitte & Touche auditors' report dated March 14, 2016)

VII. Review of financial position, management performance and risk management

1. Financial position

A. Financial status comparison analysis

Unit:NT\$1,000

Item	Year	2015	2014	Difference	
				Amount	%
Current assets		\$3,596,105	\$3,424,828	171,277	5.00
Property, plant and equipment		2,977,495	3,535,826	(558,331)	(15.79)
Other noncurrent assets		324,455	189,829	134,626	70.92
Total assets		6,898,055	7,150,483	(252,428)	(3.53)
Current liabilities		1,120,899	1,430,882	(309,983)	(21.66)
Noncurrent liabilities		870,231	936,485	(66,254)	(7.07)
Total liabilities		1,991,130	2,367,367	(376,237)	(15.89)
Common stock		1,594,783	1,590,466	4,317	0.27
Capital surplus		1,219,550	1,214,142	5,408	0.45
Retained earnings		1,704,358	1,528,714	175,644	11.49
Total shareholders' equity		4,906,925	4,783,116	123,809	2.59

Note:

(1) Other noncurrent assets increase is mainly due to the increase of Prepayments.

(2) Current liabilities decrease is mainly due to the decrease of Borrowings and Accounts payable.

2. Management performance

A. Comparison of business performance

Unit: NT\$ 1,000

Item \ Year	2015	2014	Amount change	Ratio change (%)
Net operating income	\$3,505,897	\$3,238,109	267,788	8.27
Operating cost	2,394,890	2,279,747	115,143	5.05
Gross profit	1,111,007	958,362	152,645	15.93
Operating expense	553,900	472,307	81,593	17.28
Operating income	556,060	484,272	71,788	14.82
Non-operating income and expenses	(40,979)	(5,398)	(35,581)	(659.15)
Net income before tax	515,081	478,874	36,207	7.56
Income tax expense(gain)	124,871	105,877	18,994	17.94
Net income	390,210	372,997	17,213	4.61
Net profit attributed to: Owner of the Company	372,393	360,453	11,940	3.31
Analysis of financial ratio change:				
(1) Non-operating income and expenses decrease is mainly due to the increase of Foreign exchange gain (loss), net.				

B. KPI

Industry-specific Key Performance Indicator (KPI):

The Company periodically reviews various financial and industrial key performance indicators among businesses in the same industry to control the competitive advantages and industrial movements in a timely manner. The key performance indicator analyses in 2015 are as follows (consolidated number):

Market Share (%)	25.0%
Quality Yield Rate (%)	98.9%
Production Utilization (%)	93.0%

3. Analysis of Cash Flows

A. Liquidity analysis of the last two years

Item \ Year	2015	2014	Fluctuation ratio %
Cash flow ratio	68.28	49.77	37.19%
Cash adequacy ratio	112.54	117.78	(4.45)%
Cash reinvestment ratio	5.65	6.14	(7.98)%
Analysis of financial ratio change:			
(1) The cash flow ratio increase is mainly due to the increase of net cash flow from operating activity, decrease of Current liabilities.			

B. Analysis of cash liquidity in one year

Unit:NT\$ 1,000

Beginning cash balance	Expected net cash flow from operating activity of the year	Expected cash outflow of the year	Expected cash surplus (deficit)	Remedial measures for the expected insufficient cash	
				Investing activity	Financing activity
1,328,898	933,925	607,563	1,655,260	-	-
Remedial measures for the expected insufficient cash and liquidity analysis: N/A					

4. Impact of major capital expenditure on finance and business: N/A
5. Most recent fiscal year investment policies, reasons for gain or loss and action plan in regard to investment plans in current year and the next year:
- (1) Most recent fiscal year investment policies: The degree of reinvestment profit, mainly integrated platform to increase revenues and profits as the main policies.
 - (2) The main reason for reinvestment profit: The company in 2015 under the equity method Investment income is NT\$204,960,000, mainly overseas investee companies operating in good condition, due to profit.
 - (3) Investment plans next year:Based on “discipline, insistence and innovation”, the perspective of long-term strategic investment plan carefully assessed.

