Stock code：8021

尖點科技股份有限公司

TOPOINT TECHNOLOGY CO., LTD

2017 Annual Report

Taiwan Stock Exchange Market Observation Post System：http://newmops.twse.com.tw
http://www.topoint.tw

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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.

Topoint Technology Co., Ltd.

1. Spokesperson

Name: Karen Lin

Title: Special Assistant to Chairman

Tel.: 886-2-2680-5868 ext. 818

E-mail address: Karen@topoint.tw

Deputy Spokesperson

Name: Irene Tsai

Title: Manager

Tel.: 886-2-2680-5868 ext. 821

E-mail address: Irene_tsai@topoint.tw

2. Addresses and telephone number of Headquarter and Factory

Address: 203, Sec.3, Jiayuan Road, Shulin District, New Taipei City

Tel.: 886-2-2680-5868

3. Stock transfer agent

Grand Fortune Securities Co., Ltd.

Address: 6F., No.6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei

Tel.: 886-2-2371-1658

Website: http://www.gfortune.com.tw

4. Auditors

Deloittee & Touche

Auditors: Wan-Yi, Liao & Yung-Fu Liu

Address: 12F., No. 156, Sec. 3, Minsheng E. Rd., Taipei

Tel.: 886-2-2545-9988

Website: http://www.deloitte.com.tw

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,

In the year of 2017, the global political and economic situation changed intensely and the overall economic situation recovered stably. The industry is facing the pressure from the risk of exchange rate fluctuations, increasing labor cost in China and raw material price. In such highly dynamic environment, our employees put in consistent effort of the Company as a whole. Our annual revenue slightly up 0.01% compared to the previous year and net profit decreased by 3.95%. 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 2017, the consolidated revenue was NT$3,283 million. Net income after tax was NT$236 million. Basic after-tax earnings per share (EPS) was NT$1.50. Forward-looking at 2018, with continuous strategy refinement and resource allocation, in addition to setting precise performance index by the company, we expect to bring in revenue and profit above average of the industry. Hereby, we briefly report on 2017 operating results and 2018 business plan as follows.

I. Operation Results in 2017

1. Consolidated financial result

Unit: NT$ 1,000

	2017		2016		Increase (decrease) amount	Percentage increase (decrease)
	AMT	%	AMT	%		
Net Sales	3,283,163	100%	3,282,932	100%	231	0.01%
Gross Profit	888,435	27%	923,091	28%	(34,656)	(3.75)%
Operating Income	308,733	10%	344,741	11%	(36,008)	(10.44)%
Pretax Income	320,077	10%	320,574	10%	(497)	(0.16)%
Net Income	236,418	7%	246,132	8%	(9,714)	(3.95)%

2. Budget Implementation

As dictated in current statutory laws and regulations, we didn't release our 2017 financial forecast to the public. However, our overall operating results are generally in line with the internal operation plan.

3. Profitability Analysis

Item	2017	2016
Debt to Asset Ratio (%)	25.93	26.37
Long-term Capital to Fixed Asset Ratio (%)	239.00	202.23
Current Ratio (%)	383.24	332.99
Accounts Receivable Turnover (x)	2.49	2.38
Inventory Turnover (x)	4.98	4.62
Return on Assets (%)	3.97	4.26
Return on Shareholders' Equity (%)	5.02	5.46
Basic after-tax EPS (NT$)	1.50	1.55

4. Research and Development Status

Topoint continue to push forward on value product performance and lower product cost. Major items completed or sustained development including:

(1) All new coating product series.
(2) High aspect ratio drill product series
(3) Performance enhanced product series
(4) High precise slot bit product series
(5) With persisting commitment to research and product development pertain to customer requirement and industrial technology advances, R&D expense reached 3% of total revenue, amounted to NT$96 million in 2017.
(6) Continue to expand on technology patent, by the end of 2017, added 7 new patents and

cases of patent recognition reached 108.

5. Other Projects Execution Results

(1) Corporate Social Responsibility(CSR): The Company actively promote CSR based on company's core value, established goals and operation strategies in 6 sectors including corporate governance, partner relationship, value innovation, working environment, environmental sustainability, and social care; with continuous internal intensification, set to achieve corporate sustainability as our goal. We got two awards, Top 9 in Little Giant Category of 2017 Excellence in Corporate Social Responsibility for second time, and 2017 Taiwan Corporate Sustainability "Golden Award" for electronics manufacturing companies, In addition, we are the top 6-20% of the third "Corporate Governance Evaluation award" in Taiwan listing companies, recognized Topoint's effort and commitment toward Corporate Social Responsibility

(2) Management system certification: Topoint has received Quality Management System (ISO 9001:2015), Environment Management System (ISO 14001: 2015), Occupational Safety and Health Management System (OHSAS 18001) as well as Taiwan Occupational Safety and Health Management System (TOSHMS). We believe we are in compliance in all material respects with current environmental laws and regulations applicable to our operations and facilities.

(3) Capacity Expansion: For the demand increasing from the market, the subsidiary, Chengdu Raypoint Precision Tools Co., Ltd, expanded its metal cutting tool production capacity in the fourth quarter of the year 2017; the subsidiary, Shanghai Ringpoint Nano Material Co., Ltd., also added metal coating production line in the same year. We expected to satisfy the market demand and explore the business scale.

II. Overview of Operation Plan in 2018

1. Operation Principle and Important Policies

(1) Put innovative value product to the market, upgrade the R&D capability.

(2) Cost control, maximize production efficiency, ensure competitive advantage

(3) Expand market, match customers satisfaction, deepen partner relationship.

(4) Host activities for green environment and social welfare, build the friendly work place, improve social responsibility.

2. Perspectives

According to research from consulting firm Prismark Partners, it forecasted the CAAGR of global PCB market from 2014-2019 reaching 3.1%. By product application, demand of aerospace and automotive have greater growth momentum, while demands from smartphone, tablet, wearable devices, cloud computing and Internet of Things (IoT) also drive the development of electronics industry. We shall prudently react to economic changes to maintain stable operations and explore every opportunity for growth.

Finally, we appreciated your continuing support to the Company. All of us at Topoint will continue to commit ourselves for great achievements to benefit all shareholders in the coming year. 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

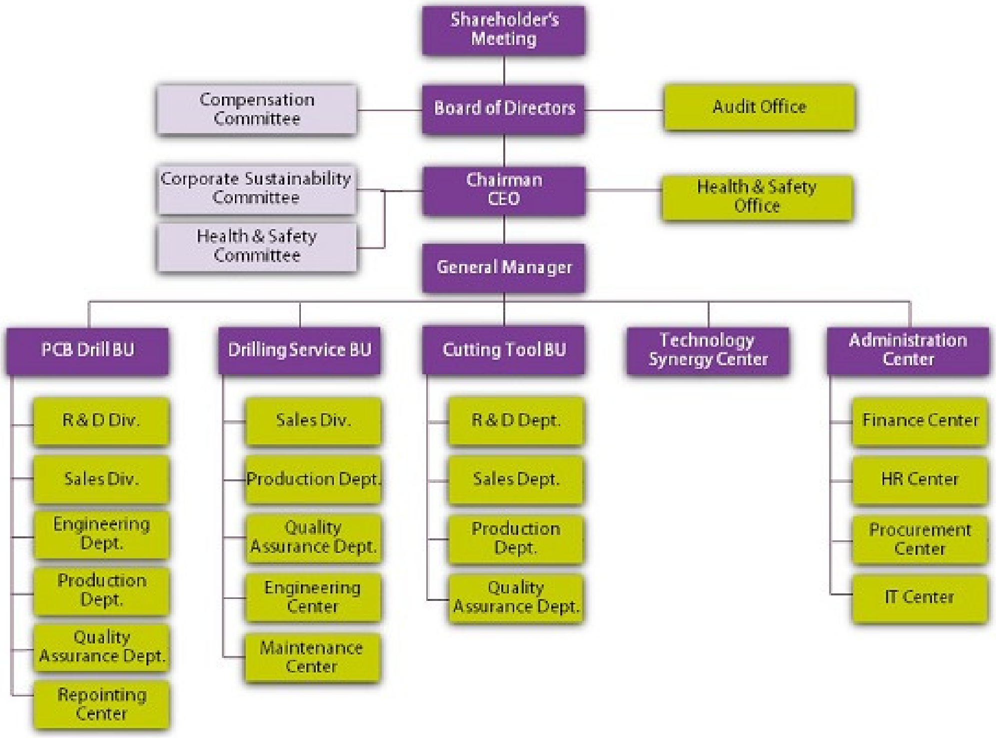
employee stock option. As a total, the paid-in capitalization was NT$1,070,564,680. Transferred stock listing from OTC exchange to TWSE exchange. Expanded Shulin and Shanghai plants to 17 million units of overall capacity. New Shanghai plant started operaiton.

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. 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.
18)2014 : It increased NT$9,100,000 of capital by change shares of employee stock option. 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 change shares of employee stock option. 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.
20)2016: It increased NT$2,742,500 of capital by change shares of employee stock option. As a total, the paid-in capitalization was NT$1,594,782,960. Established Shanghai Ringpoint Nano Material Co. Ltd. Invested Shanghai Hejin Roller Technology Co. Ltd.

III. Corporate Governance Report

1. Organization System

(1) Organization Chart



(2) Major Corporate Functions

Department	Major functions
General Manager Office	●Planning and management of company operation strategies.
Audit Office	●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	●Planning and implementation of the systems relating to factory environment, security and health.
PCB Drill BU	●Responsible for the production, manufacturing and sales of PCB drills.
Drilling Service BU	●Responsible for production technology, quality control, planning production policies in collaboration with clients to offer an integration PCB drilling service solution.
Cutting Tool BU	●Responsible for the production, manufacturing and sales of cutting tools.
Quality Assurance Center	●Planning and execution of quality control system.
Administration Center	●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	●R&D of advanced technologies and development of new products. ●Patent planning and management.

Title	Name	Authority
Chairman	Xu-ting, Lin	● Formulate company management directives ● Comprehensive planning and establish corporate strategies
General Manager	Jia-hong, Wang	● Strategic planning and coordination to achieve company's objectives ● Implementation and improvement of business management system ● Company business strategy implementation and budget supervision and control.
Vice President, CTO	Zhao-yang, Chen	● Supervise all research & development activities ● Establish medium-term & long-term product development strategy. ● Product manufacturing and technology coordination ● Supervise Cutting Tool BU business objectives.
Vice President, PCB Drill BU	Sheng-jhou, Wong	● Supervise PCB Drill BU business objectives. ● Develop key business plan, supervise product sales and customer relationship management. ● Supervise PCB Drill BU sales & production demand coordination, ensure services & product solutions for customer application. ● Supervise sales & marketing strategy, competitors, and industry analysis.
Vice President, Drilling Service BU	Yin-ming, Huang	● Supervise operation and cost control of all production sites' within Drilling Service BU. ● Supervise product manufacturing, production technology optimization, and engineering projects. ● Supervise product quality enhancement and production system improvement ● Supervise new market expansion, customer relationship management, and service & solution for customer product applications
Director, Administration Center	Chang-long, Yan	● Strategic planning for company's organization and setting of job responsibilities. ● Manage administrative functions of finance, human resource, logistic, IT, and general affair, ensure implementation of systems and regulations.
Director,	Chi-yuan, Liao	● Coordinate sales, production, and R&D resources integration. ● Support synergy of product development in PCB drills and drilling services.
Plant Manager	Tseng-Chien, Huang	● Lead and manage the Manufacturing, Maintenance and Engineering Dept. ● Capacity, quality and yield rate enhancement ● Production cost management
Financial Manger	Li-ching, Ko	● Budget plan, control and management ● Corporate financial planning, dispatching and investment management ● Tax and accounting system planning and implementation

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

April 30, 2018

Title	Nationality/ Country of Origin	name	Gender	Elected (inaugurated) date	Term (years)	1st 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 education	Post concurrently taken in the company or other companies	Other executives, directors or supervisors in spouse relationship or kin relationship within 2nd degree		
							shares	Shareholding ratio	Number of shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Shareholding ratio			Title	Name	Relation
Chairman		Hsu-Ting, Lin	Man	06/11/2015	3	03/18/1996	5,516,149	3.47%	5,528,414	3.47%	-	-	-	-	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	Man	06/11/2015	3	06/15/2010	1,918,254	1.21%	2,230,158	1.40%	10,473	0.01%	250,000	0.16%	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 Excellence Opto. Inc.,Director of Clientron, Director of Crystalwise Technology Inc.,Director of ACTi Corporation	-	-	-
		Dun-Chien, Cheng	Man	06/11/2015	3	06/20/2006	-	-	-	-	-	-	-	-	MBA from Columbia University Managing Director of Morgan Stanley Asia Taiwan President Director/President of United Investment	Chairman of Clientron Corp. Independent Director of Asia Polymer Corporation & TaYa Group.& EDOM Technology Co. Ltd., .		-	-
Director		CDIB Venture Capital Corporation	-	06/11/2015	3	06/12/2012	2,513,383	1.58%	2,513,383	1.58%	-	-	-	-	-	Director of Dynamic	-	-	-
		Jia-Zhen, Kang	Man	06/11/2015	3	08/25/2014	-	-	-	-	-	-	-	-	MBA from from Soochow University.	Director of China Development Industrial Bank.	-	-	-
Independent director	Republic of china	Tsung-Ming, Lo	Man	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	Man	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	Man	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	Man	06/11/2015	3	06/20/2006	1,643,235	1.03%	2,300,235	1.44%	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	Man	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	Man	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:

April 30, 2018

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 CDIB Capital International

Major shareholders of the major shareholders that are Juridical Persons

April 30, 2018

Institutional shareholder name	Major shareholders of the institutional shareholder
United Microelectronics Corp.	5.67% of shares are held by UMC account GDR to J.P.Morgan. 3.85% of shares are held by Cathay Life Insurance. 3.50% of shares are held by Hsun Chieh Investment Co.,Ltd. 3.22% of shares are held by Bank of Taiwan custody Hill-Chester International Investors International Value Equity Trust Investment Account 2.50% of shares are held by Silicon Integrated Systems Corp. 1.89% of shares are held by Bank of Taiwan custody Hill-Chester International Investors International Value Equity Group Trust Investment Account 1.27% of shares are held by Yann Yuan Investment Co., Ltd. 1.14% of shares are held by Bank of Taiwan custody Hill-Chester International Investors International Value Taxable Equity Trust Investment Account 1.10% of shares are held by Dimensional Emerging Markets Value Fund. 0.88% of shares are held by ABP Pension Fund Investment Account to J.P.Morgan.
CDIB Capital International	100 % of shares are held by China Development Financial Holding Co., Ltd.

b. Personal data of directors and supervisors

Condition / Name (Note1)	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			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Jia-Zhen, Kang			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Tsung-Ming, Lo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Po-Cheng, Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
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 2^{nd} 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, 2018

Title	Nationality	Name	Gender	Date Effective	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
CEO	Republic of china	Hsu-Ting, Lin	Man	11/29/2005	5,528,414	3.47	-	-	-	-	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	Man	01/13/2011	2,230,518	1.40	10,473	0.01	250,000	0.16	Manager of Topoint / Graduate of the accounting department of Soochow University	-	CEO	Hsu-Ting, Lin	cousin-in-law
Vice president		Yin-Ming, Huang	Man	05/08/2006	723	0.00	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	Man	02/01/2002	161,758	0.10	-	-	-	-	Manager of Topoint / Graduate of Minghsin Junior College.	-	-	-	-
Vice president		Sheng-Jhou, Wong	Man	02/01/2014	24,922	0.02	-	-	-	-	Manager of Topoint / Student of Affiliated Senior High School of National Taiwan Normal University	-	-	-	-
Director		Chang-Long, Yan	Man	02/01/2014	48,482	0.03	27,516	0.02	-	-	Manager of Gigabyte / Graduate of the accounting department of Soochow University	-	-	-	-
Director		Ji-Yuan, Liao	Man	06/08/2016	12,152	0.01	-	-	-	-	Graduate of National Taipei Unrersity of Business	-	-	-	-
Plant Manager		Tseng-Chien, Huang	Man	10/01/2014	21,905	0.01	-	-	-	-	Manager of Topoint /Graduate of China University of Technology	-	-	-	-
Special assistant to the Chairman		Ruo-Ping, Lin	Woman	08/10/2015	223,835	0.14	-	-	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	Woman	06/26/2008	6,745	0.00	-	-	-	-	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								Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Relevant Remuneration Received by Directors Who are Also Employees								Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Directors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Severance Pay (B)		Directors Compensation(C)		Allowances (D)				Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)						
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
																Cash	Stock	Cash	Stock			
Chairman	Hsu-Ting, Lin																					
Director	Jia-Hong, Wang																					
Director	UMC Capital Corporation：Dun-Chien, Cheng																					
Director	CDIB Venture Capital Corporation: Jia-Zhen, Kang	-	-	-	-	5,821	6,173	117	117	2.51%	2.66%	5,336	29,035	108	108	11,784	-	11,784	-	9.80%	19.97%	-
Independent director	Tsung-Ming, Lo																					
Independent director	Po-Cheng, Ko																					
Independent director	Jung-Sheng, Pai																					
In addition to the above remuneration, director remuneration shall be disclosed as follows when received from companies included in the consolidated financial statements in the most recent year to compensate directors for their services, such as being independent contractors. None.																						

Note 1：As passed in the board meeting on February 23, 2018 for 2017 annual earnings distribution, NT$8,315,136 is for remuneration of directors and supervisors and NT$40,890,815 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.
Note 2：Total Severance Pay to TOP's President and V.P. in 2017 was $0, that pensions funded according to applicable law. In 2017 was NT$108,000.

Range of Remuneration	Name of Directors			
	Total of (A+B+C+D)		Total of (A+B+C+D+E+F+G)	
	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements
Under NT$ 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	Hsu-Ting, Lin、Jia-Hong, Wang 、UMC Capital Corporation, CDIB Venture Capital Corporation、Tsung-ming, Lo、Po-cheng, Ko、Jung-sheng, Pai	UMC Capital Corporation, CDIB Venture Capital Corporation、Tsung-Ming, Lo、Po-Cheng, Ko、Jung-Sheng, Pai
NT$2,000,001 ~ NT$5,000,000	-	-	-	-
NT$5,000,001 ~ NT$10,000,000	-	-	Hsu-Ting, Lin、Jia-hong, Wang	-
NT$10,000,001 ~ NT$15,000,000	-	-	-	-
NT$15,000,001 ~ NT$30,000,000	-	-	-	Hsu-Ting, Lin、Jia-Hong, Wang
NT$30,000,001~ NT$50,000,000	-	-	-	-
NT$50,000,001 ~ NT$100,000,000	-	-	-	-
Over NT$100,000,000	-	-	-	-
Total	7	7	7	7

B. Remuneration for supervisors

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

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Compensation (A)		Bonus to Supervisors (B)		Allowances (C)				
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	
Supervisor	Gen-Cing, Chen	-	-	2,495	2,495	40	40	1.07%	1.07%	-
Supervisor	Cheng-Chie, Niu									
Supervisor	Chung-Ta, Wu									

Note 1：As passed in the board meeting on February 23, 2018 for 2017 annual earnings distribution, NT$8,315,136 is for remuneration of directors and supervisors and NT$49,890,815 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.

Range of Remuneration	Name of Supervisors	
	Total of (A+B+C)	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	Gen-Cing, Chen、Cheng-Chie, Niu、Chung-Ta, Wu	Gen-Cing, Chen、Cheng-Chie, Niu、Chung-Ta, Wu
NT$2,000,001 ~ NT$5,000,000	-	-
NT$5,000,001 ~ NT$10,000,000	-	-
NT$10,000,001 ~ NT$15,000,000	-	-
NT$15,000,001 ~ NT$30,000,000	-	-
NT$30,000,001 ~ NT$50,000,000	-	-
NT$50,000,001 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	3	3

C. Remuneration for President and V.P.

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

Title	Name	Salary(A)		Severance Pay (B)		Bonuses and Allowances (C)		Employee Compensation (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to the President and Vice Presidents from an Invested Company Other than the Company's Subsidiary
		The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements	
								Cash	Stock	Cash	Stock			
Chairman	Hsu-Ting, Lin	10,656	19,297	-	-	2,844	23,149	15,684	-	15,684	-	12.34%	24.59%	-
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 February 23, 2018 for 2017 annual earnings distribution, NT$8,315,136 is for remuneration of directors and supervisors and NT$49,890,815 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.
Note 2：Total Severance Pay to TOP's President and V.P. in 2017 was $0, that pensions funded according to applicable law. In 2017 was NT$432,000.