6. Risk Management

- (1) Organization structure of risk management:

Name	Responsibility
High-ranked management level (CEO, president)	-Establish risk management decision and structure -Ensure the effectiveness of risk management policy
Chairman's Office	-Implement risk management policy -Coordinate the risk management interaction and communication between cross departments -Organize the implementation results of risk management activity -Assist and supervise the risk management activities of the branches
Headquarters and the various departments	-Implement daily risk management activities -Self-evaluate the process of risk control activity

(2) Risk Factors

- ①. Management of Economy Risk: the impact of changes of recent annual interest rate and exchange rate, and inflation on company income and future countermeasures:
 - a. Interest rate: The Company's interest expenses in 2015 and 2014 are respectively \$33,272,000 and 32,828,000, which is reduce the amount of borrowing and interest rates. The company is in accordance with the fund demand and received a more favorable market loan financing interest rate and fund raising pathway, and has the most effective fund scheduling to reduce the interest expense.
 - b. Exchange rate: The Company's exchange profit in 2015 and 2014 are respectively Foreign exchange loss \$44,722,000 and Foreign exchange gain \$25,037,000, therefore, the exchange profit does not have a significant influence on company profit. In exchange rate fluctuations, the company closely monitors the changes in foreign exchange rate, the foreign currency assets and liabilities adopted long-term foreign exchange risk hedging trading strategy to reduce currency exchange risk.
 - c. Inflation: There is no significant influence on the company's profit due to inflation this year.
 - d. Future corresponding measures: The Company has grasped the changing situation of the upstream raw material price to reduce the impact on the company profit due to the raw material cost difference.

The economic risks control is responsible by the finance department.

- ②. Management of Finance Risk: transactions of high risk, high leverage investment, loan funds to others, endorsement, and derivatives commodity:
- Transactions of high risk or high leverage investment: N/A.
 - The company has set up “loan funds to others”, “endorsement” and “transaction of derivatives commodity”, etc. operation measures to be the base of the operation. Transactions of loaning funds to others is due to the invested subsidiary having the demand for short-term financing, therefore, until the end of December 31, 2015, the balance of loan funds to others See pages 121 of the annual report. The balance of endorsement for subsidiaries, due to business relations, is See pages 122~123 of the annual report till the end of December 31, 2015. The balance of transaction of derivatives commodity for subsidiaries, due to business relations, is See pages 110~115 of the annual report till the end of December 31, 2015. The finance risks control is responsible by the finance department.
- ③. Future R&D plans and expected R&D investment expense
Topoint has seen significant results in our efforts to achieve product high performance and low cost goals. The expected investment amount is about 3% of the operating revenue. This will help to cope with the industrial technology demand to increase the development of Flipchip drill performance and DDRII tools.
- ④. The impact of change in major policies, and laws, in Taiwan, and abroad, upon the financial standing of the company and the countermeasures:
The operations of the company have all followed the relevant laws and regulations, and noticed the policy direction and corresponded with the strategy appropriately; therefore, the company can always effectively correspond and grasp the domestic and international important policy and legal changes.
- ⑤. The impact of change in technology and industry upon the financial standing of the company and the countermeasures:
The company always attaches great attention to the relevant technology changes of the industry to grasp the market trend and assess the impact it may cause to the company operations.
- ⑥. The impact of change in corporate image upon corporate risk management and the countermeasures:
Since the establishment of the company, it has been actively strengthening internal management, improving management quality and effectiveness, continuing to follow and implement various corporate governance requirements, setting up independent directors and supervisors, and appointing relevant experts to provide timely advice to reduce the occurrence of risks and the impact of risks to the company.
- ⑦. Expected benefit(s) and possible risk(s) for M&A activities: N/A
- ⑧. Expected profit and possible risk of plant expansion: N/A
- ⑨. Purchase and sales risks and the countermeasures: The Company sought to scatter suppliers or customers to reduce its risk caused by excessive concentration.
- ⑩. The impact upon and potential risks for the company due to a significant transfer and the impact upon and potential risks for the company due to a significant transfer and change in shareholding of the directors and supervisors or major shareholders holding over 10%: N/A
- ⑪. The impact of change in management and its potential risks: N/A
- ⑫. Litigation and non-litigation matters:
- The company's major legal issues, non-legal issues, or administrative lawsuits settled or pending that may have a significant impact on shareholders' equity or security price in the past two years: N/A
 - The major legal issues, non-legal issues, or administrative lawsuits settled or pending involved with the directors, supervisors, president and essential persons in charge, shareholders holding over 10% of shares that may have a significant impact on shareholders' equity or security price in the past two years: N/A

⑬. Other major risks and countermeasures:

a. Market risk

The Corporation's available-for-sale assets were publicly traded securities, with fair values that are affected by changes in market prices. Since the Corporation carefully chooses its investments, there is no significant market risk. In addition, the Corporation uses forward exchange contracts to offset the exchange rate fluctuations of net assets, net liabilities or firm commitments. Thus, no significant market risk is anticipated.

b. Credit risk

The Corporation is exposed to credit risk on the default by counter-parties to forward contracts. Contracts with positive fair values at the balance sheet date are evaluated for credit risk. As a result, no material losses resulting from counter-party defaults are anticipated.

c. Liquidity risk

The Corporation's available-for-sale financial instruments are publicly traded in an active market and can be sold in the market at their fair values. In addition, the Corporation has enough operating capital to meet cash demand. Thus, no significant demand for extra cash is expected.