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT$ 2,000,000	-	-
NT$2,000,001 ~ NT$5,000,000	Yin-Ming, Huang、Zhao-Yang, Chen、Sheng-Jhou, Wong	-
NT$5,000,001 ~ NT$10,000,000	Hsu-Ting, Lin 、Jia-Hong, Wang	Yin-Ming, Huang、Zhao-Yang, Chen、Sheng-Jhou, Wong
NT$10,000,001 ~ NT$15,000,000	-	-
NT$15,000,001 ~ NT$30,000,000	-	Hsu-Ting, Lin 、Jia-Hong, Wang
NT$30,000,001 ~ NT$50,000,000	-	-
NT$50,000,001 ~ NT$100,000,000	-	-
Over NT$100,000,000	-	-
Total	5	5

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

April 30, 2017

Unit: NT$1,000

Title	Name	Employee Compensation - in Stock (Fair Market Value)	Employee Compensation - in Cash	Total	Ratio of Total Amount to Net Income (%)
Chairman & CEO	Hsu-Ting, Lin	-	15,045	15,045	6.36%
General Manager	Jia-Hong, Wang				
Vice President	Yin-Ming, Huang				
Vice President	Zhao-Yang, Chen				
Vice president	Sheng-Jhou, Wong				
Director	Chang-Long, Yan				
Director	Ji-Yuan, Liao				
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 February 23, 2018 for 2017 annual earnings distribution, NT$8,315,136 is for remuneration of directors and supervisors and NT$49,890,815 for employee bonus. The distributed amounts shown above were calculated according to last year's distribution ratio.

E. 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
2016	61,934 thousand	23.78%	(Note1)
2017	66,954 thousand (Note2)	28.32%	(Note1)

Note 1: The remuneration for directors and supervisors is regulated according to the dividend distribution policy stipulated in the company's constitution.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 February 23, 2018 for 2017 annual earnings distribution, NT$8,315,136 is for remuneration of directors and supervisors and NT$49,890,815 for employee bonus. 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 6 (A) Board Meetings in 2017:

Title	Name	Attendance (B)	Proxy	Frequency of attendance (%)(B/A)	Remarks
Chairman	Hsu-Ting, Lin	6	0	100.0	-
Director	Jia-Hong, Wang	6	0	100.0	-
Director	Representative of UMC Capital Corporation: Dun-Chien, Cheng	6	0	100.0	-
Director	CDIB Venture Capital Corporation: Jia-Zhen, Kang	5	0	83.3	-
Independent Director	Tsung-Ming, Lo	6	0	100.0	-
Independent Director	Po-Cheng, Ko	6	0	100.0	-
Independent Director	Jung-Sheng, Pai	4	0	66.7	-

Remarks:

1.If any of the following circumstances occur,, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act.

(2) Other matters involving objections or expressed reservations by independent directors that were recorded or stated in writing that require a resolution by the board of directors：N/A

2.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.

3.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 2017:N/A
(b) The attendance of Supervisors for 6(A) Board Meetings in 2017:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%)(B/A)	Remarks
Supervisors	Gen-Cing, Chen	6	100.0	
Supervisors	Cheng-Chie, Niu	5	83.3	
Supervisors	Chung-Ta, Wu	6	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		The Company has established the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" on November 10,2015. The information has been disclosed on the Company's website.	None
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?	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 (Irene Tsai) and the stock affairs division.	None
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		The Finance & Shared Services Division is responsible for collecting the updated information of major shareholders and the list of ultimate owners of those shares.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		The company has laid down the regulations for trading operation with its affiliated enterprises, and for surveillance of its subsidiaries.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		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.	
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	None

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
the composition of its members? (2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee? (3) Does the company establish a standard to measure the performance of the Board, and implement it annually? (4) Does the company regularly evaluate the independence of CPAs?	 V V	 V	chooses candidates to meet the goal of member diversification. 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. The company has formulated rules and procedures for evaluating the Board's performance and conducts it annually. The Company evaluates the independence of CPAs annually, ensuring that that they are not stakeholders such as a Board member, supervisor, shareholder or person paid by the Company.	
4. Does the company set up a corporate governance unit or appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)?	V		The company set up a appoint personnel responsible for corporate governance matters (including but not limited to providing information for directors and supervisors to perform their functions, handling work related to meetings of the board of directors and the shareholders' meetings, filing company registration and changes to company registration, and producing minutes of board meetings and shareholders' meetings)	None
5. 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.	None

<table>
<tr><th rowspan="2">Evaluation Item</th><th colspan="3">Implementation Status</th><th rowspan="2">Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons</th></tr>
<tr><th>Yes</th><th>No</th><th>Abstract Illustration</th></tr>
<tr><td>6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?</td><td>V</td><td></td><td>The company has entrusted a stock affairs agency (the stock affairs agency division of Grand Fortune Securities Co., Ltd.) and has exclusive stock affairs personnel to serve shareholders.</td><td>None</td></tr>
<tr><td>7. Information Disclosure
(1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?</td><td>V
V</td><td></td><td>(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.
(2)The company has its spokesperson system which is used to collect and disclose information and as the bridge to communicate with outsiders.</td><td>None</td></tr>
<tr><td colspan="5">8. 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)?
(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.
(2) The risk management/measurement and customers protection policy are defined in the company’s internal control system, and executed according to the regulations.
(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.
Liability insurance is acquired for directors and supervisors according to the articles of Incorporation.</td></tr>
<tr><td colspan="5">9. 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.
Please go to “Newsroom” of company’s website www.topoint.tw</td></tr>
</table>

(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 2017:

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	3	0	100.00	

(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		The Company board meeting approved "Social Responsibility Best Practice Principles" on 2015/11/10, and established the Corporate Sustainability Committee, reviewed action plans and results with quarterly meetings. To accomplish corporate sustaining development goals, on 2017/4/21, the Chairman further authorized and announced "Topoint Social Responsibility Policy", established short-term goals, long-term goals and management guidelines on 6 aspects - Corporate Governance, Partner Relations, Value Innovation, Work Environment, Green Sustainability, and Social Care. For more information, please visit: http://www.topoint.tw/tw/csr	N/A
(2) Does the company provide educational training on corporate social responsibility on a regular basis?	V		To deepen the philosophy of social responsibility into the company culture, related training courses were planned for the Corporate Sustainability Committee team members, along with attending external seminars to keep up with the trends of CSR development, further strengthen sustaining development strategies of Topoint. In 2017, there were 4 company training sessions held and participated 4 seminars.	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		The Company established "Corporate Sustainability Committee" in 2015, with Chairman Hsu-Ting Lin as the chairman of committee, General Manager Jia-Hong Wang as co-chairman. Having the Company's sustainability as the prime directive, the committee developed Corporate Sustainability Responsibility (CSR) annual objectives and review progress and results thru regular performance meetings. According to Topoint Sustainability Development Strategy, 6 different functional teams were formed in charge of related topics, namely Corporate Governance, Partner Relations, Value Innovation, Work Environment, Green Sustainability, and Social Care; and set up a promotion office to assist operations of the committee. The Corporate Sustainability Committee held quarterly review meetings, and 2017 implementation results were reported to the board meeting on December 12th.	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		The Company has specified in Articles of Incorporation "Annual profit before tax, before deducting employees' compensation and directors' compensation, shall allocate range at least above 1% to below 25% as employee compensation, and setup reasonable salary and compensation policy. Meanwhile, departmental key performance Indicators (KPI) should incorporate with related CSR KPI. Employee performance assessment include both quantitative task completion, and qualitative corporate principle implementation appraisal.	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) The Company actively promote green recycling plan, reduce raw material and power consumption, decrease the production of waste material during manufacturing process. By 2017, more than 30 customers joined the project, and reclaimed rate reached 81.7%. Meanwhile, focuses on process improvement and resource recycle project further reduced waste material output; 2017 waste production volume decreased 29.4% compare with previous year.	N/A
(2) Does the company establish proper environmental management systems based on the characteristics of their industries?	V		(2) The Company has setup environmental policy as “compliance of regulation, preserve resources, reduce waste output, participation of all”. With environmental management system ISO14001 as the basis, performed regular internal system audit and apply the Plan-Do-Check-Action(PDCA) improvement method to ensure proper operation and effectiveness of the system.	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’s Administration Department is responsible for maintenance and management of the company environment, and perform the greenhouse gas (GHG) inventory annually. In 2017, total GHG emission was 6,488ton of CO2e, with it’s prime source of emission from Scope 2 power consumption, which the GHG emission was 5,887ton of CO2e, down by 4.0% compared to an year earlier. The major focus in GHG emission deduction was saving electricity usage. The power conservation task force laid out annual plan, implement carbon reduction process, and setup annual GHG emission reduction rate of 1% as the goal.	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		(1)The Company has established “Topoint Human Right Policy” in accordance to relevant regulations.	N/A
(2) Has the company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		(2)If any Company employee suspects or discovers any unlawful behavior, may report to Supervisor of the Board, managers, manager of internal auditing office, manager of administration dept. or any other person appropriate. Employees communicating channels include: quarterly employee-management meetings, departmental meetings, employee interview, sexual harassment investigation committee, staff suggestion box, e-mails, that allows employees to reflect opinions. The Company	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]	
			ensures to handle cases with discreet and protect confidentiality and rights of reporting employee and persons involved.	
(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		(3)The Company initiates annual regular employee health examination, and monthly in-house physical advisory sessions. There were 10 health promoting courses or seminars held in 2017, total 309 participants. The Company also received Badge of Accredited Healthy Workplace for participating the governmental health promoting program. To further strengthen Company's health and safely management, aside from OHSAS18001 (Occupational Health and Safety Assessment Series) system certification, in 2017, the Company also certified for TOSHMS (Taiwan Occupational Safety and Health Management System). Topoint's overall injury rate 1.7% 2017, was down tremendously by 42%.	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		(4)The Company values two-way communications and is committed to keeping the communication channels between the management level and their subordinates. 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 for the Company and its employees. In 2017, the Company conducted a full employees' satisfaction survey, to collect first-hand employee opinions from 9 different aspects of work related topics in questionnaire.	N/A
(5) Does the company provide its employees with career development and training sessions?	V		(5)Constructing a learning organization was Company's strategy in employee development. Through complete training programs, internal and external training courses for newcomers and current employees, certifications, internal lectures training. 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 requirements. 2017 total training hours reached 11,251hrs, and average hours of training per employee were 30.3. There were 31 new lecturers joined training program.	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]	
(6) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		(6)The Company's purchasing were carried out by biting or negotiation process, in open and fair competition and by finding quality products in qualified supplier base. Should there be any issues or problems in related to research development, purchasing, producing, operation and services, the party may contact directly with related channel, or appeal thru the stakeholder's webpage.	N/A
(7) Does the company advertise and label its goods and services according to relevant regulations and international standards?	V		(7)There are no known advertising and labeling regulations specified for the Company's goods and services. Nonetheless, goods and services of the Company comply with the ISO requirements. Therefore, there were no Incidents of non-compliance concerning product and service information and labeling in 2017.	N/A
(8) Does the company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	V		(8)The company required supplier to complete "Supplier Corporate Social Responsibility Statement", and evaluate whether supplier has any history record of violation in social or environmental issues. 2017 Supplier CSR Statement compliance rate was 100%	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		(9)The Company's business contracts included termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society.	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 Company's CSR report has been published both with relevant and reliable information regarding corporate social responsibility on official website and the Market Observation Post System (MOPS).	None
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				

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]	

6. Other important information to facilitate better understanding of the company's corporate social responsibility practices：

Topoint acquired CSR related awards including： 2017 Taiwan Corporate Sustainability Report Awards – Electronics Industry – Gold Class; 2017 "Excellence in Corporate Social Responsibility", ranked no. 9 in Little Giant category by CommonWealth Magazine; ranked top 6-20% in 3rd "Corporate Governance Appraisal" by TWSE.

Topoint charity program, adopted 3 major themes of local care, environmental conservation, and community participation. Company resources are effectively consolidated and contributed to those aspects, and encourage fellow employees to participate in various activities. In 2017, there were total 282 persons participated and 480 man-hrs in social care activities.

1. Tree Seedling Cultivating Project: Sanxia Grass Book House, support after-school care program and institution for underprivileged children.
2. Daddy-Long-Legs project: Sanxia Grass Book House, support raincoats to young teens of bike-the-island team.
3. Early vocational skill training: Sanxia, Grass V training center
4. Charity bread sales: Sanxia, Spring Sunshine Center, twice a month, 16 times in total in Company cafeteria.
5. Beach clean-up: Taoyuan, Datan algae reef, 71 persons participation.
6. Tree Planting program: Sanxia Park, 40 trees planted equivalent to 1.2kg CO_2 absorbed daily once grown.
7. Blood Donation: Topoint, gathered 137 bags of blood.
8. Charity runs: joined several runs meant to support social welfare agencies and thru such act, to call for more caring sponsors.
9. Second-hand shoes donation: 63 pairs of shoes
10. Second-hand clothes donation: about 380 cloths gathered
11. Charity purchase of rice gift box.
12. Continuous donations to needing organizations and foundations

For more information, please visit Topoint official website: http://www.topoint.tw/tw/csr

7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: The Company's CSR report were verified by Deloitte Touche Tohmatsu Limited

(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	
1. Establishment of ethical corporate management policies and programs (1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies? (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? (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?	V V V		(1) The Code of Business Conduct have been approved by Board Meeting on Mar. 19, 2013. (2) The aforementioned principles and related regulations were announced and disseminated to employees, managers and Board of Directors to enhance integrity and self-discipline. (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.	None
2. Fulfill operations integrity policy (1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts? (2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity? (3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it? (4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular	V V V V		(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. (2) The company establish an exclusively dedicated unit supervised by the Board to be in charge of HR (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. (4) The Company has established accounting and internal control systems to ensure integrity in our operations. After internal auditors have analyzed and reviewed the annual audit program according to	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	
basis? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	 V		the risk evaluation results, the Company will compiles them into an audit report. (5) Please go to "http://www.topoint.tw/Pages/CSR/CSR"	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up? (2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases? (3) Does the company provide proper whistleblower protection?	V V V		(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. (2) Please go to "http://www.topoint.tw" (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.	None
4. Strengthening information disclosure (1) Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	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.	None
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				
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:

a. Please go to “Investor Relations” of company’s website www.topoint.tw

b. 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.

(9) Execution of internal control system:

a. Internal control declaration: Please go to the “Market Observation Post System”

b. 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 2016 general shareholders meeting held with the following resolution reached (06/13/2017):

Resolutions	Implementation Status
(a) Recognized the financial results for FY2016.	(a) RESOLVED, that the above proposal be and hereby was approved as proposed.
(b) Recognized the FY2016 earnings distribution (Distributed $0.9114 /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. 9, 2017 was determined and the cash dividend was distributed on Aug. 31, 2017.
(c) Passed the amendment of the Articles of Incorporation.	(c) RESOLVED, that the above proposal be and hereby was approved as proposed.
(d) Passed the amendment of the Regulations Governing Election of Directors and Supervisors.	(d) RESOLVED, that the above proposal be and hereby was approved as proposed.

B. Board meetings

Date	Content
2017.02.23	1. Approved the Financial Statements and Business Report of 2016. 2. Approved dividend distribution of 2016. Cash dividends of NT$143,986,585(NT$0.9114per share) 3. Approved 2016 remuneration of employees & directors. 4. Approved the amendment of the Articles of Incorporation. 5. Approved the amendment of the Regulations Governing Election of Directors and Supervisors. 6. Approved 2017 AGM agenda.
2017.05.04	1. Approved the Financial Statement for 1st quarter of 2017. 2. Approved the endorsements/guarantees amount of thesubsidiary.
2017.06.13	1. Announcement of the record date for common share dividend.
2017.08.11	1. Approved the Financial Statement for 2nd quarter of 2017. 2. Announcement of Company's stock affairs agency change.
2017.11.06	1. Approved the Financial Statement for 3rd quarter of 2017.
2017.12.12	1. Approved Year 2018 annual audit plan.
2018.02.23	1. Approved the Financial Statements and Business Report of 2017. 2. Approvedthe company resolves to conduct capital reduction. 3. Approved dividend distribution of 2017. Cash dividends of NT$63,191,318(NT$0.4000 per share) 4. Approved 2017remuneration of employees & directors.
2018.03.20	1. Approved 2018AGM agenda.
2018.05.03	1. Approved the Financial Statement for 1st quarter of 2018.

(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	Yung-Fu, Liu	Jan. 1,2017-Dec. 31,2017	

		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		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:

Regarding former CPA:

<table>
<tr><td>Replacement date</td><td colspan="4">Approved by the board of directors on May 4, 2017.</td></tr>
<tr><td>Replacement reasons</td><td colspan="4">The CPA certifying the company’s 2017 Q1 financial statements were CPA Wan-Yi, Liao and Chien-Shin, Shieh at Deloittee & Touche – Taiwan. However, due to the firm’s internal task transfer and arrangement, the company’s 2017 Q1 financial statements were certified by CPA Wan-Yi, Liao and Yung-Fu, Liu.</td></tr>
<tr><td rowspan="3">Please explain whether the termination or refusal of the commission is initiated by the entrusted or CPA.</td><td colspan="2">The party / Status</td><td>CPA</td><td>Entrustor</td></tr>
<tr><td colspan="2">Took initiative in terminating the commission</td><td colspan="2" rowspan="2">Not applicable</td></tr>
<tr><td colspan="2">Refusal (discontinuation) of the commission</td></tr>
<tr><td>The opinions on the auditing reports in the recent two years and reasons, except the issue of unqualified opinions.</td><td colspan="4">Not applicable</td></tr>
<tr><td rowspan="6">Different opinions with the issuer:</td><td rowspan="4">Yes</td><td></td><td colspan="2">Accounting principle or practice</td></tr>
<tr><td></td><td colspan="2">Disclosure of financial reports</td></tr>
<tr><td></td><td colspan="2">Auditing range and steps</td></tr>
<tr><td></td><td colspan="2">Others</td></tr>
<tr><td>No</td><td colspan="3">√</td></tr>
<tr><td>Why</td><td colspan="3">Not applicable.</td></tr>
<tr><td>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.）</td><td colspan="4">None</td></tr>
</table>

(1)Regarding successor CPA:

Name of the firm	Deloittee & Touche – Taiwan
Names of CPA	Wan-Yi, Liao and Yung-Fu, Liu
Date of commission	As passed by the board of directors on May 4, 2017.
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	None
The written opinions from the successor CPA against the ones from the former CPA.	None

(2) 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 Chang 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	2017		As of April 30,2018	
		Net change in Shareholding	Net change in Share Pledged	Net change in Shareholding	Net change in Share Pledged
Chairman	Hsu-Ting, Lin	12,265	-	-	-
Director	Jia-Hong, Wang	12,264	-	-	-
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	70,000	-	587,000	-
Supervisor	Cheng-Chie, Niu	-	-	-	-
Supervisor	Chung-Ta, Wu	-	-	-	-
Vice president	Yin-Ming, Huang	(115,956)	-	(26,000)	-
Vice president	Zhao-Yang, Chen	11,064	-	-	-
Vice president	Sheng-Jhou,Wong	11,044	-	-	-
Director	Chang-Long,Yan	9,812	-	-	-
Director	Ji-Yuan, Liao	12,152	-		
Plant Manager	Tseng-Chien, Huang	8,396	-	-	-
Special assistant to the Chairman	Ruo-Ping, Lin	8,586	-	-	-
Financial Manager	Li-ching, Ko	6,745	-	-	-

(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:

April 16, 2018

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	5,528,414	3.47%	-	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
Liu-ze, Lin	3,583,854	2.25%	-	N/A	-	N/A	Hsu-Ting, Lin	Brothers
Morgan Stanley & Co. International Limited under the custody of HSBC	3,019,568	1.89%	-	N/A	-	N/A	-	N/A
CDIB Venture Capital Corporation	2,513,383	1.58%	-	N/A	-	N/A	-	N/A
Gen-Cing, Chen	2,300,235	1.44%	368,129	0.23%	-	N/A	-	N/A
Jia-Hong, Wang	2,230,518	1.40%	10,473	0.01%	-	N/A	Hsu-Ting, Lin	Daughter Affinity
ASUSPOWER INVESTMENT Co.,Ltd	1,928,768	1.21%	-	N/A	-	N/A	-	N/A
Arcadia Emerging Market Small Capital Securities Fund under the custody of HSBC	1,804,000	1.13%	-	N/A	-	N/A	-	N/A
DFA's Emerging Market Core Securities Investment Account under the custody of CITI	1,406,771	0.88%	10,473	0.01%	-	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%
Warpspeed 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.	-	-	-	93.75%	-	93.75%
Kunshan Raypoint Precision Tools Co., Ltd.	-	-	-	100%	-	100%
Winpoint Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Shanghai Hejin Roller Technology Co., Ltd.	-	-	-	83.94%	-	83.94%
Shanghai Ringpoint Nano Material Co., Ltd.	-	-	-	81.83%	-	81.83%

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			
						Capital sources		Use of non-cash property to pay for the shares	Others
		Shares	Amount	Shares	Amount	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		Remarks			
		Shares	Amount	Shares	Amount	Capital sources: Amount	Capital sources: 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	-	08/282008 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			
						Capital sources		Use of non-cash property to pay for the shares	Others
		Shares	Amount	Shares	Amount	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	21.1 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	21.1 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

December 31,2017 / Unit: share

Type of Shares	Authorized Shares			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stock	157,978,296	140,521,704	300,000,000	Treasury stock 1,500,000

(2) Status of shareholders

April 16, 2018

Status of shareholders / Q'ty	Government agencies	Financial institutions	Other institutional investors	Domestic Natural Persons	Foreign institutional & Natural Persons	Total
Number of shareholders	1	6	103	20,747	91	20,948
Shareholding	87	1,049,078	19,440,960	113,674,874	25,313,297	159,478,296
Shareholding ratio	0.00%	0.66%	12.19%	71.28%	15.87%	100.00%

(3) Status of Shareholding Distributed

Face value per share: $10 April 16, 2018

Classification	Number of shareholder	Shareholding	Shareholding Ratio(%)
1-999	11,189	544,368	0.34
1000-5,000	6,371	14,808,990	9.29
5,001-10,000	1,585	12,714,470	7.97
10,001-15,000	489	6,243,651	3.92
15,001-20,000	389	7,310,203	4.58
20,001-30,000	320	8,243,772	5.17
30,001-40,000	135	4,786,408	3.00
40,001-50,000	99	4,631,085	2.90
50,001-100,000	198	14,665,752	9.20
100,001-200,000	89	12,149,401	7.62
200,001-400,000	32	9,704,878	6.09
400,001-600,000	16	7,483,258	4.69
600,001-800,000	7	4,902,986	3.07
800,001-1000,000	5	4,869,544	3.05
1000,001-	24	46,419,530	29.11
Total	20,948	159,478,296	100.00

(4) Roster of Major shareholders:

April 16, 2018

Shareholding / Shareholder's Name	Shareholding	Shareholding ratio
Hsu-Ting, Lin	5,528,414	3.47%
UMC Capital Corporation	4,906,836	3.08%
Liu-ze, Lin	3,583,854	2.25%
Morgan Stanley & Co. International Limited under the custody of HSBC	3,019,568	1.89%
CDIB Venture Capital Corporation	2,513,383	1.58%
Gen-Cing, Chen	2,300,235	1.44%
Jia-Hong, Wang	2,230,518	1.40%
ASUSPOWER INVESTMENT Co.,Ltd	1,928,768	1.21%
Arcadia Emerging Market Small Capital Securities Fund under the custody of HSBC	1,804,000	1.13%
DFA's Emerging Market Core Securities Investment Account under the custody of CITI	1,406,771	0.88%

(5) Market price, net value, earnings, dividend per share and related information in the recent two years. .

Unit: NT$/share

Year / Item			2016	2017	As of Mar. 31,2018
Market price per share	Highest		26.20	29.75	21.95
	Lowest		18.75	19.50	18.45
	Average		21.01	22.99	20.63
NAV	Pre-distribution		27.65	27.90	28.68(note1)
	Post-distribution		26.74	(note2)	-
EPS	Weighted average shares		158,578,000	157,979,000	157,979,000
	EPS (pre-adjustment) (post-adjustment)		1.55	1.50	0.39 (note1)
DPS	Cash dividend		0.9114	(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		13.55	(note2)	-
	Dividend ratio		23.05	(note2)	-
	Cash dividend yield		4.34%	(note2)	-

Note 1：The NAV and EPS shown above are the data certified by the CPA as of the 1st quarter of 2018.

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

(6) Execution of Dividend Policy

a. In view of the Company's current business growth, and in consideration of its future business development plans, financial structure and shareholders' equity.

Shareholders of the company dividend distribution shall not be lower than 20% of the Distributable Earnings for the same year.
Cash dividends shall not be lower than 10% of the total shareholders' dividends distributed for the same 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 February 23, 2018 for 2017 earnings distribution, the company plans to distribute the cash dividend at $0.4 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 February 23, 2018 , it is expected to distribute $49,890,815 of employee cash bonuses and $8,315,136 of director/supervisor remuneration or 2017
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 2017:

	Resolved in shareholders meeting	Resolved by board of directors	Difference
Distribution status:			
Employee cash bonus	53,224,803	53,224,803	-
Employee stock bonus			
Shares	-	-	-
Amount	-	-	-
Ratio to the outstanding shares at the end of 2017	-	-	-
Director/supervisor remuneration	7,096,641	7,096,641	-
Information of EPS			
Original EPS	$1.55	$1.55	-
EPS taking bonuses and remuneration into account	$1.55	$1.55	-

(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	1,500,000 Shares
Total monetary amount of shares repurchased	$ 31,696,350
Cancellation and transfer	0
Cumulative number of own shares held	1,500,000 Shares
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	0.94%

2. Corporate bonds: N/A
3. Preferred stock: N/A
4. ADR/GDR: N/A
5. Employee stock option certificates : N/A
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	2016		2017	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Precision metal products and Processing services	3,230,947	98.42	3,222,713	98.16
Others	51,985	1.58	60,450	1.84
Total	3,282,932	100.00	3,283,163	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	0.50mm~0.75mm
	Mini size	0.80mm~3.175mm
	Large size	Above 3.175mm

④. New Products under Development

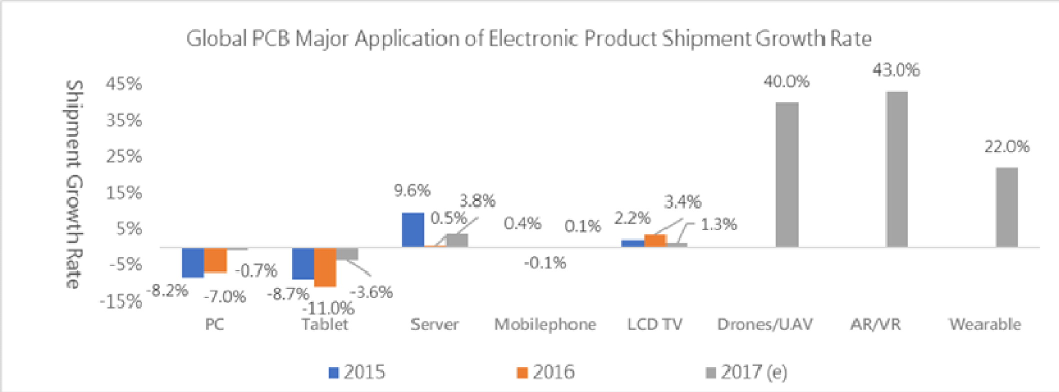
i. Sustainable development of performance enhancing micro drills.
ii. Sustainable development of performance enhancing micro routers.
iii. Development of prolonged tool life product and high aspect ratio drills.

(2) Industry Overview

①. Industry Status and Development

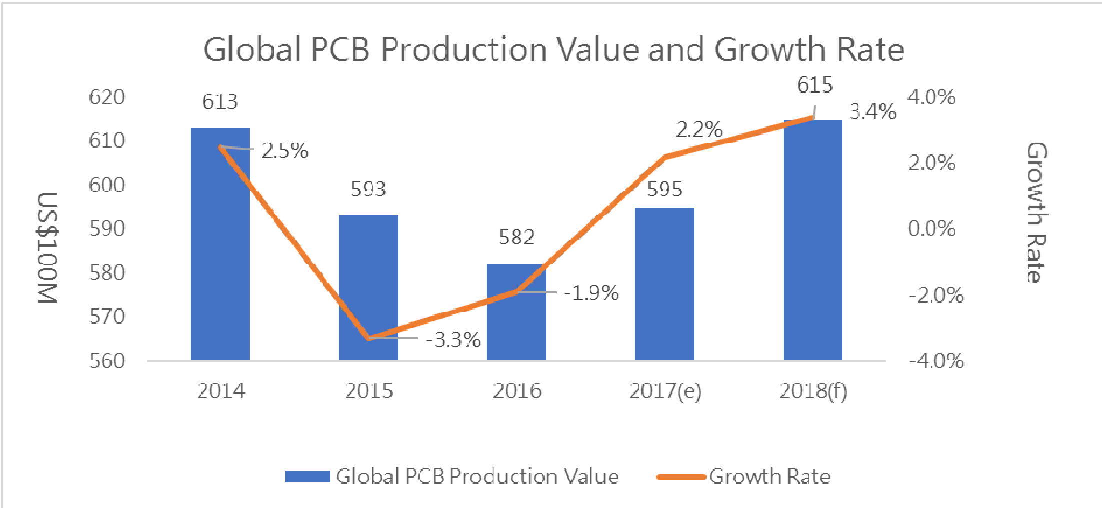
Drill bit is one of the critical materials used in PCB manufacturing process. PCBs fundamentally support the connection among components and wirings assembled in modern electronic devices. Hence, supply and demand condition for drills has a close tie to the PCB industrial development.

Even though the macro economy was turning better in 2017, the output of major electronics products is still limited. The output of PC and the tablet had been declining continuously. In contrast, the non-mainstay niche products including drones/UAV, AR/VR, wearable devices have higher growth potential and continue to develop higher-end models. These products derive new specifications and technical trends on PCBs need continued attention.

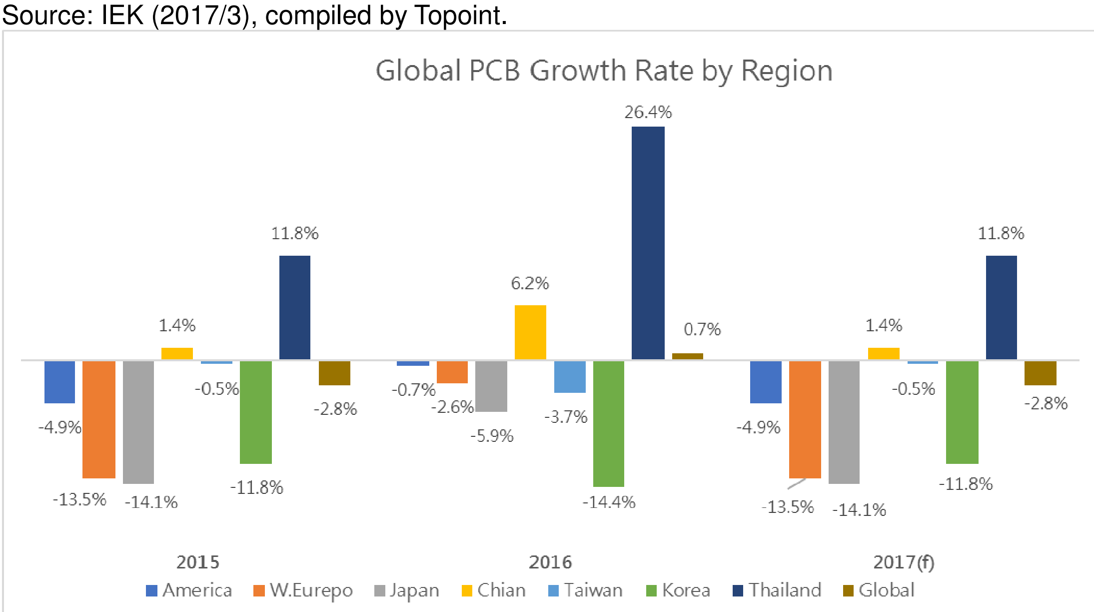


Source： Gartner (2017/1), compiled by Topoint

According to information from Industrial Economics and Knowledge center (2017/1), the total value of 2018 production in PCB industry is estimated around US$ 61.5 billion, an increase of 3.4% from the previous year. Based on research from N.T. Information (2017/04), China is still the biggest-scale and fastest-growing manufacturing region in PCB industry. China PCB manufacturers' strong growth on capacity expansion and technological development need to be watched closely. It's also important to note that PCB manufacturing in South East Asia is constantly growing especially in Thailand region.



Source: IEK (2017/3), compiled by Topoint.

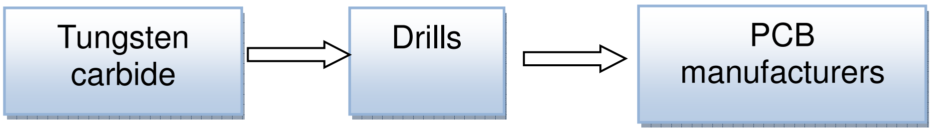


Source: N.T. Information (2017/4), compiled by Topoint.

With the developments of end-products, PCB industry is facing dramatic changes in technologies and materials. We should continue to focus on the following major trends: 1. The components of smartphones are constantly upgraded results in the restructuring of the supply chain, including the adoption of OLED panel and substrate-like technologies; 2. China manufacturers entry into high-end market aggressively; 3. The development of 5G base stations and automotive PCBs as well as its competition. Topoint will not only gain shares from current market but also expend business to the new market. To fulfill all the customers' demands and increase value, Topoint devotes ourselves to work closely with customers to develop advanced technologies and products.

②. Correlations among Upstream, Midstream and Downstream Industries

Upstream Midstream Downstream



③. Product Development

i. Electronic products are built toward high speed transmission and mini-sized design, driving new material and process development for PCB. To further down-size printed circuit boards (PCB) in wearable devices, must tightly line-up electronic components, and adopt higher density PCB product, such as using Any-Layer HDI (High Density Interconnect) and MSAP (Modified Semi-Additive Process). As drilling technology shifting toward high density and efficiency-oriented, pushing quality requirement of drills to a higher level.

ii. Embedded component technology is to build ICs inside substrates, or bury passive components such as resistor, capacitor, or inductor inside printed circuit board; helps to enhance quality of signals, reduce surface area and lower energy consumption. As proportion of wearable devices increase, the adoption for embedded technology shall be more prominent, become one of PCB suppliers' important technology development.

iii. Increasing awareness of green environmental protection, made higher standards of Halogen-free, Phosphorus-free and High Tg product progress for copper clad laminate (CCL), eco-friendly CCL products gradually takes up more percentage of the market share. Countermeasures must be developed for drills to cope with changes in material, to ensure drilling quality suffice with the market demand.

④. Competition Status

Global consumer market demand for electronic product has changed. PCB manufactures confront with the changing from the standard mass production modal into "a small number and diverse" and "a large number and diverse" production modal especially the competition from the China PCB manufactures, PCB industry chain's intelligent upgrade, combination of ICT and smart machine to improve the overall production's efficiency and flexibility. All the drill manufactures need to provide the integrated solutions for the PCB industry's changes.

Drills applied to general PCB and IC substrates are different in terms of hole diameters and technological requirement. Manufacturers in Taiwan and China have mainly produced the mini sizes (diameter above 0.30mm) for traditional PCBs. Due to large number of competitors in this sector, resulted to severe price competition. Japanese drill manufacturers mainly produced micro sizes (diameter less than 0.25mm) for HDIs and IC substrates. Topoint also focused on production for micro drills with diameters below 0.25mm; thus, aside from the main competing 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, 2018

Item / Education	PhD / Masters	University graduates	Senior high school	Total	Service seniority
No. of personnel	2	13	3	18	6.92
Ratio	11.1%	72.2%	16.7%	100%	

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

Unit: NT$1,000

Item / year	2016	2017
R&D expense	94,802	95,937
Sales revenue	3,282,932	3,283,163
Ratio	3%	3%

③. The products and technology successfully developed

2012	Second generation patent exterior drills for IC substrates High performance product series from diameter 0.075 to 0.20mm.
2013	Mass production of patented high-performance drills for FC-CSP and FPC boards.
2014	Mass production of patented high-performance drills for IC substrates.
2015	Mass production of high performance product series.
2016	Mass production of high life expectancy and unique performance of coating drill. Mass production of ultra-high aspect ratio coating drill series.
2017	Mass production of new metal coating products series. Mass production of high precision slot and router series.

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. Customize special metal cutting tools, economical production and market development.

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	2016		2017	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Domestic sales	772,482	23.53	672,839	20.49
China	1,983,312	60.41	2,089,042	63.63
Others	527,138	16.06	521,282	15.88
Total	3,282,932	100.00	3,283,163	100.00

②. Market Share

The company speculated its global market share approximately 25%, with monthly sales volume at 21 million pieces vs. monthly total demand of 84 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

Design trends of electronic products are slimmer, smaller, and packed 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). Annual global production is estimated at US$ 61.5 billion and growth rate for 2018 is estimated at 3.4%.

ii.Supply Side

Total monthly capacity of top three drill suppliers was around 78 million pieces, which took up 70% of global shares at the end of 2017. 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

、Smartphone and new generation of high-end electronic products and technology drive the demands of ultra-micro drills and laser drilling.

、Positive prospects of cloud computing servers and base stations will increase demand for PCB drills and drilling service.

、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：Desktops, Laptops, servers and etc. Communication: cell phones, networking products and etc. Consumer: tablet PCs, game console, TV, wearable devices, automobile and etc.
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 is properly and stably sustained.

Major material	Suppliers	Supply status
Tungsten carbide	Mitsubishi 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

2016				2017				2018 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	74,185	14.03	None	A	51,114	8.14	None	A	9,479	6.21	None
B	58,989	11.16	None	B	40,179	6.40	None	B	7,562	4.96	None
C	64,346	12.17	None	C	96,467	15.37	None	C	27,281	17.88	None
Other	331,098	62.64		Other	439,980	70.09		Other	108,222	70.95	
Purchase Amount-Net	528,618	100.00		Purchase Amount-Net	627,740	100.00		Purchase Amount-Net	152,544	100.00	

b. List of major clients

Unit: NT$1,000

2016				2017				2018 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	388,184	11.82	(note1)	A	248,570	7.57	(note1)	A	34,667	4.44	(note1)
Other	2,894,748	88.18		Other	3,034,593	92.43		Other	745,871	95.56	
Sales Amount-Net	3,282,932	100.00		Sales Amount-Net	3,283,163	100.00		Sales Amount-Net	780,538	100.00	

(note1)：The parent company of the equity-method investor of Unipoint Technology Co., Ltd.

⑤. Output values in the recent two years

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

Year/output value / Major products	2016			2017		
	Production capacity	Output	Output value	Production capacity	Output	Output value
PCB Tool	241,752	217,180	1,232,389	241,752	222,648	1,189,292
Total	241,752	217,180	1,232,389	241,752	222,648	1,189,292

⑥. Sales turnovers in the recent two years

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

Year/sales turnover / Major products	2016				2017			
	Domestic sales		Export sales		Domestic sales		Export sales	
	volume	value	Volume	Value	Volume	Value	Volume	value
Precision metal products and Processing services	45,021	763,949	159,170	2,466,998	48,249	662,818	160,271	2,559,894
Others		8,533		43,452		10,021		50,430
Total	45,021	772,482	159,170	2,510,450	48,249	672,839	160,271	2,610,324

3. Status of employees:

Year		2016	2017	April 30,2018
Number of employees	Indirect	204	169	168
	Direct	172	200	198
	Total	376	369	366
Average age		35.5	36.0	36.1
Average service years		5.72	6.07	6.13
Education distribution ratio	PhD	0%	0.3%	0.3%
	Master	5.3%	5.7%	5.2%
	College	42.8%	44.4%	45.1%
	Senior high school graduate	48.4%	47.7%	47.5%
	senior high school and Below	3.5%	1.9%	1.9%

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 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 to generate 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 493 classes of various training courses held in 2017. The total curriculum hours were 11,251 hours with 6,813 employees participating and the total educational training expenditure was NT$240,467 dollars.