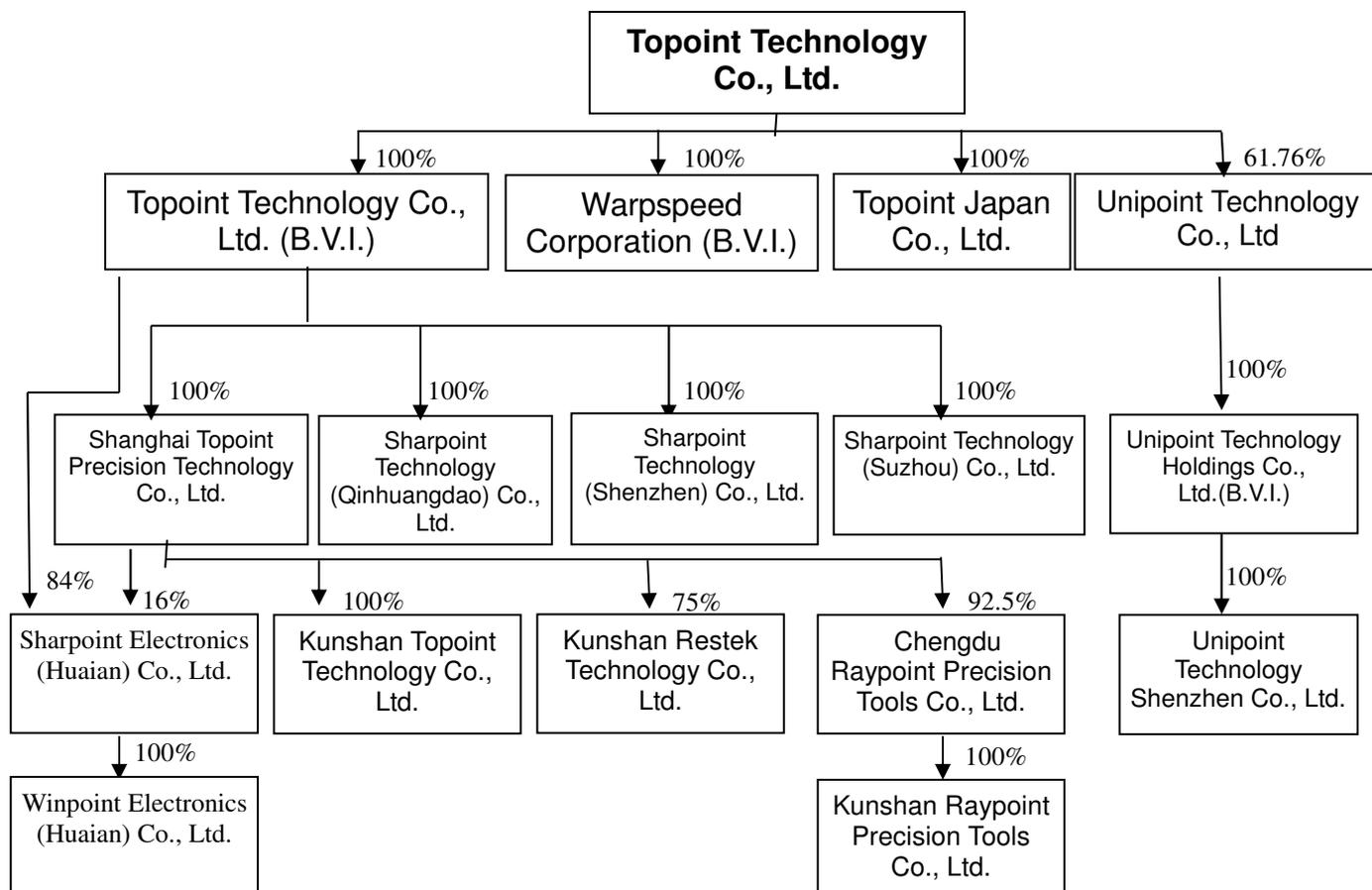
7. Other important matters: N/A

VIII. Special Disclosures

1. Information of Affiliated Firms

A. Affiliates Consolidated Business Report

(1) Organization chart



(2) Basic information

Name of the invested company	Area	Major business	Paid-up capital Unit: NT\$ 1,000
Topoint Technology Co., Ltd.(B.V.I.)	British Virgin Islands	International investment	1,755,695
Unipoint Technology Co., Ltd.	Republic of China	Testing of drill bits and mounting plate bolt holes	497,000
Warp speed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569
Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667
Shanghai Topoint Precision Technology Co., Ltd.	China	Manufacturing and selling precision equipment and measurement facilities	1,443,066
Sharpoint Technology (Qinhuangdao) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	250,222

Unipoint Technology Holdings Co., Ltd.(B.V.I)	British Virgin Islands	International investment	178,814
Unipoint Technology Shenzhen Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	178,814
Sharpoint Technology (Shenzhen) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	147,583
Sharpoint Technology (Suzhou) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	177,872
Kunshan Restek Technology Co., Ltd.	China	Manufacturing, processing and selling print circuit board	30,480
Kunshan Topoint Technology Co., Ltd.	China	Drilling bits	97,228
Sharpoint Electronics (Huaian) Co., Ltd	China	Testing of drill bits and mounting plate bolt holes	308,875
Chengdu Raypoint Precision Tools Co., Ltd.	China	Cutting equipment	199,568
Kunshan Raypoint Precision Tools Co., Ltd.	China	Cutting equipment	25,437
Winpoint Electronics (Huaian) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	25,341

(3) The shareholder's information presumed to have control and subordination: N/A

(4) The industry covered by the overall affiliates operating business

The operating business of the company and its affiliated enterprises include the R&D, manufacture, and sales of drills, etc.

(5) Affiliated enterprises directors, supervisors, and presidents

Company Name	Position	Name/Representative	Share holding	
			Amount	%
Topoint Technology Co., Ltd. (B.V.I.)	Major Shareholder	Topoint Technology Hsu-Ting, Lin	7,139	100%
Unipoint Technology Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	30,696,297	61.76%
Warspeed Corporation (B.V.I.)	Major Shareholder	Topoint Technology Hsu-Ting, Lin	50,000	100%
Topoint Japan Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	600	100%
Shanghai Topoint Precision Technology Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Jia-Hong, Wang	-	-
	Director	Xiu-Tao, Chen	-	-
	Supervisor	Ching-Wen, Chen	-	-
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Sheng-Chou, Weng	-	-

Unipoint Technology Holdings Co., Ltd. (B.V.I.)	Major Shareholder	Unipoint Technology Hsu-Ting, Lin	11,200	100%
Unipoint Technology Shenzhen Co., Ltd.	Director	Zhen-Jian, Liu	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Guo-Tong, Yang	-	-
	Supervisor	Re-Ping, Lin	-	-
Sharpoint Technology (Shenzhen) Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Jia-Hong, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ying-Ming, Huang		
	Supervisor	Sheng-Chou, Weng		
Sharpoint Technology (Suzhou) Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Jia-Hong, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Ying-Ming, Huang	-	-
Kunshan Restek Technology Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Xiu-Tao, Chen	-	-
	Supervisor	Chang-Long, Yan	-	-
Kunshan Topoint Technology Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Sheng-Chou, Weng	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Sharpoint Electronics (Huaian) Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Yin-Min, Huang	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Chengdu Raypoint Precision Tools Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Zhan-Yang, Chen	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Kunshan Raypoint Precision Tools Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Zhan-Yang, Chen	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Winpoint Electronics (Huaian) Co., Ltd.	Director	Jia-Hong, Wang		
	Director	Chang-Long, Yan		
	Director	Ying-Ming, Huang		
	Supervisor	Xiu-Tao, Chen		

B. Affiliates Consolidated Financial Statements: See P.68~P.135

The affiliates of Topoint Technology Co., Ltd., which should have been included in the combined financial statements of Topoint Technology and its affiliates, as of 2015 (from January 1, 2015 to December 31, 2015), based on the “Principles and Guidelines for Preparation of the Affiliates Consolidated Business Report, Affiliates Consolidated Financial Statements, and the Report.”, are the same as those included in the consolidated financial statements of Topoint Technology and its subsidiaries as of 2015, prepared under the Statement of

International Financial Reporting Standards (IFRS) No.10. The information required to be disclosed in the consolidated financial statements has already been disclosed in the above consolidated financial statements. Consequently, there is no need to prepare a separate consolidated financial statement of Topoint Technology and its affiliates.

C. Affiliation Report: N/A

2. Subscription of marketable securities privately in the most recent years: N/A

3. The stock shares of the company held or disposed by the subsidiaries in the most recent years: N/A

4. Supplementary disclosures:N/A

5. Occurrence of events defined in Securities Transaction Law Article 36.3.2 that has great impact on shareholder's equity or security price in the most years and up to the date of the report printed: N/A

TOPOINT TECHNOLOGY CO., LTD.

Chairman: Hsu-Ting, Lin