Category	Class	Hours	Persons
New comer training	4	350	50
Specialization training	321	5,478	3,889
Management training	20	1,636	271
Labor safety and health training	54	2,370	1,192
Others	94	1,417	1,411
Total	493	11,251	6,813

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, 2017 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	Mega International Commercial Bank	2016.12~2020.12	Payment due date	N/A

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

Item \ Year		Condensed Balance Sheet of fiscal year 2013~2017					As of March 31, 2018
		2013	2014	2015	2016	2017	
Current Assets		2,731,325	3,424,828	3,596,105	3,578,675	3,869,456	3,930,508
Property,plant and equipment		3,266,291	3,535,826	2,977,495	2,505,790	2,142,951	2,067,103
Intangible Assets		6,508	5,687	9,131	35,705	28,114	26,348
Other Assets		203,893	184,142	315,324	176,172	248,825	285,427
Total Assets		6,208,017	7,150,483	6,898,055	6,296,342	6,289,346	6,309,386
Current Liabilities	Before allocation	865,594	1,430,882	1,120,899	1,074,714	1,009,662	910,747
	After allocation	991,906	1,625,527	1,336,195	1,218,701	*	*
Non-Current Liabilities		1,025,523	936,485	870,231	585,873	621,185	617,864
Total Liabilities	Before allocation	1,891,117	2,367,367	1,991,130	1,660,587	1,630,847	1,528,611
	After allocation	2,017,429	2,562,012	2,206,426	1,804,574	*	*
Equity attributable to shareholders of the company		4,136,137	4,592,539	4,688,076	4,384,922	4,408,323	4,531,483
Capital Stock		1,578,906	1,590,466	1,594,783	1,594,783	1,594,783	1,594,783
Capital surplus		1,200,741	1,214,142	1,219,550	1,235,440	1,232,138	1,230,622
Retained earnings	Before allocation	1,293,661	1,528,714	1,704,358	1,733,081	1,823,902	1,885,459
	After allocation	1,167,349	1,334,069	1,489,062	1,589,094	*	*
Other stockholders' equity		62,829	259,217	169,385	(146,686)	(210,804)	(147,685)
Treasury stock		-	-	-	(31,696)	(31,696)	(31,696)
Non-controlling interest		180,763	190,577	218,849	250,833	250,176	249,292
Total equities	Before allocation	4,316,900	4,783,116	4,906,925	4,635,755	4,658,499	4,780,775
	After allocation	4,190,588	4,588,471	4,691,629	4,491,768	*	*

*2018 regular meeting of shareholders resolution.

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

Unit: NT$ 1,000

Item \ Year		Condensed Balance Sheet of fiscal year 2013~2017					As of March 31, 2018
		2013	2014	2015	2016	2017	
Current Assets		706,035	798,503	760,613	727,736	953,931	N/A
Property,plant and equipment		971,602	816,805	639,068	463,981	324,122	
Intangible Assets		1,144	2,574	6,996	10,272	7,579	
Other Assets		3,293,375	3,778,007	4,043,508	3,855,445	3,883,934	
Total Assets		4,972,156	5,395,889	5,450,185	5,057,434	5,169,566	
Current Liabilities	Before allocation	371,214	357,418	336,172	350,775	344,952	
	After allocation	497,526	552,063	551,468	494,762	*	
Non-Current Liabilities		464,805	445,932	425,937	321,737	416,291	
Total Liabilities	Before allocation	836,019	803,350	762,109	672,512	761,243	
	After allocation	962,331	997,995	977,405	816,499	*	
Equity attributable to shareholders of the company		4,136,137	4,592,539	4,688,076	4,384,922	4,408,323	
Capital Stock		1,578,906	1,590,466	1,594,783	1,594,783	1,594,783	
Capital surplus		1,200,741	1,214,142	1,219,550	1,235,440	1,232,138	
Retained earnings	Before allocation	1,293,661	1,528,714	1,704,358	1,733,081	1,823,902	
	After allocation	1,167,349	1,334,069	1,489,062	1,589,094	*	
Other stockholders' equity		62,829	259,217	169,385	(146,686)	(210,804)	
Treasury stock		-	-	-	(31,696)	(31,696)	
Non-controlling interest		-	-	-	-	-	
Total equities	Before allocation	4,136,137	4,592,539	4,688,076	4,384,922	4,408,323	
	After allocation	4,009,825	4,397,894	4,472,780	4,240,935	*	

*2018 regular meeting of shareholders resolution.

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

Unit: NT$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2013~2017					As of March 31, 2018
	2013	2014	2015	2016	2017	
Net sales	2,534,972	3,238,109	3,505,897	3,282,932	3,283,163	780,538
Gross Profit	737,450	958,362	1,111,007	923,091	888,435	210,995
Operating Income	331,365	484,272	556,060	344,741	308,733	72,794
Non-operating income and expenses	17,163	(5,398)	(40,979)	(24,167)	11,344	(746)
Income before tax	348,528	478,874	515,081	320,574	320,077	72,048
Operating income	271,959	372,997	390,210	260,457	233,439	57,840
Loss of business units	-	-	-	-	-	-
Net income	271,959	372,997	390,210	260,457	233,439	57,840
Other comprehensive income	170,974	199,914	(92,719)	(322,922)	(66,708)	64,436
Total comprehensive income	442,933	572,911	297,491	(62,465)	166,731	122,276
Net income attributable to Shareholders of the company	280,315	360,453	372,393	246,132	236,418	60,960
Net income attributable to Non-controlling interest	(8,356)	12,544	17,817	14,325	(2,979)	(3,120)
Total comprehensive incom attributable to Shareholders of the company	447,847	557,753	280,457	(73,641)	170,690	124,676
Total comprehensive incom attributable to Non-controlling interest	(4,914)	15,158	17,034	11,176	(3,959)	(2,400)
Earnings per share	1.78	2.28	2.34	1.55	1.50	0.39

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

Unit: NT$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2013~2017					As of March 31, 2018
	2013	2014	2015	2016	2017	
Net sales	1,082,286	1,237,655	1,242,772	1,159,407	1,142,819	N/A
Gross Profit	305,720	412,169	423,106	398,225	383,260	
Operating Income	158,381	233,318	205,094	194,835	174,055	
Non-operating income and expenses	154,465	180,492	221,812	99,677	100,345	
Income before tax	312,846	413,810	426,906	294,512	274,400	
Operating income	280,315	360,453	372,393	246,132	236,418	
Loss of business units	-	-	-	-	-	
Net income	280,315	360,453	372,393	246,132	236,418	
Other comprehensive income	167,532	196,417	(91,936)	(319,773)	(65,728)	
Total comprehensive income	447,847	557,753	280,457	(73,641)	170,690	
Net income attributable to Shareholders of the company	280,315	360,453	372,393	246,132	236,418	
Net income attributable to Non-controlling interest	-	-	-	-	-	
Total comprehensive incom attributable to Shareholders of the company	447,847	557,753	280,457	(73,641)	170,690	
Total comprehensive incom attributable to Non-controlling interest	-	-	-	-	-	
Earnings per share	1.78	2.28	2.34	1.55	1.50	

C. Auditing by CPAs

CPAs and their auditing opinions in the past five years

Year	CPAs	Opinions
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
2016	Wan-Yi, Liao & Chien-Shin, Shieh (Deloitte & Touche-Taiwan)	Unqualified
2017	Wan-Yi, Liao & Yung-Fu, Liu (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 2013~2017					As of March 31, 2018
		2013	2014	2015	2016	2017	
Financial structure (%)	Ratio of liabilities to assets	30.46	33.11	28.87	26.37	25.93	24.23
	Ratio of long-term capital to fixed assets	160.43	158.09	188.89	202.23	239.00	253.56
Solvency (%)	Current Ratio	315.54	239.35	320.82	332.99	383.24	431.57
	Quick Ratio	264.94	204.90	271.98	285.10	334.13	375.50
	Times interest Earned Ratio	11.64	15.59	16.48	13.76	16.95	18.02
Operating ability	Account Receivables Turnover (times)	2.93	3.16	2.65	2.38	2.49	2.41
	Days sales in accounts receivable	124.57	115.50	137.73	153.36	146.59	151.45
	Inventory Turnover (times)	4.27	5.09	4.73	4.62	4.98	4.71
	Account Payable Turnover (times)	13.52	13.03	12.08	13.21	12.18	11.78
	Average days in sales	85.48	71.70	77.16	79.00	73.29	77.49
	Fixed Assets Turnover (times)	0.77	0.95	1.08	1.20	1.41	1.39
	Total Assets Turnover(times)	0.42	0.48	0.51	0.52	0.52	0.50
Profit ability	Ratio of Return on assets (%)	4.97	5.99	5.95	4.26	3.97	3.89
	Ratio of Return on shareholders' equity (%)	6.56	8.20	8.05	5.46	5.02	4.93
	Ratio of Income before tax to Capital stock(%)	22.07	30.16	32.35	20.10	20.07	18.07
	Profit ratio (%)	10.73	11.52	11.13	7.93	7.11	7.41
	EPS ($)	1.78	2.28	2.34	1.55	1.50	0.39
Cash Flows (%)	Cash flow ratio (%)	105.42	49.77	68.28	93.58	71.40	17.32
	Cash flow adequacy ratio (%)	124.07	117.78	112.54	133.57	150.98	154.48
	Cash reinvestment ratio (%)	9.42	6.14	5.65	7.98	5.62	1.50
Balance	Degree of operating leverage	3.96	3.45	3.41	5.00	5.04	5.10
	Degree of financial leverage	1.11	1.07	1.06	1.08	1.07	1.06

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

Item	Year	Condensed Income Statement of fiscal year 2013~2017					As of March 31, 2018
		2013	2014	2015	2016	2017	
Financial structure (%)	Ratio of liabilities to assets	16.81	14.89	13.98	13.30	14.73	N/A
	Ratio of long-term capital to fixed assets	472.02	613.65	798.33	1,011.39	1,483.97	
Solvency (%)	Current Ratio	190.20	223.41	226.26	207.47	276.54	
	Quick Ratio	143.87	176.72	176.07	159.63	234.05	
	Times interest Earned Ratio	28.21	41.21	45.61	40.42	35.29	
Operating ability	Account Receivables Turnover (times)	3.61	4.56	4.95	4.58	4.15	
	Days sales in accounts receivable	101.11	80.04	73.74	79.69	87.95	
	Inventory Turnover (times)	4.61	5.18	5.22	5.00	5.35	
	Account Payable Turnover (times)	19.21	15.62	14.56	14.47	14.73	
	Average days in sales	79.18	70.46	69.92	73.00	68.22	
	Fixed Assets Turnover (times)	1.03	1.38	1.71	2.10	2.90	
	Total Assets Turnover(times)	0.22	0.23	0.23	0.23	0.22	
Profit ability	Ratio of Return on assets (%)	5.91	7.12	7.01	4.80	4.75	
	Ratio of Return on shareholders' equity (%)	7.07	8.26	8.03	5.43	5.38	
	Ratio of Income before tax to Capital stock(%)	19.81	26.06	26.82	18.47	17.21	
	Profit ratio (%)	25.90	29.12	29.96	21.23	20.69	
	EPS ($)	1.78	2.28	2.34	1.55	1.50	
Cash Flows (%)	Cash flow ratio (%)	127.64	82.26	136.96	41.33	82.24	
	Cash flow adequacy ratio (%)	288.89	223.45	194.91	162.21	173.13	
	Cash reinvestment ratio (%)	6.10	2.55	3.90	-1.07	2.04	
Balance	Degree of operating leverage	4.04	3.18	3.75	3.64	4.14	
	Degree of financial leverage	1.09	1.05	1.05	1.04	1.06	

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 discretional judgment, it must be made reasonably and consistently.

3. Supervisor’s Report in the past five years:Please refer to P60 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 P61~138 in the annual report for details.

5. Financial statements in the most recent years: Please refer to P139~143 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 2017 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 Yung-Fu, Liu 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,

2018 Shareholder’s Meeting of TOP

Supervisor: Gen-Cing, Chen

Supervisor: Chung-Ta, Wu

Supervisor: Cheng-Chie, Niu

February 23, 2018

INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Topoint Technology Co., Ltd. (the "Company") and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Revenue Recognition

Management may feel pressure to achieve planned results, and therefore auditing standards generally accepted in the Republic of China presume there is a risk of fraud in revenue recognition. We have determined this to apply specifically to the authenticity of customers and transactions of drill sales. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policy of revenue recognition.

By conducting tests of controls, we obtained an understanding of the Group’s recognition of revenue and of its design and implementation of related controls. We also selected a sample of the Group's new sales customers in order to understand the effectiveness of internal controls, and analyzed changes in the top ten sales customers and accounts receivable turnover rate to check the rationale of revenue recognition based on the customers and the transactions. To test the occurrence of revenue transactions, we performed journal testing by selecting a sample of revenue journals and matching them with the original orders and external shipping documents or customer receipt documents. We reviewed whether there were significant sales returns after the year end to confirm whether there are material misstatements of revenue.

Estimated Impairment of Accounts Receivable

The Group recognizes impairment loss on accounts receivable by assessing the impairment amount of each past due receivable and estimating the degree of collectability of each based on historical experience to determine the uncollectable amount. Refer to Note 4 to the accompanying consolidated financial statements for the relevant accounting policy for the impairment of receivables. We consider management’s related provisions subjective and influenced by assumptions concerning customer credit risk, and therefore, the associated risk is the estimation of the recoverability of these past due accounts receivable.

For the related disclosures for accounts receivable refer to Note 8 of the accompanying consolidated financial statements.

We understood management’s receivables provisioning policy and tested the accuracy of the ageing of the accounts receivable balances in order to recalculate management’s receivables provision.

We tested the operating effectiveness of the following controls:

1. Approval of credit limits

2. The monthly detailed review of the receivables ledger for customers

We reviewed the customer payment history and examined large individual receivable balances and arrived at an understanding of management’s rationale for provisioning decisions by referencing payment patterns during the year as well as other available information.

We also assessed the level of cash collected by the Group on past due receivable balances after the year end to consider any additional provisioning requirements.

Other Matter

We have also audited the parent company only financial statements of Topoint Technology Co., Ltd. as of and for the years ended December 31, 2017 and 2016 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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

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

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

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

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditors' report is Wan-I Liao and Yung-Fu Liu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 23, 2018

<u>*Notice to Readers*</u>

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, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017		2016	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 1,736,278	28	$ 1,440,663	23
Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	200,738	3	170,698	3
Notes receivable (Notes 4 and 8)	135,426	2	45,343	1
Accounts receivable (Notes 4, 5 and 8)	1,103,471	18	1,102,504	17
Accounts receivable - related parties (Notes 4 and 32)	95,256	1	160,275	2
Other receivables (Notes 4 and 8)	32,889	1	57,516	1
Current tax assets (Notes 4 and 23)	-	-	2,619	-
Inventories (Notes 4 and 9)	476,342	8	485,775	8
Prepayments (Notes 10 and 15)	88,807	1	112,123	2
Other current assets	249	-	1,159	-
Total current assets	3,869,456	62	3,578,675	57
NONCURRENT ASSETS				
Financial assets measured at cost - noncurrent (Notes 4 and 11)	5,614	-	6,084	-
Property, plant and equipment (Notes 4, 13 and 33)	2,142,951	34	2,505,790	40
Intangible assets (Notes 4 and 14)	28,114	-	35,705	1
Deferred tax assets (Notes 4 and 23)	125,396	2	109,011	2
Long-term prepayments for leases (Note 15)	53,877	1	28,398	-
Other noncurrent assets (Notes 16 and 29)	63,938	1	32,679	-
Total noncurrent assets	2,419,890	38	2,717,667	43
TOTAL	$ 6,289,346	100	$ 6,296,342	100
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 17)	$ 67,406	1	$ 81,834	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 31)	1,037	-	-	-
Accounts payable (Note 18)	210,452	3	181,879	3
Accounts payable - related parties (Note 32)	260	-	538	-
Other payables (Note 19)	603,936	10	595,020	9
Current tax liabilities (Notes 4 and 23)	52,056	1	45,896	1
Long-term borrowings - current portion (Notes 17 and 33)	63,421	1	160,243	3
Other current liabilities	11,094	-	9,304	-
Total current liabilities	1,009,662	16	1,074,714	17
NONCURRENT LIABILITIES				
Long-term borrowings, net of current portion (Notes 17 and 33)	463,218	8	431,801	7
Net defined benefit liability (Notes 4 and 20)	1,520	-	1,487	-
Guarantee deposits received	10,989	-	11,446	-
Deferred tax liabilities (Notes 4 and 23)	145,458	2	141,139	2
Total noncurrent liabilities	621,185	10	585,873	9
Total liabilities	1,630,847	26	1,660,587	26
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	1,594,783	25	1,594,783	25
Capital surplus	1,232,138	20	1,235,440	20
Retained earnings				
Legal reserve	379,195	6	354,582	6
Special reserve	198,770	3	198,770	3
Unappropriated earnings	1,245,937	20	1,179,729	19
Total retained earnings	1,823,902	29	1,733,081	28
Other equity	(210,804)	(3)	(146,686)	(2)
Treasury shares	(31,696)	(1)	(31,696)	(1)
Total equity attributable to owners of the Company	4,408,323	70	4,384,922	70
NONCONTROLLING INTERESTS	250,176	4	250,833	4
Total equity	4,658,499	74	4,635,755	74
TOTAL	$ 6,289,346	100	$ 6,296,342	100

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, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	%	Amount	%
OPERATING REVENUE (Note 32)	$ 3,296,850	100	$ 3,293,123	100
LESS: SALES RETURNS	1,483	-	141	-
SALES DISCOUNTS AND ALLOWANCES	12,204	-	10,050	-
NET OPERATING REVENUE	3,283,163	100	3,282,932	100
OPERATING COSTS				
Operating costs (Note 32)	2,394,728	73	2,359,841	72
GROSS PROFIT	888,435	27	923,091	28
OPERATING EXPENSES				
Selling and marketing	136,821	4	141,116	4
General and administrative	345,710	10	345,338	10
Research and development (Note 32)	95,937	3	94,802	3
Total operating expenses	578,468	17	581,256	17
OTHER OPERATING INCOME AND EXPENSES (Note 22)	(1,234)	-	2,906	-
PROFIT FROM OPERATIONS	308,733	10	344,741	11
NONOPERATING EXPENSES				
Interest income	16,085	-	12,535	-
Other income	19,677	1	7,856	-
Gain on valuation of financial instruments	71	-	1,072	-
Gain on disposal of investments	-	-	-	-
Other expenses	(2,471)	-	(1,626)	-
Foreign exchange loss, net (Note 22)	(1,949)	-	(18,876)	-
Interest expenses	(20,069)	(1)	(25,128)	(1)
Total nonoperating expenses	11,344	-	(24,167)	(1)
PROFIT BEFORE INCOME TAX	320,077	10	320,574	10
INCOME TAX EXPENSE (Notes 4 and 23)	(86,638)	(3)	(60,117)	(2)
NET PROFIT	233,439	7	260,457	8

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2017		2016	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	$ (1,940)	-	$ (2,545)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	330	-	432	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(65,098)	(2)	(320,809)	(10)
Total other comprehensive loss	(66,708)	(2)	(322,922)	(10)
TOTAL COMPREHENSIVE INCOME (LOSS)	$ 166,731	5	$ (62,465)	(2)
NET PROFIT (LOSS) ATTRIBUTED TO:				
Owners of the Company	$ 236,418	7	$ 246,132	8
Noncontrolling interests	(2,979)	-	14,325	-
	$ 233,439	7	$ 260,457	8
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTED TO:				
Owners of the Company	$ 170,690	5	$ (73,641)	(2)
Noncontrolling interests	(3,959)	-	11,176	-
	$ 166,731	5	$ (62,465)	(2)
EARNINGS PER SHARE (IN NEW TAIWAN DOLLAR) (Note 24)				
Basic	$1.50		$1.55	
Diluted	$1.47		$1.52	

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, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company										
				Retained Earnings (Notes 4 and 21)			Other Equity (Note 21)				
	Share Capital (Note 21)	Unregistered Share Capital (Note 21)	Capital Surplus (Note 21)	Legal Reserve	Special Reserve	Unappropriated Earnings	Exchange Differences on Translating Foreign Operations	Treasury Shares (Note 21)	Total	Noncontrolling Interest (Note 21)	Total Equity
BALANCE AT JANUARY 1, 2016	$ 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
Appropriation of 2015 earnings											
Legal reserve	-	-	-	37,239	-	(37,239)	-	-	-	-	-
Cash dividends distributed by the Company (NT$1.3628 per share)	-	-	-	-	-	(215,296)	-	-	(215,296)	-	(215,296)
	-	-	-	37,239	-	(252,535)	-	-	(215,296)	-	(215,296)
Unregistered share capital transferred to share capital	2,742	(2,742)	-	-	-	-	-	-	-	-	-
Reorganization	-	-	15,890	-	-	-	1,589	-	17,479	(17,479)	-
Buy-back of treasury shares	-	-	-	-	-	-	-	(31,696)	(31,696)	-	(31,696)
Increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	38,287	38,287
Net profit for the year ended December 31, 2016	-	-	-	-	-	246,132	-	-	246,132	14,325	260,457
Other comprehensive loss for the year ended December 31, 2016, net of income tax	-	-	-	-	-	(2,113)	(317,660)	-	(319,773)	(3,149)	(322,922)
Total comprehensive income (loss) for the year ended December 31, 2016	-	-	-	-	-	244,019	(317,660)	-	(73,641)	11,176	(62,465)
BALANCE AT DECEMBER 31, 2016	1,594,783	-	1,235,440	354,582	198,770	1,179,729	(146,686)	(31,696)	4,384,922	250,833	4,635,755
Appropriation of 2016 earnings											
Legal reserve	-	-	-	24,613	-	(24,613)	-	-	-	-	-
Cash dividends distributed by the Company (NT$0.9114 per share)	-	-	-	-	-	(143,987)	-	-	(143,987)	-	(143,987)
	-	-	-	24,613	-	(168,600)	-	-	(143,987)	-	(143,987)
Changes in percentage of ownership interests in subsidiaries	-	-	(3,302)	-	-	-	-	-	(3,302)	3,302	-
Net profit (loss) for the year ended December 31, 2017	-	-	-	-	-	236,418	-	-	236,418	(2,979)	233,439
Other comprehensive loss for the year ended December 31, 2017, net of income tax	-	-	-	-	-	(1,610)	(64,118)	-	(65,728)	(980)	(66,708)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	234,808	(64,118)	-	170,690	(3,959)	166,731
BALANCE AT DECEMBER 31, 2017	$ 1,594,783	$ -	$ 1,232,138	$ 379,195	$ 198,770	$ 1,245,937	$ (210,804)	$ (31,696)	$ 4,408,323	$ 250,176	$ 4,658,499

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 320,077	$ 320,574
Adjustments for:		
Depreciation	490,979	564,388
Amortization	11,358	10,338
Provision for doubtful accounts	6,647	1,322
Gain on valuation of financial instruments	(71)	(1,072)
Interest expenses	20,069	25,128
Interest income	(16,085)	(12,535)
Net loss (gain) on disposal of property, plant and equipment	1,234	(2,906)
Gain from bargain purchases	-	(112)
Amortization of prepayments for leases	752	763
Net changes in operating assets and liabilities		
Financial assets held for trading	(28,932)	(144,885)
Notes receivable	(90,083)	4,502
Accounts receivable	(7,588)	88,930
Accounts receivable - related parties	65,019	55,492
Other receivables	23,589	55,820
Inventories	9,949	58,857
Prepayments	23,848	23,372
Other current assets	(26,158)	(425)
Accounts payable	28,573	4,521
Accounts payable - related parties	(278)	272
Other payables	(26,707)	52,821
Other current liabilities	1,790	4,260
Net defined benefit liability	(1,907)	(448)
Cash generated from operations	806,075	1,108,977
Interest received	17,123	12,140
Interest paid	(20,200)	(26,044)
Income tax paid	(82,065)	(89,389)
Net cash generated from operating activities	720,933	1,005,684
CASH FLOWS FROM INVESTING ACTIVITIES		
Net cash outflow on acquisition of subsidiaries (Note 26)	-	(20,378)
Payments for property, plant and equipment (Note 28)	(215,118)	(264,071)
Proceeds from disposal of property, plant and equipment	85,740	7,637
Decrease (increase) in refundable deposits	(20,363)	30,099
Payments for intangible assets	(4,329)	(9,221)
Decrease (increase) in other noncurrent assets	(14,189)	4,393
Net cash used in investing activities	(168,259)	(251,541)

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	$ (14,428)	$ 73,628
Proceeds from long-term borrowings	100,000	348,588
Repayments of long-term borrowings	(153,637)	(678,344)
Decrease in guarantee deposits received	(457)	(215)
Cash dividends	(143,987)	(215,296)
Payment for buy-back of ordinary shares	-	(31,696)
Increase in noncontrolling interests (Note 21)	-	19,722
Net cash used in financing activities	(212,509)	(483,613)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	(44,550)	(158,765)
NET INCREASE IN CASH AND CASH EQUIVALENTS	295,615	111,765
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,440,663	1,328,898
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,736,278	$ 1,440,663

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, 2017 AND 2016
(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 (TPEx). Later, when the Company's shares ceased to be traded over the counter, the Company's shares became listed on the Taiwan Stock Exchange (TWSE) on January 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 the manufacture of PCB.

The consolidated financial statements of the Company and its subsidiaries, collectively hereto forth referred to as the Group, 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 February 23, 2018.

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

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

<u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include an emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president of the Group, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group, are deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationships with whom the Group has significant transactions. If the transaction amount or balance with a specific related party is 10% or more of the

Group's respective total transaction amount or balance, such transactions should be separately disclosed by the name of each related party.

When the amendments are applied retrospectively from January 1, 2017, the disclosures of related party transactions are enhanced. Refer to Note 32 for the related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
Amendments to IFRS 2 "Classification and Measurement of Share-based Payment Transactions"	January 1, 2018
Amendments to IFRS 4 "Applying IFRS 9 Financial Instruments with IFRS 4 Insurance Contracts"	January 1, 2018
IFRS 9 "Financial Instruments"	January 1, 2018
Amendments to IFRS 9 and IFRS 7 "Mandatory Effective Date of IFRS 9 and Transition Disclosures"	January 1, 2018
IFRS 15 "Revenue from Contracts with Customers"	January 1, 2018
Amendments to IFRS 15 "Clarifications to IFRS 15 Revenue from Contracts with Customers"	January 1, 2018
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 40 "Transfers of Investment Property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendments to IAS 28 are retrospectively applied for annual periods beginning on or after January 1, 2018.

1) IFRS 9 "Financial Instruments" and related amendments

Classification, measurement and impairment of financial assets

With regard to financial assets, all recognized financial assets that are within the scope of IAS 39 "Financial Instruments: Recognition and Measurement" are subsequently measured at amortized cost or fair value. Under IFRS 9, the requirement for the classification of financial assets is stated below.

For the Group's debt instruments that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, their classification and measurement are as follows:

a) For debt instruments, if they are held within a business model whose objective is to collect contractual cash flows, the financial assets are measured at amortized cost and are assessed for impairment continuously with any impairment loss recognized in profit or loss. Interest revenue is recognized in profit or loss by using the effective interest method;

b) For debt instruments, if they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, the financial assets are measured at fair value through other comprehensive income (FVTOCI) and are assessed for impairment. Interest revenue is recognized in profit or loss by using the effective interest method, and other gains or losses shall be recognized in other comprehensive income, except for impairment gains or losses and foreign exchange gains and losses. When the debt instruments are derecognized or reclassified, the cumulative gain or loss previously recognized in other comprehensive income is reclassified from equity to profit or loss.

Except for the above, all other financial assets are measured at fair value through profit or loss. However, the Group may make an irrevocable election to present subsequent changes in the fair value of an equity investment (that is not held for trading) in other comprehensive income, with only dividend income generally recognized in profit or loss. No subsequent impairment assessment is required, and the cumulative gain or loss previously recognized in other comprehensive income cannot be reclassified from equity to profit or loss.

The Group analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets Under IFRS 9:

a) Unlisted shares measured at cost will be measured at fair value instead;

b) The significant risks and rewards of accounts receivable which are factored with banks without recourse have been transferred from the Group, resulting in the original receivables being derecognized from the balance sheets. These receivable are held within a business model whose objective is not holding these receivables to collect its cash flows nor for collecting contractual cash flows or selling financial assets. These receivable are measured at fair value through profit or loss under IFRS 9.

IFRS 9 requires impairment loss on financial assets to be recognized by using the “Expected Credit Losses Model”. A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments measured at FVTOCI, lease receivables, contract assets arising from IFRS 15 “Revenue from Contracts with Customers”, certain written loan commitments and financial guarantee contracts. A loss allowance for 12-month expected credit losses is required for a financial asset if its credit risk has not increased significantly since initial recognition. A loss allowance for full-lifetime expected credit losses is required for a financial asset if its credit risk has increased significantly since initial recognition and is not low. However, a loss allowance for full-lifetime expected credit losses is required for trade receivables that do not constitute a financing transaction.

For purchased or originated credit-impaired financial assets, the Group takes into account the expected credit losses on initial recognition in calculating the credit-adjusted effective interest rate. Subsequently, any changes in expected losses are recognized as a loss allowance with a corresponding gain or loss recognized in profit or loss.

The Group has performed a preliminary assessment in which it will apply the simplified approach to recognize full-lifetime expected credit losses for trade receivables. In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets on January 1, 2018 is set out below:

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
Impact on assets, liabilities and equity			
Financial assets at fair value through other comprehensive income	$ -	$ 5,614	$ 5,614
Accounts receivable (measured at amortized cost)	1,103,471	1,413	1,104,884
Accounts receivable (at fair value through profit or loss)	-	5,755	5,755
Accounts receivable - related parties	95,256	(5,755)	89,501
Financial assets measured at cost - current	5,614	(5,614)	-
Total effect on assets	$ 1,204,341	$ 1,413	$ 1,205,754
Retained earnings	$ 1,823,902	$ 1,413	$ 1,825,315
Total effect on equity	$ 1,823,902	$ 1,413	$ 1,825,315

2) IFRS 15 “Revenue from Contracts with Customers” and related amendments

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations.

When applying IFRS 15, the Group recognizes revenue by applying the following steps:

- Identify the contract with the customer;
- Identify the performance obligations in the contract;
- Determine the transaction price;
- Allocate the transaction price to the performance obligations in the contract; and
- Recognize revenue when the Group satisfies a performance obligation.

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of the change in retained earnings on January 1, 2018.

In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

The application of IFRS 15 is not expected to have a material impact on the assets, liabilities and equity of the Group as of January 1, 2018.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group assess the possible impact that the application of other standards and interpretations will not have any material impact on the Group’s financial position and financial performance.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 "Prepayment Features with Negative Compensation"	January 1, 2019 (Note 2)
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
(IFRS 16 "Leases"	January 1, 2019 (Note 3)
IFRS 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 9 "Plan Amendments, Curtailments or Settlements"	January 1, 2019 (Note 4)
Amendments to IAS 28 "Long-term Interests in Associates and Joint Ventures"	January 1, 2019
IFRIC 23 "Uncertainty Over Income Tax Treatments"	January 1, 2019

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 FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group applies the amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

IFRS 16 "Leases"

IFRS 16 sets out the accounting standards for leases that will supersede IAS 17 and a number of related interpretations.

Under IFRS 16, if the Group is a lessee, it shall recognize right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for low-value and short-term leases. The Group may elect to apply the accounting method similar to the accounting for operating leases under IAS 17 to low-value and short-term leases. On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed by using the effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of lease liabilities are classified within financing activities; cash payments for the interest portion are classified within operating activities.

The application of IFRS 16 is not expected to have a material impact on the accounting of the Group as lessor.

When IFRS 16 becomes effective, the Group may elect to apply this standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of the initial application of this standard recognized at the date of initial application.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance, and will disclose the relevant impact when the assessment is completed.

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 and issued into effect by the 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 and the net defined benefit liability which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

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 12 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

<u>Principles for preparing consolidated financial statements</u>

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 12, Tables 6 and 7 for the detailed information of subsidiaries (including the percentages of ownership and main businesses).

Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

If, after re-assessment, the net of the acquisition date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any noncontrolling interests in the acquiree, and the fair value of the acquirer's previously held interests in the acquiree, the excess is recognized immediately in profit or loss as a bargain purchase gain.

Noncontrolling interests that are present ownership interests and entitle their holders to a proportionate share of the entity's net assets in the event of liquidation may be initially measured at the noncontrolling interests' proportionate share of the recognized amounts of the acquiree's identifiable net assets.

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 on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is 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.

Intangible assets acquired in a business combination are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is 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 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) Loans and receivables

Loans and receivables (including accounts receivables, cash and cash equivalents, 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 equivalents include time deposits which are highly liquid, readily convertible to a known amount of cash and are 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 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.

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 all the following conditions are satisfied:

1) The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;

2) The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;

3) The amount of revenue can be measured reliably;

4) It is probable that the economic benefits associated with the transaction will flow to the Group; and

5) The costs incurred or to be incurred in respect of the transaction can be measured reliably.

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 past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period in which 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 it occurs. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (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. It is recognized as an expense in full at the grant date if vesting 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 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 liabilities are settled or the assets are 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:

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 collectability based on historical experience to determine the uncollectable amount. The estimation was based on management's judgement. The estimation uncertainty may have an impact on the estimation of the impairment.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	**2016**
Cash on hand	$ 1,385	$ 1,231
Checking accounts and demand deposits	518,580	528,663
Cash equivalents		
Time deposits	1,216,313	910,769
	$ 1,736,278	$ 1,440,663

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

	December 31	
	2017	**2016**
Demand deposits	0.001%-0.46%	0.001%-0.35%
Time deposits	0.40%-3.30%	0.40%-3.30%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2017	**2016**
Financial assets held for trading		
Non-derivative financial assets		
Mutual funds	$ 200,568	$ 169,461
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts	170	1,237
	$ 200,738	$ 170,698
Financial liabilities held for trading		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	$ 1,037	$ -

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

	Currency	**Maturity**	**Notional Amount (In Thousands)**
December 31, 2017			
Sell	JPY/NTD	2018.01.26	JPY4,200/NTD1,151
Sell	JPY/NTD	2018.02.26	JPY6,500/NTD1,738
Sell	JPY/NTD	2018.03.26	JPY3,500/NTD922
Sell	JPY/NTD	2018.04.26	JPY6,000/NTD1,592
Sell	KRW/USD	2018.01.08	KRW447,000/USD394
Sell	KRW/USD	2018.02.08	KRW266,000/USD241
Sell	KRW/USD	2018.03.08	KRW189,000/USD175
Sell	USD/NTD	2018.01.08	USD394/NTD11,864
Sell	USD/NTD	2018.02.08	USD241/NTD7,226
Sell	USD/NTD	2018.03.08	USD175/NTD5,217
Sell	EUR/RMB	2018.01.30	EUR150/RMB1,181
Sell	EUR/RMB	2018.03.01	EUR150/RMB1,185
Sell	EUR/RMB	2018.03.29	EUR100/RMB792
Buy	RMB/CHF	2018.10.16	RMB9,049/CHF1,290
December 31, 2016			
Sell	JPY/NTD	2017.01.26	JPY5,150/NTD1,581
Sell	JPY/NTD	2017.02.27	JPY7,600/NTD2,294
Sell	JPY/NTD	2017.03.29	JPY7,840/NTD2,412
Sell	JPY/NTD	2017.04.28	JPY5,250/NTD1,461
Sell	KRW/USD	2017.01.06	KRW540,000/USD480
Sell	KRW/USD	2017.02.07	KRW418,800/USD353
Sell	KRW/USD	2017.03.07	KRW392,900/USD329
Sell	USD/NTD	2017.01.06	USD480/NTD15,084
Sell	USD/NTD	2017.02.07	USD353/NTD11,264
Sell	USD/NTD	2017.03.07	USD329/NTD10,474

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. NOTES RECEIVABLE, ACCOUNTS RECEIVABLE AND OTHER RECEIVABLES

	December 31	
	2017	**2016**
Notes receivable		
Notes receivable - operating	$ 135,426	$ 45,343
Accounts receivable		
Accounts receivable	$ 1,114,956	$ 1,107,368
Less: Allowance for impairment loss	11,485	4,864
	$ 1,103,471	$ 1,102,504
Other receivables		
Purchase of equipment - on others' behalf	$ 11,304	$ 12,503
Export tax rebate	7,157	19,961
Bank retention accounts	2,742	3,002
Others	11,686	22,050
	$ 32,889	$ 57,516

Refer to Note 32 for receivables from related parties.

a. Notes receivable

The average credit period of 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 150 days after monthly closing. 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	
	2017	2016
Not overdue	$ 1,067,796	$ 1,067,936
Up to 60 days	27,755	13,063
61-120 days	4,595	5,044
121-180 days	-	4,175
181-360 days	9,094	14,557
More than 360 days	5,716	2,593
	$ 1,114,956	$ 1,107,368

The above aging schedule was based on the past due days from end of credit term.

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

	December 31	
	2017	2016
Up to 60 days	$ 27,755	$ 13,063
61-120 days	4,595	5,044
121-180 days	-	4,175
181-360 days	-	10,015
	$ 32,350	$ 32,297

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, 2016	$ 70	$ 3,844	$ 3,914
Add: Impairment loss recognized on receivables	-	1,322	1,322
Foreign exchange translation losses	(5)	(367)	(372)
Balance at December 31, 2016	65	4,799	4,864
Add: Impairment loss recognized on receivables	-	6,647	6,647
Foreign exchange translation losses	(1)	(25)	(26)
Balance at December 31, 2017	$ 64	$ 11,421	$ 11,485

The Group recognized impairment losses of $64 thousand and $65 thousand on trade receivables as of December 31, 2017 and 2016, 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.

Factored trade receivables for the years ended December 31, 2017 and 2016 were as follows::

Counterparties	Receivables Sold	Receivables Sold at Year-end	Advances Received at Year-end	Not Yet Received as of Year-end	Retention	Interest Rates for Advances Received (%)	Credit Line
December 31, 2017							
Mega International Commercial Bank	$ 92,506	$ 21,853	$ 19,111	$ 619	$ 2,123	2.39-2.58	US$ 3,000 thousand
December 31, 2016							
Fubon Bank	$ -	$ 179	$ -	$ 143	$ 36	-	RMB 48,000
Mega International Commercial Bank	92,849	21,120	18,297	790	2,033	1.79-2.11	US$ 4,000 thousand
	$ 92,849	$ 21,299	$ 18,297	$ 933	$ 2,069		

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.

9. INVENTORIES

	December 31 2017	December 31 2016
Raw materials	$ 131,838	$ 110,428
Supplies	99,038	99,324
Work in process	38,701	43,603
Finished goods	181,189	223,276
Merchandise	25,576	9,144
	$ 476,342	$ 485,775

The costs of inventories recognized as operating costs were as follows: (a) $1,578,187 thousand for the year ended December 31, 2017, which included a loss of $10,524 thousand on inventory write-downs and obsolescence and a gain of $229 thousand on physical inventory; and (b) $1,478,394 thousand for the year ended December 31, 2016, which included a loss of $5,578 thousand on inventory write-downs and obsolescence and a loss of $210 thousand on physical inventory.

10. PREPAYMENTS

	December 31 2017	December 31 2016
Prepaid value-added tax	$ 41,946	$ 52,181
Prepayment for expense	19,516	28,870
Prepaid purchases	12,199	16,157
Other prepayments	13,884	14,185
Land use right (Note 15)	1,262	730
	$ 88,807	$ 112,123

11. FINANCIAL ASSETS MEASURED AT COST

	December 31	
	2017	2016
Foreign unlisted ordinary shares	$ 5,614	$ 6,084

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.

12. SUBSIDIARIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2017	Proportion of Ownership (%) December 31 2016	Note
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	
	Warpspeed Corporation (B.V.I.)	International trade	100.00	100.00	
	Topoint Japan Co., Ltd.	Selling electronic components	100.00	100.00	
	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	International investment	100.00	100.00	Note a
Topoint Technology Co., Ltd. (B.V.I.)	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	84.00	
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	16.00	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting tools	93.75	93.75	
	Shanghai Hejin Roller Technology Co., Ltd.	Manufacturing and selling machinery parts	83.94	76.96	Note b
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	81.83	81.83	Note c
Sharpoint Electronics (Huaian) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	

(Continued)

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2017	2016	Note
Chengdu Raypoint Precision Tools Co., Ltd.	Kunshan Raypoint Precision Tools Co., Ltd.	Cutting tools	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	

(Concluded)

Note a: The Company purchased a 100% interest in Unipoint Technology Holdings Co., Ltd. from its subsidiary Unipoint Technology Co., Ltd. on July 31, 2016. The transaction was a reorganization under common control and not recognized as gains and losses under its related accounting treatment.

Note b: Shanghai Topoint Precision Technology Co., Ltd. ("Shanghai Topoint") purchased a 70% interest in Shanghai Hejin Roller Technology Co., Ltd. ("Shanghai Hejin") on January 8, 2016 and subscribed for additional new shares of Shanghai Hejin resulting in an ownership percentage different from its existing ownership percentage. Refer to Note 26 for business combinations.

Note c: Shanghai Topoint established Shanghai Ringpoint Nano Material Co., Ltd. on April 21, 2016.

13. PROPERTY, PLANT AND EQUIPMENT

	December 31 2017	2016
Land	$ 75,652	$ 75,652
Buildings	297,538	322,645
Machinery and equipment	1,654,722	2,022,629
Transportation equipment	10,598	7,563
Office equipment	5,009	4,777
Miscellaneous equipment	47,108	61,134
Equipment to be inspected	52,324	11,390
	$ 2,142,951	$ 2,505,790

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to be inspected	Total
Cost								
Balance at January 1, 2016	$ 75,652	$ 620,606	$ 6,362,207	$ 19,044	$ 12,351	$ 213,627	$ -	$ 7,303,487
Additions	-	2,626	218,867	1,924	898	9,127	11,904	245,346
Disposals	-	-	(7,893)	(958)	(700)	(20,074)	-	(29,625)
Acquisition through business combinations	-	143	20,814	438	-	325	-	21,720
Reclassification	-	-	(490)	-	490	-	-	-
Effect of foreign currency exchange differences	-	(28,267)	(316,000)	(1,175)	(500)	(5,889)	(514)	(352,345)
Balance at December 31, 2016	75,652	595,108	6,277,505	19,273	12,539	197,116	11,390	7,188,583

(Continued)

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to be inspected	Total
Accumulated depreciation and impairment								
Balance at January 1, 2016	$ -	$ 255,504	$ 3,914,855	$ 9,792	$ 7,152	$ 138,689	$ -	$ 4,325,992
Depreciation expense	-	24,970	514,601	2,908	1,269	20,640	-	564,388
Disposals	-	-	(3,707)	(561)	(678)	(19,948)	-	(24,894)
Acquisition through business combinations	-	32	4,244	260	-	146	-	4,682
Reclassification	-	-	(355)	-	355	-	-	-
Effect of foreign currency exchange differences	-	(8,043)	(174,762)	(689)	(336)	(3,545)	-	(187,375)
Balance at December 31, 2016	-	272,463	4,254,876	11,710	7,762	135,982	-	4,682,793
Carrying amount at December 31, 2016	$ 75,652	$ 322,645	$ 2,022,629	$ 7,563	$ 4,777	$ 61,134	$ 11,390	$ 2,505,790
Cost								
Balance at January 1, 2017	$ 75,652	$ 595,108	$ 6,277,505	$ 19,273	$ 12,539	$ 197,116	$ 11,390	$ 7,188,583
Additions	-	245	172,460	6,329	1,659	8,767	64,705	254,165
Disposals	-	(1,276)	(204,973)	(2,711)	(191)	(8,180)	-	(217,331)
Reclassification	-	-	23,977	-	-	-	(23,977)	-
Effect of foreign currency exchange differences	-	(6,584)	(95,426)	(303)	(114)	(1,518)	206	(103,739)
Balance at December 31, 2017	75,652	587,493	6,173,543	22,588	13,893	196,185	52,324	7,121,678
Accumulated depreciation and impairment								
Balance at January 1, 2017	-	272,463	4,254,876	11,710	7,762	135,982	-	4,682,793
Depreciation expense	-	20,629	446,993	2,792	1,366	19,199	-	490,979
Disposals	-	(1,276)	(121,334)	(2,323)	(171)	(5,253)	-	(130,357)
Effect of foreign currency exchange differences	-	(1,861)	(61,714)	(189)	(73)	(851)	-	(64,688)
Balance at December 31, 2017	-	289,955	4,518,821	11,990	8,884	149,077	-	4,978,727
Carrying amount at December 31, 2017	$ 75,652	$ 297,538	$ 1,654,722	$ 10,598	$ 5,009	$ 47,108	$ 52,324	$ 2,142,951

(Concluded)

There was no indication of impairment of the property, plant and equipment for the years ended December 31, 2017 and 2016.

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

Buildings	
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.

14. INTANGIBLE ASSETS

	December 31	
	2017	2016
Carrying value for each classification		
Computer software	$ 8,347	$ 11,571
Patents	19,767	24,134
	$ 28,114	$ 35,705

	Computer Software	Patents	Total
Cost			
Balance at January 1, 2016	$ 15,634	$ 435	$ 16,069
Additions	9,221	-	9,221
Acquisition through business combinations	-	31,948	31,948
Decrease	(4,926)	-	(4,926)
Effect of foreign currency exchange differences	(342)	(2,730)	(3,072)
Balance at December 31, 2016	19,587	29,653	49,240
Accumulated amortization			
Balance at January 1, 2016	6,670	268	6,938
Amortization expense	6,479	3,859	10,338
Acquisition through business combinations	-	1,725	1,725
Decrease	(4,926)	-	(4,926)
Effect of foreign currency exchange differences	(207)	(333)	(540)
Balance at December 31, 2016	8,016	5,519	13,535
Carrying amount at December 31, 2016	$ 11,571	$ 24,134	$ 35,705
Cost			
Balance at January 1, 2017	$ 19,587	$ 29,653	$ 49,240
Additions	4,329	-	4,329
Decrease	(5,891)	-	(5,891)
Effect of foreign currency exchange differences	(63)	(603)	(666)
Balance at December 31, 2017	17,962	29,050	47,012
Accumulated amortization			
Balance at January 1, 2017	8,016	5,519	13,535
Amortization expense	7,523	3,835	11,358
Decrease	(5,891)	-	(5,891)
Effect of foreign currency exchange differences	(33)	(71)	(104)
Balance at December 31, 2017	9,615	9,283	18,898
Carrying amount at December 31, 2017	$ 8,347	$ 19,767	$ 28,114

There was no indication of impairment of the intangible assets for the years ended December 31, 2017 and 2016.

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	5-13 years

15. LONG-TERM PREPAYMENTS FOR LEASES

	December 31	
	2017	2016
Land-use right		
Current (classified under prepayments)	$ 1,262	$ 730
Noncurrent	53,877	28,398
	$ 55,139	$ 29,128

The above land use right is amortized by the straight-line method over 49-50 years.

16. OTHER NONCURRENT ASSETS

	December 31	
	2017	2016
Refundable deposits	$ 35,409	$ 15,046
Long-term prepaid expenses	12,355	1,031
Prepayments for equipment	10,845	14,138
Certificates of deposit - restricted	5,329	2,464
	$ 63,938	$ 32,679

17. BORROWINGS

a. Short-term borrowings

	December 31	
	2017	2016
Unsecured borrowings	$ 67,406	$ 81,834
Interest rate	2.18%-2.64%	1.30%-1.88%

b. Long-term borrowings

	December 31	
	2017	2016
Secured borrowings		
China Development Bank	$ 68,539	$ 123,489
Taiwan Cooperative Bank	19,569	53,618
	88,108	177,107

(Continued)

	December 31	
	2017	2016
Unsecured borrowings		
Syndicated borrowing - Mega International Commercial Bank, et al.	$ 400,000	$ 300,000
CTBC Bank	38,531	46,490
China Development Bank	-	64,500
Taiwan Cooperative Bank	-	3,947
	438,531	414,937
Less: Current portion	63,421	160,243
Long-term borrowings	$ 463,218	$ 431,801

(Concluded)

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, 2017 and 2016, the loan balances were $68,539 thousand and $123,489 thousand, respectively, at annual interest rate of 4.75%-5.08% and 4.74%-6.00%, 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, 2017 and 2016, the loan balances were $7,725 thousand and $13,802 thousand, respectively, at annual interest rates of 1.50%. Unipoint Technology Co., Ltd. signed a contract for a loan repayable monthly from October 2011 to September 2018. As of December 31, 2017 and 2016, the loan balances were $11,844 thousand and $39,816 thousand, respectively, at annual interest rate of 2.17%.

3) Syndicated loan from Mega International Commercial Bank, et al.: In October 2016, the Company obtained an unsecured borrowing of $1,000,000 thousand from a banking syndicate comprising Mega International Commercial Bank, Taiwan Cooperative Bank, Taipei Fubon Commercial Bank, Bank of Taiwan, Hua Nan Commercial Bank, E.SUN Bank, The Bank of East Asia, and CTBC Bank. The maximum term of loans shall not exceed 180 days, and the loan shall be repaid by the maturity date. By contract, the loan can be used on a revolving basis and does not need to go through a capital transfer process if the amount remains the same.

Related information as of December 31, 2017 and 2016 is as follow:

	Credit Line	Amount to Be Paid	Interest Rate	Repayment
December 31, 2017				
Unsecured borrowing	$ 1,000,000	$ 400,000	1.797%	Principal repayable on maturity in December 2020. The credit line balance begins to diminish 24 months after the date loan is obtained, and will keep diminishing every 12 months for three times. If the principal exceeds the diminishing credit line balance on certain dates, the Company should pay the lending banks the excess.

(Continued)

	Credit Line	Amount to Be Paid	Interest Rate	Repayment
December 31, 2016				
Unsecured borrowing	$ 1,000,000	$ 300,000	1.797%	Principal repayable on maturity in December 2020. The credit line balance begins to diminish 24 months after the date loan is obtained, and will keep diminishing every 12 months for three times. If the principal exceeds the diminishing credit line balance on certain dates, the Company should pay the lending banks the excess.

(Concluded)

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, 2017 and 2016, the Company had all met such criteria.

4) Unsecured loan from CTBC Bank: Chengdu Raypoint Precision Tools Co., Ltd. sighed a loan agreement in October 2016. The loan is repayable semiannually from April 2017 to October 2021. As of December 31, 2017 and 2016, the loan balance were $38,531 thousand and $46,490 thousand, respectively, at annual interest rate of 4.75%.

5) Unsecured loan from China Development Bank: Kunshan Topoint Technology Co., Ltd. signed a loan agreement in April 2013. The loan is repayable from April 2014 to December 2017. As of December 31, 2016, the loan balances was $64,500 thousand, at annual interest rate of 5.36%.

6) 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, 2016, the loan balances was $3,947 thousand, at annual interest rate of 2.22%.

The Group's assets mortgaged or pledged as collaterals for the above long-term borrowings are disclosed in Note 33.

18. ACCOUNTS PAYABLE

	December 31	
	2017	2016
Accounts payable - operating	$ 210,452	$ 181,879

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.

19. OTHER PAYABLES

	December 31	
	2017	2016
Accrued payroll and employee benefits	$ 272,754	$ 244,302
Employees' compensation and remuneration to directors and supervisors	98,551	119,668
Payable for purchase equipment	67,203	31,449
Payable for annual leave	13,008	13,023
Payable for purchase of equipment - on others' behalf	2,322	11,585
Others	150,098	174,993
	$ 603,936	$ 595,020

20. 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.), Warpspeed 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	
	2017	2016
Operating costs	$ 34,164	$ 39,242
Operating expenses	$ 16,323	$ 16,172

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	
	2017	2016
Present value of defined benefit obligation	$ 26,451	$ 24,267
Fair value of plan assets	(24,931)	(22,780)
Deficit	$ 1,520	$ 1,487
Net defined benefit liability	$ 1,520	$ 1,487

Movements in net defined benefit liability (asset) were as follows:

	Present Value of the Defined Benefit Obligation	Fair Value of the Plan Assets	Net Defined Benefit Liability (Asset)
Balance at January 1, 2016	$ 22,010	$ (22,620)	$ (610)
Service cost			
Past service cost	(434)	-	(434)
Net interest expenses (income)	330	(344)	(14)
Recognized in profit or loss	(104)	(344)	(448)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	184	184
Actuarial loss - changes in demographic assumptions	415	-	415
Actuarial gain - experience adjustments	1,946	-	1,946
Recognized in other comprehensive income	2,361	184	2,545
Balance at December 31, 2016	24,267	(22,780)	1,487
Net interest expenses (income)	364	(347)	17
Recognized in profit or loss	364	(347)	17
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	120	120
Actuarial loss - changes in demographic assumptions	1	-	1
Actuarial loss - changes in financial assumptions	974	-	974
Actuarial gain - experience adjustments	845	-	845
Recognized in other comprehensive income	1,820	120	1,940
Contributions from employer	-	(1,924)	(1,924)
Balance at December 31, 2017	$ 26,451	$ (24,931)	$ 1,520

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 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	
	2017	**2016**
Discount rate(s)	1.25%	1.50%
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	
	2017	**2016**
Discount rate(s)		
0.25% increase	$ (974)	$ (940)
0.25% decrease	$ 1,022	$ 989
Expected rate(s) of salary increase		
0.25% increase	$ 1,022	$ 991
0.25% decrease	$ (979)	$ (947)

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	
	2017	**2016**
The expected contributions to the plan for the next year	$ 763	$ 762
The average duration of the defined benefit obligation	15 years	15 years

21. EQUITY

a. Share capital - ordinary shares

	December 31 2017	December 31 2016
Registered shares (thousands)	300,000	300,000
Registered capital	$ 3,000,000	$ 3,000,000
Issued shares (thousands)	159,479	159,479
Issued capital	$ 1,594,783	$ 1,594,783

The par value of the issued ordinary shares is NT$10. Each share entitles its holder 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 share option plan, preference shares with warrant and bonds with warrant attached.

b. Unregistered share capital

	December 31 2017	December 31 2016
Unregistered share capital	$ -	$ -

A reconciliation of the Company's outstanding ordinary shares is as follows:

	Share (Thousand)	Share Capital	Unregistered Share Capital
Balance at January 1, 2016	159,205	$ 1,592,041	$ 2,742
Unregistered share capital transfer to share capital	274	2,742	(2,742)
Balance at December 31, 2016	159,479	$ 1,594,783	$ -
Balance at December 31, 2017	159,479	$ 1,594,783	$ -

c. Capital surplus

	December 31 2017	December 31 2016
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Issuance of ordinary shares	$ 1,147,166	$ 1,147,166
May be used to offset a deficit only		
Exercise of employee share options	63,976	63,976
Changes in percentage of ownership interest in subsidiaries	12,588	15,890
Expiry of employee share options	8,408	8,408
	$ 1,232,138	$ 1,235,440

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

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 shareholders held their regular meeting on June 21, 2016 and, in that meeting, had resolved amendments to the Company's Articles of Incorporation (the "Articles"), particularly the amendment to the policy on dividend distribution and the addition of the policy on distribution of employees' compensation and remuneration to directors and supervisors.

Under the dividend policy as set forth in the amended Articles, where the Company made profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as legal reserve 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution of dividends and bonus to shareholders. For the conditions on distribution of employees' compensation and remuneration to directors and supervisors after amendment, refer to employee's compensation and remuneration of directors and supervisors in Note 22,d.

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

Appropriation of earnings to the legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset deficits. 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.

Items referred to under Rule No. 1010012865, Rule No. 1010047490 and Rule No. 1030006415 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2016 and 2015 approved in the shareholders' meetings on June 13, 2017 and June 21, 2016, respectively, were as follows:

	Appropriation of Earnings		**Dividends Per Share (NT$)**	
	For the Year Ended December 31		**For the Year Ended December 31**	
	2016	**2015**	**2016**	**2015**
Legal reserve	$ 24,613	$ 37,239		
Cash dividends	143,987	215,296	$0.9114	$1.3628

The appropriation of earnings for 2017 had been proposed by the Company's board of directors on February 23, 2018. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT$)
Legal reserve	$ 23,642	
Special reserve	12,034	
Cash dividends	63,191	$0.4

The Company's shareholders on February 23, 2018, resolved to a cash return at NT$1 per share from capital reduction. The 2017 dividends paid in the aggregate amounted to NT$1.4 per share, consisting cash dividends of NT$0.4 and cash return of NT$1.

The appropriations of earnings for 2017 are subject to the resolution of the shareholders' meeting to be held on June 14, 2018.

e. Other equity items

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.

f. Noncontrolling interests

	For the Year Ended December 31	
	2017	2016
Balance at January 1	$ 250,833	$ 218,849
Attributable to noncontrolling interests:		
Share of profit (loss) for the year	(2,979)	14,325
Exchange difference arising on translation of foreign entities	(980)	(3,149)
Noncontrolling interests arising from acquisition of subsidiaries (Note 26)	-	18,565
Subscribed for additional new shares at a percentage difference from its existing ownership percentage	3,302	-
Reorganization	-	(17,479)
Issue of ordinary shares for cash	-	19,722
Balance at December 31	$ 250,176	$ 250,833

g. Treasury shares

Purpose of Buy-Back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at December 31, 2016	1,500
Number of shares at December 31, 2017	1,500

On March 14, 2016, the Company's board of directors passed a resolution to buy back 1,500 thousand shares from the open market to transfer to employees. The purchase period was between March 14, 2016 to May 14, 2016, and the purchase price ranged from $18 to $30 per share. If the Company's share price is lower than this price range, the Company may continue to buy back its shares. The Company had bought back 1,500 thousand shares totaling $31,696 thousand during the repurchase period.

Under the Securities and Exchange Act, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and to vote.

22. NET PROFIT

a. Depreciation, and amortization expenses

	For the Year Ended December 31	
	2017	2016
An analysis of depreciation by function		
Operating costs	$ 467,493	$ 535,173
Operating expenses	23,486	29,215
	$ 490,979	$ 564,388
An analysis of amortization by function		
Operating costs	$ 4,075	$ 4,140
Operating expenses	7,283	6,198
	$ 11,358	$ 10,338

b. Other operating income and expenses

	For the Year Ended December 31	
	2017	2016
Gain (loss) on disposal of property, plant and equipment	$ (1,234)	$ 2,906

c. Employee benefit expenses

	For the Year Ended December 31	
	2017	2016
Post-employment benefit (Note 20)		
Defined contribution plans	$ 50,487	$ 55,414
Defined benefit plans	17	(448)
	50,504	54,966
Payroll expenses	760,498	803,496
Labor and health insurance expenses	25,116	23,783
Other employee benefits	18,111	14,745
Total employee benefit expenses	$ 854,229	$ 896,990
An analysis of employee benefit expense by function		
Operating costs	$ 554,268	$ 595,666
Operating expenses	299,961	301,324
	$ 854,229	$ 896,990

d. Employees' compensation and remuneration to directors and supervisors

The Company accrued employees' compensation and remuneration of directors and supervisors at the rates between 1% to 25% and no higher than 3%, of net profit before income tax, employees' compensation, and remuneration of directors and supervisors. The employees' compensation and remuneration of directors and supervisors for the years ended December 31, 2017 and 2016 which have been approved by the Company's board of directors on February 23, 2018 and February 23, 2017, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2017	2016
Employees' compensation	15.0%	15.0%
Remuneration of directors and supervisors	2.5%	2.0%

Amount

	For the Year Ended December 31	
	2017	2016
	Cash	Cash
Employees' compensation	$ 49,891	$ 53,225
Remuneration of directors and supervisors	8,315	7,097

If there is a change in the amounts after the annual consolidated financial statements were authorized for issue, the differences are recorded as a change in the accounting estimate.

There was no difference between the actual amounts of employees' compensation and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the year ended December 31, 2016 and 2015.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2018 and 2017 is available at the Market Observation Post System website of the Taiwan Stock Exchange.

e. Gain or loss on foreign currency exchange

	For the Year Ended December 31	
	2017	2016
Foreign currency exchange gains	$ 52,435	$ 51,110
Foreign currency exchange losses	(54,384)	(69,986)
Net loss	$ (1,949)	$ (18,876)

23. INCOME TAXES

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

	For the Year Ended December 31	
	2017	2016
Current tax		
In respect of the current year	$ 69,993	$ 65,302
Income tax on unappropriated earnings	12,693	13,912
Adjustments for prior year	5,539	(926)
	88,225	78,288
Deferred tax		
In respect of the current year	(1,106)	(18,171)
Adjustments to deferred tax attributable to changes in tax rates and laws	(481)	-
	(1,587)	(18,171)
Income tax expense recognized in profit or loss	$ 86,638	$ 60,117

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

	For the Year Ended December 31	
	2017	2016
Profit before tax	$ 320,077	$ 320,574
Income tax expense calculated at the statutory rate (17%)	$ 54,413	$ 54,498
Nondeductible expenses in determining taxable income	1,362	1,857
Deferred tax effect of earnings of subsidiaries	13,182	5,139
Non-taxable income	(16,714)	(14,257)
Tax preference	(3,733)	(3,006)
Income tax on unappropriated earnings	12,693	13,912
Unrealized loss carryforwards	6,540	6,681
Effect of tax rate changes	(481)	-
Effect of different tax rate of group entities operating in other jurisdictions	12,265	(2,101)
Adjustments for prior years' tax	5,539	(926)
Others	1,572	(1,680)
Income tax expense recognized in profit or loss	$ 86,638	$ 60,117

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 by Shanghai Topoint Precision Technology Co., Ltd. as a high-technology enterprise.

Warpspeed 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.

In February 2018, it was announced by the President that the Income Tax Act in the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by $5,931 thousand and $112 thousand, respectively, in 2018.

As the status of the 2018 appropriation of earnings is uncertain, the potential income tax consequences of the 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2017	**2016**
Deferred tax		
In respect of the current year		
Remeasurement on defined benefit plan	$ 330	$ 432

c. Current tax assets and liabilities

	December 31	
	2017	**2016**
Current tax assets		
Tax refund receivable	$ -	$ 2,619
Current tax liabilities		
Income tax payable	$ 52,056	$ 45,896

The balances of current tax liabilities on December 31, 2017 and 2016 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, 2017

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Deferred revenue	$ 19,360	$ (2,283)	$ -	$ -	$ 17,077
Investment loss recognized under the equity method	28,965	(649)	-	(92)	28,224
Depreciation difference between financial accounting and taxation	6,816	(3,065)	-	(172)	3,579
Unpaid expense	903	559	-	(12)	1,450
Write-down of inventories	5,269	2,082	-	(48)	7,303
Others	4,384	1,352	330	(3)	6,063
	65,697	(2,004)	330	(327)	63,696
Tax losses	43,314	19,058	-	(672)	61,700
	$ 109,011	$ 17,054	$ 330	$ (999)	$ 125,396
Deferred tax liabilities					
Temporary differences					
Investment gain recognized under the equity method	$ 140,926	$ 15,045	$ -	$ (11,148)	$ 144,823
Financial instruments at fair value through profit or loss	211	(211)	-	-	-
Unrealized foreign exchange gains	2	475	-	-	477
Pension expenses difference between financial accounting and taxation	-	158	-	-	158
	$ 141,139	$ 15,467	$ -	$ (11,148)	$ 145,458

For the year ended December 31, 2016

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre-hensive Income	Exchange Difference	Closing Balance
Deferred tax assets					
Temporary differences					
Deferred revenue	$ 20,864	$ (1,504)	$ -	$ -	$ 19,360
Investment loss recognized under the equity method	22,591	6,522	-	(148)	28,965
Depreciation difference between financial accounting and taxation	8,074	(637)	-	(621)	6,816
Unpaid expense	5,186	536	-	(4,819)	903
Write-down of inventories	5,663	61	-	(455)	5,269
Others	4,015	20	432	(83)	4,384
	66,393	4,998	432	(6,126)	65,697
Tax losses	30,995	15,477	-	(3,158)	43,314
	$ 97,388	$ 20,475	$ 432	$ (9,284)	$ 109,011
Deferred tax liabilities					
Temporary differences					
Investment gain recognized under the equity method	$ 141,017	$ 2,442	$ -	$ (2,533)	$ 140,926
Financial instruments at fair value through profit or loss	-	211	-	-	211
Unrealized foreign exchange gains	351	(349)	-	-	2
	$ 141,368	$ 2,304	$ -	$ (2,533)	$ 141,139

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

	December 31, 2017
Loss carryforwards	
Expiry in 2018	$ 19,502
Expiry in 2019	38,099
	$ 57,601

f. Loss carryforwards as of December 31, 2017

Company Name	Unused Amount	Expiry Year
Unipoint Technology Shenzhen Co., Ltd.	$ 3,013	2018
	9,525	2019
	7,428	2020
	4,653	2021
	2,364	2022
	26,983	
Kunshan Restek Technology Co., Ltd.	1,863	2018
	1,062	2019
	1,101	2020
	927	2021
	673	2022
	5,626	
Kunshan Raypoint Precision Tools	520	2020
	2,452	2021
	802	2022
	3,774	
Sharpoint Technology (Qinhuangdao) Co., Ltd.	6,301	2022
Sharpoint Technology (Shenzhen) Co., Ltd.	7,668	2021
	9,961	2022
	17,629	
Shanghai Hejin Roller Technology Co., Ltd.	5,363	2021
	7,893	2022
	13,256	
Shanghai Ringpoint Nano Material Co., Ltd.	1,678	2021
	853	2022
	2,531	
	$ 76,100	

g. Integrated income tax

	December 31	
	2017	2016
Unappropriated earnings		
Unappropriated earnings from 1998	$ 1,245,937	$ 1,179,729
Imputation credit accounts	$ 153,316	$ 128,668

	For the Year Ended December 31	
	2017 (Expected)	2016
Creditable ratio for distribution of earnings	Note	13.11%

Note: Since the amended Income Tax Act announced in February 2018 abolished the imputation tax system, no creditable ratio for the distribution of earnings in 2018 is expected.

h. Income tax assessments

Income tax returns of the Company and Unipoint Technology Co., Ltd. through 2015 have been examined and cleared by the tax authorities.

24. EARNINGS PER SHARE

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

Net Profit for the Year

	For the Year Ended December 31	
	2017	**2016**
Profit attributable to owners of the Company	$ 236,418	$ 246,132
Earnings used in the computation of basic earnings per share	$ 236,418	$ 246,132
Effect of potentially dilutive ordinary shares	-	-
Earnings used in the computation of diluted earnings per share	$ 236,418	$ 246,132

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

	For the Year Ended December 31	
	2017	**2016**
Weighted average number of ordinary shares in computation of basic earnings per share	157,979	158,578
Effect of potentially dilutive ordinary shares:		
Employee s' compensation issue to employees	2,676	3,249
Employee share options	-	32
Weighted average number of ordinary shares used in the computation of diluted earnings per share	160,655	161,859

If the Group offered to settle compensation paid to employees in cash or shares, the Group assumed the entire amount of the compensation 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.

25. SHARE-BASED PAYMENT ARRANGEMENTS

The Group did not issue additional employee share options in 2017 and 2016.

The Company's share options are summarized as follows:

Effective Date	Resolution Date	Units	Exercise Price (NT$)
2011.09.19	2011.09.26	3,500	$20.70

The options expired on September 26, 2016.

	2016	
	Number of Options (In Thousands)	Weighted-average Exercise Price (NT$)
Balance at January 1	1,210	$ 20.70
Options forfeited	-	20.70
Options exercised	-	20.70
Options expired	(1,210)	20.70
Balance at December 31	-	
Options exercisable, end of period	-	20.70

The Group did not recognize any compensation cost during 2016.

26. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired (%)	Consideration Transferred
Shanghai Hejin	Manufacturing and selling machinery parts	January 8, 2016	70	$ 43,207

Shanghai Hejin was acquired in order to continue the expansion of the Company's activities. Shanghai Hejin was acquired by cash.

b. Assets acquired and liabilities assumed at the date of acquisition

	Shanghai Hejin
Current assets	$ 33,380
Noncurrent assets	47,242
Current liabilities	(18,738)
	$ 61,884

c. Gain from bargain purchase recognized on acquisition

	Shanghai Hejin
Consideration transferred	$ 43,207
Plus: Noncontrolling interests (30% of the recognized amounts of Shanghai Hejin's identifiable net assets)	18,565
Less: Fair value of identifiable net assets acquired	(61,884)
Gain from bargain purchase recognized on acquisition	$ (112)

d. Net cash outflow on acquisition of subsidiaries

	Shanghai Hejin
Consideration paid in cash	$ 43,207
Less: Cash and cash equivalent balances acquired	(22,829)
	$ 20,378

e. Impact of acquisitions on the results of the Group

The results of the acquirees since the acquisition date to December 31, 2016, included in the consolidated statements of comprehensive income were as follows:

	Shanghai Hejin
Revenue	$ 7,857
Loss	$ (14,433)

Had these business combinations been in effect at the beginning of the annual reporting period, the Group's revenue would have been $3,283,467 thousand, and the profit would have been $258,660 thousand for the year ended December 31, 2016. This pro-forma information is for illustrative purposes only and is not necessarily an indication of the actual revenue and results of operations of the Group that would have been achieved had the acquisition been completed on January 1, 2016, nor is it intended to be a projection of future results.

27. EQUITY TRANSACTIONS WITH NONCONTROLLING INTERESTS

On March 4, April 30, and July 30, 2016, Shanghai Topoint participated in share subscriptions of Shanghai Hejin resulting in an ownership percentage different from its original ownership interest. Therefore, the ownership interest in Shanghai Hejin increased from 70% to 76.69%.

On June 29, 2016, Shanghai Topoint participated in a share subscription of Chengdu Raypoint Precision Tools Co., Ltd. resulting in an ownership percentage different from its original ownership interest. Therefore, the ownership interest in Chengdu Raypoint Precision Tools Co., Ltd. increased from 92.5% to 93.75%.

On March 31 and September 27, 2017, Shanghai Topoint participated in share subscriptions of Shanghai Hejin resulting in an ownership percentage difference from its original ownership interest. Therefore, the ownership interest in shanghai Hejin increased from 79.96% to 83.94%.

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

28. PARTIAL CASH TRANSACTIONS

For the years ended December 31, 2017 and 2016, the Group entered into the following partial cash investing activities, which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31	
	2017	**2016**
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	$ 254,165	$ 245,346
Net decrease in prepayments for equipment	(3,293)	(112,292)
Net increase (decrease) in payable for purchase of equipment	(35,754)	131,017
Cash paid	$ 215,118	$ 264,071

29. OPERATING LEASE AGREEMENTS

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, 2017 and 2016, the refundable deposits under the operating lease agreement were $2,078 thousand and $2,098 thousand, respectively.

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

	December 31	
	2017	**2016**
Less than 1 year	$ 13,807	$ 11,952
1 to 5 years	45,068	42,117
Over 5 years	4,342	8,684
	$ 63,217	$ 62,753

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, 2017

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 170	$ -	$ 170
Nonderivative financial assets held for trading	200,568	-	-	200,568
	$ 200,568	$ 170	$ -	$ 200,738
Financial liabilities at FVTPL				
Derivative financial instruments	$ -	$ 1,037	$ -	$ 1,037

December 31, 2016

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Derivative financial assets	$ -	$ 1,237	$ -	$ 1,237
Nonderivative financial assets held for trading	169,461	-	-	169,461
	$ 169,461	$ 1,237	$ -	$ 170,698

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) 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	
	2017	2016
Financial assets		
Fair value through profit or loss (FVTPL)		
Held for trading	$ 200,738	$ 170,698
Loans and receivables (Note 1)	3,103,320	2,806,301
Available-for-sale financial assets (Note 2)	5,614	6,084
Financial liabilities		
Fair value through profit or loss (FVTPL)		
Held for trading	1,037	-
Amortized cost (Note 3)	872,441	888,356

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, 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 18% of the Group's sales were denominated in currencies other than the functional currency of the Group entity making the sale, while almost 9% 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 35.

Sensitivity analysis

The Group was mainly exposed to U.S. dollars, Korea won, Japanese yen, Euros and Swiss franc.

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 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 profit and other equity and the balances below would be negative.

	U.S. Dollar				**Korea Won**	
	USD:NTD		**USD:RMB**		**KRW:NTD**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Profit (loss)	$ (258)	$ (375)	$ (715)	$ 380	$ (134)	$ (118)

	Japanese Yen		**Euros**		**Swiss Franc**	
	JPY:NTD		**EUR:RMB**		**CHF:RMB**	
	For the Year Ended December 31		**For the Year Ended December 31**		**For the Year Ended December 31**	
	2017	**2016**	**2017**	**2016**	**2017**	**2016**
Profit (loss)	$ (69)	$ (81)	$ (170)	$ (322)	$ 7	$ 60

This was mainly attributable to the exposure outstanding on U.S. dollars, Korea won, Japanese yen, Euros and Swiss franc cash in the bank, bank loans, 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	
	2017	**2016**
Fair value interest rate risk		
Financial assets	$ 1,216,890	$ 911,346
Cash flows interest rate risk		
Financial assets	518,003	528,086
Financial liabilities	594,045	673,878

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, 2017 and 2016 would have decreased/increased by $190 thousand and decreased/increased by $364 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 30.93% and 32.80% in total trade receivables as of December 31, 2017 and 2016, 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.

Bank loans with a repayment on demand clause were included in the earliest time band regardless of the probability of the bank choosing to exercise their rights.

December 31, 2017

	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
Nonderivative financial liabilities					
Variable interest rate liabilities	2.43	$ 18,377	$ 60,588	$ 51,862	$ 463,218

December 31, 2016

	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
Nonderivative financial liabilities					
Variable interest rate liabilities	2.95	$ 3,417	$ 65,464	$ 173,196	$ 431,801

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2017 and 2016. Refer to Note 8.

32. TRANSACTIONS WITH RELATED PARTIES

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. Besides information disclosed elsewhere in the other notes, 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.

a. The Group's related parties

Related Party	Relationship with the Group
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
Qun Hong Technology Inc.	Subsidiary of Unimicron Technology Corporation

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Other related parties	$ 334,069	$ 461,928

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Other related parties	$ 3,360	$ 3,871

d. Research and development - material being used

Related Party Category/Name	For the Year Ended December 31	
	2017	2016
Other related parties	$ 51	$ -

e. Receivables from related parties

Related Party Category/Name	December 31	
	2017	2016
Other related parties	$ 95,256	$ 160,275

The accounts receivables from related parties are unsecured. For the years ended December 31, 2017 and 2016, no impairment loss was recognized for accounts receivables from related parties.

f. Payables to related parties

Related Party Category/Name	December 31	
	2017	2016
Other related parties	$ 260	$ 538

The accounts payable to related parties are unsecured.

g. Compensation of key management personnel

	For the Year Ended December 31	
	2017	2016
Short-term employee benefits	$ 47,110	$ 52,849
Post-employment benefits	108	108
	$ 47,218	$ 52,957

The remuneration of directors and key executives was determined by the remuneration committee based on 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:

	December 31	
	2017	**2016**
Property, plant and equipment	$ 420,474	$ 492,704

34. SIGNIFICANT EVENTS AFTER REPORTING PERIOD

For the purpose of increasing shareholders' rights over the net worth and interests, the Company's board of directors on February 23, 2018, approved the capital reduction through a cash return to shareholders. The total reduction amounted to $159,478 thousand, denoting the cancellation of 15,948 thousand shares (10% of common shares).

35. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group entities' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2017

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 6,679	29.760 (USD:NTD)	$ 198,754
USD	5,694	6.5342 (USD:RMB)	169,465
KRW	1,379,693	0.0281 (KRW:NTD)	38,769
JPY	46,687	0.2642 (JPY:NTD)	12,335
EUR	778	7.8023 (EUR:RMB)	27,687
Financial liabilities			
Monetary items			
USD	5,812	29.760 (USD:NTD)	172,952
USD	3,293	6.5342 (USD:RMB)	97,995
JPY	308	0.2642 (JPY:NTD)	81
CHF	1,313	6.6779 (CHF:RMB)	39,977

December 31, 2016

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 6,670	32.250 (USD:NTD)	$ 215,123
USD	7,271	6.9370 (USD:RMB)	234,476
KRW	1,789,998	0.0270 (KRW:NTD)	48,330
JPY	55,698	0.2756 (JPY:NTD)	15,350
EUR	950	7.3068 (EUR:RMB)	32,193
Financial liabilities			
Monetary items			
USD	5,508	32.250 (USD:NTD)	177,633
USD	8,450	6.9370 (USD:RMB)	272,500
JPY	439	0.2756 (JPY:NTD)	121
CHF	191	6.7989 (CHF:RMB)	6,036

For the years ended December 31, 2017 and 2016, (realized and unrealized) net foreign exchange losses were $1,949 thousand and $18,876 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.

36. 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:

a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Table 8 (attached)

b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: Table 8 (attached)

c) The amount of property transactions and the amount of the resultant gains or losses: Table 8 (attached)

d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: Table 2 (attached)

e) 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)

f) 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 receipt of services: None

37. 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
Year ended December 31, 2017					
Revenues from external customers	$ 837,372	$ 2,397,145	$ 48,646	$ -	$ 3,283,163
Intersegment revenues	$ 474,199	$ 30,358	$ -	$ (504,557)	$ -
Segment income (loss)	$ 185,534	$ 128,812	$ (1,170)	$ 6,901	$ 320,077
Year ended December 31, 2016					
Revenues from external customers	$ 933,298	$ 2,293,801	$ 55,833	$ -	$ 3,282,932
Intersegment revenues	$ 515,217	$ 23,013	$ -	$ (538,230)	$ -
Segment income (loss)	$ 287,155	$ 33,048	$ 1,131	$ (760)	$ 320,574

b. Segment total assets

	December 31	
	2017	2016
Taiwan	$ 1,934,588	$ 1,840,167
Mainland China	4,334,076	4,431,316
Others	20,682	24,859
Consolidated total assets	$ 6,289,346	$ 6,296,342

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	
	2017	2016
Precision metal products and processing services	$ 3,194,855	$ 3,247,694
Others	88,308	35,238
	$ 3,283,163	$ 3,282,932

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	
	2017	2016	2017	2016
Taiwan	$ 672,839	$ 772,998	$ 456,704	$ 669,144
Mainland China	2,089,042	2,217,257	1,835,359	1,936,976
Others	521,282	292,677	2,431	2,536
	$ 3,283,163	$ 3,282,932	$ 2,294,494	$ 2,608,656

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	
	2017	2016
Customer A in Taiwan	$ 248,570	$ 388,184

TABLE 1

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Lender	Borrower	Financial Statement Account	Related Parties	Highest Balance for the Period (Note 3)	Ending Balance (Note 3)	Actual Borrowing Amount (Note 4)	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	$ 29,760 (US$ 1,000 thousand)	$ -	$ -	3.22	Short-term financing	$ -	Operating turnover	$ -	-	$ -	$ 4,408,323 (Note 1)	$ 4,408,323 (Note 1)
		Topoint Japan Co., Ltd.	Other receivables	Yes	6,605 (JPY 25,000 thousand)	6,605 (JPY 25,000 thousand)	6,605 (JPY 25,000 thousand)	0.60	Short-term financing	-	Operating turnover	-	-	-	4,408,323 (Note 1)	4,408,323 (Note 1)
3	Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Other receivables	Yes	18,218 (RMB 4,000 thousand)	13,663 (RMB 3,000 thousand)	13,663 (RMB 3,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	1,134,253 (Note 2)	1,134,253 (Note 2)
		Kunshan Topoint Technology Co., Ltd.	Other receivables	Yes	109,308 (RMB 24,000 thousand)	109,308 (RMB 24,000 thousand)	109,308 (RMB 24,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,408,323 (Note 1)	4,408,323 (Note 1)
		Chengdu Raypoint Precision Tools Co., Ltd.	Other receivables	Yes	241,388 (RMB 53,000 thousand)	241,388 (RMB 53,000 thousand)	204,952 (RMB 45,000 thousand)	4.35-4.75	Short-term financing	-	Operating turnover	-	-	-	1,134,253 (Note 2)	1,134,253 (Note 2)
		Unipoint Technology Shenzhen Co., Ltd.	Other receivables	Yes	72,872 (RMB 16,000 thousand)	72,872 (RMB 16,000 thousand)	72,872 (RMB 16,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,408,323 (Note 1)	4,408,323 (Note 1)
		Shanghai Ringpoint Nano Material Co., Ltd.	Other receivables	Yes	22,772 (RMB 5,000 thousand)	22,772 (RMB 5,000 thousand)	22,772 (RMB 5,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	1,134,253 (Note 2)	1,134,253 (Note 2)
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	45,545 (RMB 10,000 thousand)	45,545 (RMB 10,000 thousand)	45,545 (RMB 10,000 thousand)	4.75	Short-term financing	-	Operating turnover	-	-	-	4,408,323 (Note 1)	4,408,323 (Note 1)

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, 2017.

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, 2017.

Note 3: The maximum balance for the period and ending balances were approved by the board of directors.

Note 4: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(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 5)	Outstanding Endorsement/ Guarantee at the End of the Period (Note 5)	Actual Borrowing Amount	Amount Endorsed Guaranteed by Collateral	Ratio of Accumulated Amount of Collateral to Net Equity Shown in the Latest Financial Statements (%) (Note 4)	Aggregate Endorsement/ Guarantee Limit	Endorsement/Guarantee Given by Parent on Behalf of Subsidiaries (Note 6)	Endorsement/Guarantee Given by Subsidiaries on Behalf of Parent (Note 6)	Endorsement/Guarantee Given on behalf of Companies in Mainland China (Note 6)
		Name	Relationship										
0	Topoint Technology Co., Ltd. (the "Company")	Topoint Technology Co., Ltd. (B.V.I.)	Subsidiary	$ 2,644,994 (Note 2)	$ 89,280 (US$ 3,000 thousand)	$ 89,280 (US$ 3,000 thousand)	$ -	$ -	2	$ 4,408,323 (Note 2)	Y	-	-
		Chengdu Raypoint Precision Tools Co., Ltd.	Note 1	2,644,994 (Note 2)	149,734 (CHF 1,293 thousand and RMB 24,230 thousand)	146,227 (CHF 1,293 thousand and RMB 23,460 thousand)	77,909 (CHF 1,293 thousand and RMB 8,460 thousand)	-	3	4,408,323 (Note 2)	Y	-	Y
3	Shanghai Topoint Precision Technology Co., Ltd.	Sharpoint Technology (Shenzhen) Co., Ltd.	Note 1	1,701,379 (Note 3)	15,440 (RMB 3,390 thousand)	15,440 (RMB 3,390 thousand)	15,440 (RMB 3,390 thousand)	-	1	2,835,632 (Note 3)	-	-	Y
		Kunshan Technology Co., Ltd.	Subsidiary	1,701,379 (Note 3)	56,057 (RMB 12,308 thousand)	-	-	-	-	2,835,632 (Note 3)	-	-	Y
		Chengdu Raypoint Precision Tools Co., Ltd.	Subsidiary	1,701,379 (Note 3)	116,099 (US$ 2,660 thousand and RMB 8,110 thousand)	68,539 (US$ 1,570 thousand and RMB 4,790 thousand)	68,539 (US$ 1,570 thousand and RMB 4,790 thousand)	-	2	2,835,632 (Note 3)	-	-	Y

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, 2017. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of the Company as of December 31, 2017.

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, 2017. 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, 2017.

Note 4: The rate is calculated in accordance with the financial statements of the endorsement/guarantee provider.

Note 5: The maximum balance for the period and ending balance were approved by the board of directors.

Note 6: 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.

TABLE 3

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2017
(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, 2017				
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value	Note
Topoint Technology Co., Ltd. (the "Company")	Share certificates							
	Cooperative Money Market Fund	-	Financial assets at fair value through profit or loss (FVTPL)	5,847,072	$ 59,063	-	$ 59,063	Note 1
	Capital Money Market Fund	-	Financial assets at fair value through profit or loss (FVTPL)	2,496,603	40,045	-	40,045	Note 1
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	1,640,076	25,210	-	25,210	Note 1
	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	2,031,480	25,442	-	25,442	Note 1
Unipoint Technology Co., Ltd.	Share certificates							
	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	2,038,470	25,520	-	25,520	Note 1
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	1,645,614	25,288	-	25,288	Note 1
Topoint Technology Co., Ltd. (B.V.I.)	Share							
	Golden Creation (Cayman) Trade Co., Ltd.	-	Financial assets measured at cost	189	5,614 (US$ 189 thousand)	2.42	-	-

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, 2017.

Note 2: For the information of the investment in subsidiaries, 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, 2017
(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)	
Unipoint Technology Co., Ltd.	Unimicron Technology Corporation	The parent company of the equity-method investor of Unipoint Technology Co., Ltd.	Sales	$ 160,223	91	Net 120 days after monthly closing	-	-	$ 45,793	76	-
Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary	Sales	251,112	22	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	20,101	8	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	Parent company	Purchase	251,112	25	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(20,101)	12	(Note 2)
Topoint Technology Co., Ltd.	Warpspeed Corporation (B.V.I.)	Subsidiary	Sales	145,088	13	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	9,220	4	(Note 2)
Warpspeed Corporation (B.V.I.)	Topoint Technology Co., Ltd.	Parent company	Purchase	145,088	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(9,220)	100	(Note 2)
Warpspeed Corporation (B.V.I.)	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	199,078	99	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	11,916	94	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Warpspeed Corporation (B.V.I.)	Subsidiary of Topoint Technology Co., Ltd.	Purchase	199,078	22	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(11,916)	7	(Note 2)
Kunshan Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Parent company	Sales	146,802	96	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	13,075	74	(Note 2)
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	Subsidiary	Purchase	146,802	16	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(13,075)	8	(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, 2017
(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.	Subsidiary	Other receivables	$ 109,467	Note 1	$ -	-	$ -	$ -
			Accounts receivable	495	10.82	-	-	396	-
	Chengdu Raypoint Precision Tools Co., Ltd.	Subsidiary	Other receivables	205,250	Note 1	-	-	-	-

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 INVESTEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2017
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2017			Net Income (Loss) of the Investee	Share of Profit (Notes 2 and 3)
				December 31, 2017	December 31, 2016	Number of Shares	%	Carrying Amount (Notes 2 and 3)		
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	$ 1,755,695	$ 1,755,695	7,139	100.00	$ 3,467,752	$ 93,773	$ 93,081 (Note 1)
	Unipoint Technology Co., Ltd.	Republic of China	Testing of drill bits and mounting plate bolt holes	305,299	305,299	30,696,297	61.76	332,397	6,612	4,084
	Warpspeed Corporation (B.V.I.)	British Virgin Islands	International trade	1,569	1,569	50,000	100.00	(136)	(184)	(184)
	Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667	7,667	600	100.00	(2,025)	(855)	(855)
	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	27,321	(12,083)	(12,083)

Note 1: Investment gain is the investee’s net income of $93,773 thousand minus unrealized profits of $692 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: For information on investee companies in mainland China, refer to Table 7.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017
(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, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee (Note 7)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 7 and 12)	Carrying Amount as of December 31, 2017 (Notes 7 and 12)	Accumulated Repatriation of Investment Income as of December 31, 2017
						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)	$ 141,546	100.00	$ 141,546	$ 2,835,632	$ -
	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)	(19,947)	100.00	(19,947)	274,129	-
	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)	(30,367)	100.00	(30,367)	121,615	-
	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)	6,446	100.00	6,446	189,283	-
	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)	259,808 (US$ 8,400 thousand)	-	-	259,808 (US$ 8,400 thousand)	10,635	100.00 (Note 9)	10,635	301,911 (Note 9)	-
	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) (Note 10)	-	-	178,814 (US$ 5,600 thousand)	(12,084)	100.00	(12,084)	26,715	-
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)	(4,773)	75.00	(3,580)	(3,111)	-
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	97,228 (RMB 20,800 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	7,099	100.00	7,099	106,635	-
	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)	- (Note 9)	-
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	238,570 (RMB 48,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	38,721	93.75	36,301	263,701	-
	Shanghai Hejin Roller Technology Co., Ltd.	Manufacturing and selling machinery parts	159,718 (RMB 33,000 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	(28,461)	83.94	(25,245)	87,273	-
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	54,302 (RMB 10,998 thousand)	Other (Note 4)	- (Note 4)	-	-	- (Note 4)	(2,563)	81.83	(2,098)	34,696	-

(Continued)

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, 2017	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2017	Net Income (Loss) of the Investee (Note 7)	% Ownership of Direct or Indirect Investment	Investment Gain (Loss) (Notes 7 and 12)	Carrying Amount as of December 31, 2017 (Notes 7 and 12)	Accumulated Repatriation of Investment Income as of December 31, 2017
						Outflow	Inflow						
Chengdu Raypoint Precision Tools Co., Ltd.	Kunshan Raypoint Precision Tools Co., Ltd.	Cutting equipment	$ 34,839 (RMB 7,000 thousand)	Other (Note 5)	$ - (Note 5)	$ -	$ -	$ - (Note 5)	$ (2,441)	93.75	$ (2,441)	$ 19,593	$ -
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)	4,634	100.00	4,634	23,141	-

Investor Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 11)
Topoint Technology Co., Ltd. (the "Company")	$ 1,755,695 (US$ 54,689 thousand)	$ 2,312,900 (US$ 72,360 thousand) (Note 8)	$ 2,644,944

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: The investment company required in third region is Toping Technology Co., Ltd. (B.V.I.).

Note 3: The 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., US$200 thousand invested by Topoint Technology Co., Ltd. (B.V.I.) and US$771 thousand for purchasing Unipoint Technology Holdings Co., Ltd. (B.V.I.) from Unipoint Technology Co., Ltd.

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 $8,933 thousand and $1,702 thousand, respectively, which lead to the ending balances of investment account $253,605 thousand and $48,306 thousand.

Note 10: Unipoint Technology Shenzhen Co., Ltd. was established through Unipoint Technology Holding Co., Ltd. (B.V.I.) by Unipoint Technology Co., Ltd. for a total investment of US$5,600 thousand. As a result of the reorganization of the Group, the Company holds a 100% interest in Unipoint Technology Holdings Co., Ltd. (B.V.I.).

Note 11: 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 12: 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, 2017
(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 Terms	Comparison with Normal Transactions	Ending Balance	% to Total		
0	Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Sales	$ 393,210	34	Based on mutual agreement	Based on mutual agreement	$ 28,661	11	$ (2,318)	Notes 1 and 2
			Purchase	28,204	8	Based on mutual agreement	Based on mutual agreement	(5,043)	10	(87)	Notes 1 and 2
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sales	36,724	3	Based on mutual agreement	Based on mutual agreement	7,980	3	(5,968)	Notes 1 and 2
			Purchase machinery and equipment on behalf of others	52,092	-			-	-	3,786	
		Sharpoint Technology (Suzhou) Co., Ltd.	Sales	21,703	2	Based on mutual agreement	Based on mutual agreement	2,972	1	1,651	Notes 1 and 2
			Purchase machinery and equipment on behalf of others	24,295	-	Based on mutual agreement	Based on mutual agreement	-	-	1,897	Note 2
		Chengdu Raypoint Precision Tools Co., Ltd.	Sales	2,156	-	Based on mutual agreement	Based on mutual agreement	204	-	(36)	Notes 1 and 2
			Purchase	2,154	-	Based on mutual agreement	Based on mutual agreement	-	-	-	Notes 1 and 2

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 Warpspeed Corporation (B.V.I.), Shanghai Topoint Precision Technology Co., Ltd. and Sharpoint Technology (Qinhuangdao) Co., Ltd. The prices and payment terms were based on mutual agreement.

Note 2: Eliminated from the consolidated financial statements.

TABLE 9

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(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.	Warpspeed Corporation (B.V.I.)	a	Accounts receivable - related parties	$ 9,220	-	-
				Sales	145,088	-	4
		Shanghai Topoint Precision Technology Co., Ltd.	a	Accounts receivable - related parties	20,101	-	-
				Inventories	94	-	-
				Accounts payable - related parties	5,043	-	-
				Deferred credits	21,901	-	-
				Sales	251,112	-	8
				Unrealized profit	2,318	-	-
				Cost of goods sold	7,870	-	-
				Gain on disposal of property, plant and equipment	6,410	-	-
		Topoint Japan Co., Ltd.	a	Accounts receivable - related parties	10,950	-	-
				Deferred credits	2,230	-	-
				Sales	20,406	-	1
				Unrealized profit	124	-	-
				Cost of goods sold	2,230	-	-
				Rental revenue	5,998	-	-
				Other income	3,242	-	-
		Unipoint Technology Co., Ltd.	a	Accounts receivable - related parties	1,975	-	-
				Refundable deposits	300	-	-
				Accounts payable - related parties	210	-	-
				Guarantee deposits received	3	-	-
				Deferred credits	207	-	-
				Sales	6,777	-	-
				Unrealized profit	267	-	-
				Cost of goods sold	2,193	-	-
				Rental revenue	36	-	-
				Other income	9,200	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	a	Accounts receivable - related parties	7,270	-	-
				Deferred credits	16,024	-	-
				Sales	33,734	-	1
				Unrealized profit	5,968	-	-
				Other income	32	-	-
				Cost of goods sold	12,238	-	-

(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)
		Sharpoint Technology (Suzhou) Co., Ltd.	a	Accounts receivable - related parties	$ 2,972	-	-
				Sales	21,703	-	1
				Unrealized profit	1,651	-	-
				Deferred credits	5,228	-	-
				Cost of goods sold	3,331	-	-
		Kunshan Topoint Technology Co., Ltd.	a	Deferred credits	30,478	-	-
				Gain on disposal of property, plant and equipment	735	-	-
				Other income	4,548	-	-
		Chengdu Raypoint Precision Tools Co., Ltd.	a	Accounts receivable - related parties	204	-	-
				Unrealized profit	36	-	-
				Deferred credits	123	-	-
				Sales	2,156	-	-
				Cost of goods sold	2,032	-	-
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	c	Accounts receivable - related parties	6,646	-	-
				Interest income	41	-	-
2	Warpspeed Corporation (B.V.I.)	Topoint Technology Co., Ltd.	b	Accounts payable - related parties	9,220	-	-
				Cost of goods sold	145,088	-	4
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties	11,916	-	-
				Sales	199,078	-	6
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Sales	2,990	-	-
				Accounts receivable - related parties	710	-	-
3	Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts receivable - related parties	5,043	-	-
				Inventories	20,334	-	-
				Machinery and equipment	255,630	-	4
				Accumulated depreciation	257,197	-	4
				Accounts payable - related parties	20,101	-	-
				Sales	28,204	-	1
				Cost of goods sold	280,080	-	9
		Warpspeed Corporation (B.V.I.)	c	Accounts payable - related parties	11,916	-	-
				Cost of goods sold	199,078	-	6
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts receivable - related parties	89,916	-	1
				Accounts payable - related parties	1,869	-	-
				Sales	46,940	-	1
				Rental revenue	331	-	-
				Cost of goods sold	1,296	-	-
				Interest income	561	-	-
		Unipoint Technology Shenzhen Co., Ltd.	c	Accounts receivable - related parties	81,809	-	1
				Accounts payable - related parties	14,916	-	-
				Sales	9,330	-	-
				Cost of goods sold	15	-	-
				Interest income	3,275	-	-

(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)
		Sharpoint Technology (Shenzhen) Co., Ltd.	c	Accounts receivable - related parties	$ 19,757	-	-
				Sales	47,359	-	1
				Cost of goods sold	18	-	-
				Accounts payable - related parties	1	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Accounts receivable - related parties	615	-	-
				Sales	9,805	-	-
				Cost of goods sold	768	-	-
		Kunshan Restek Technology Co., Ltd.	c	Accounts receivable - related parties	14,015	-	-
				Interest income	710	-	-
		Kunshan Topoint Technology Co., Ltd.	c	Accounts receivable - related parties	109,962	-	2
				Accounts payable - related parties	13,075	-	-
				Sales	5,187	-	-
				Interest income	4,913	-	-
				Cost of goods sold	146,802	-	4
		Chengdu Raypoint Precision Tools Co., Ltd.	c	Accounts receivable - related parties	205,250	-	3
				Accounts payable - related parties	7,098	-	-
				Cost of goods sold	16,135	-	-
				Interest income	9,211	-	-
				Sales	3,014	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	22,095	-	-
				Sales	59,599	-	2
				Cost of goods sold	564	-	-
		Winpoint Electronics (Huaian) Co., Ltd.	c	Sales	6,784	-	-
				Accounts receivable - related parties	2,735	-	-
				Rental revenue	233	-	-
				Cost of goods sold	434	-	-
		Shanghai Hejin Roller Technology Co., Ltd.	c	Accounts receivable - related parties	2,131	-	-
				Rental revenue	1,631	-	-
				Sales	966	-	-
		Shanghai Ringpoint Nano Material Co., Ltd.	c	Accounts receivable - related parties	23,233	-	-
				Accounts payable - related parties	7,867	-	-
				Rental revenue	438	-	-
				Sales	2,143	-	-
				Cost of goods sold	15,581	-	-
				Interest income	830	-	-
4	Topoint Japan Co., Ltd.	Topoint Technology Co., Ltd.	b	Inventories	2,230	-	-
				Accounts payable - related parties	10,950	-	-
				Cost of goods sold	31,752	-	1
		Topoint Technology Co., Ltd. (B.V.I.)	c	Accounts payable - related parties	6,646	-	-
				Interest expenses	41	-	-

(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)
5	Unipoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Refundable deposits	$ 3	-	-
				Inventories	207	-	-
				Accounts receivable - related parties	210	-	-
				Accounts payable - related parties	1,975	-	-
				Guarantee deposits received	300	-	-
				Cost of goods sold	16,451	-	1
				Rental revenue	2,400	-	-
				Rental expenses	36	-	-
6	Unipoint Technology Shenzhen Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	129	-	-
				Accounts payable - related parties	81,809	-	1
				Cost of goods sold	9,330	-	-
				Interest expenses	3,275	-	-
				Accounts receivable - related parties	14,916	-	-
				Sales	114	-	-
		Sharpoint Technology (Shenzhen) Co., Ltd.	c	Accounts payable - related parties	28	-	-
				Cost of goods sold	46	-	-
				Sales	117	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Accounts receivable - related parties	53	-	-
				Rental revenue	5,985	-	-
		Kunshan Topoint Technology Co., Ltd.	c	Sales	1,012	-	-
				Accounts receivable - related parties	154	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Sales	1	-	-
				Accounts payable - related parties	9,253	-	-
				Cost of goods sold	729	-	-
7	Sharpoint Technology (Qinhuangdao) Co., Ltd.	Topoint Technology Co., Ltd.	b	Inventories	12,238	-	-
				Accounts payable - related parties	7,270	-	-
				Cost of goods sold	51,972	-	2
				Machinery and equipment	3,818	-	-
				Accumulated depreciation	32	-	-
		Warpspeed Corporation (B.V.I.)	c	Cost of goods sold	2,990	-	-
				Accounts payable - related parties	710	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	3,431	-	-
				Interest expense	561	-	-
				Accounts payable - related parties	89,916	-	1
				Sales	2,135	-	-
				Cost of goods sold	47,271	-	1
				Accounts receivable - related parties	1,869	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	c	Cost of goods sold	281	-	-
		Winpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	871	-	-
				Rental revenue	2,137	-	-
				Cost of goods sold	36	-	-
				Sales	114	-	-
		Sharpoint Technology (Shenzhen) Co., Ltd.	c	Sales	4,446	-	-
				Accounts payable - related parties	708	-	-
				Cost of goods sold	18	-	-

(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.	c	Accounts receivable - related parties	$ 389	-	-
				Accounts payable - related parties	402	-	-
				Rental revenue	888	-	-
				Cost of goods sold	1,227	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Accounts payable - related parties	1,104	-	-
				Accounts receivable - related parties	95	-	-
				Rental revenue	80	-	-
				Cost of goods sold	986	-	-
		Unipoint Technology Shenzhen Co., Ltd.	c	Accounts receivable - related parties	9,253	-	-
				Rental revenue	729	-	-
				Cost of goods sold	1	-	-
8	Sharpoint Technology (Shenzhen) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Cost of goods sold	47,359	-	1
				Accounts payable - related parties	19,757	-	-
				Sales	18	-	-
				Accounts receivable - related parties	1	-	-
		Unipoint Technology Shenzhen Co., Ltd.	c	Accounts receivable - related parties	28	-	-
				Sales	46	-	-
				Cost of goods sold	117	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Cost of goods sold	4,446	-	-
				Accounts receivable - related parties	708	-	-
				Sales	18	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	c	Cost of goods sold	568	-	-
9	Sharpoint Technology (Suzhou) Co., Ltd.	Topoint Technology Co., Ltd.	b	Inventories	3,331	-	-
				Accounts payable - related parties	2,972	-	-
				Machinery and equipment	3,356	-	-
				Accumulated depreciation	1,459	-	-
				Cost of goods sold	23,383	-	1
		Kunshan Raypoint Precision Tools Co., Ltd.	c	Accounts payable- related parties	81	-	-
				Cost of goods sold	68	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	768	-	-
				Accounts payable - related parties	615	-	-
				Cost of goods sold	9,805	-	-
		Unipoint Technology Shenzhen Co., Ltd.	c	Accounts payable - related parties	53	-	-
				Cost of goods sold	5,985	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts receivable - related parties	1,104	-	-
				Accounts payable - related parties	95	-	-
				Cost of goods sold	80	-	-
				Sales	986	-	-
10	Kunshan Restek Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	14,015	-	-
				Interest expenses	710	-	-

(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)
11	Kunshan Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Machinery and equipment	$ 52,211	-	1
				Accumulated depreciation	21,733	-	-
				Cost of goods sold	5,283	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties	13,075	-	-
				Accounts payable - related parties	109,962	-	2
				Sales	146,802	-	4
				Cost of goods sold	5,187	-	-
				Interest expenses	4,913	-	-
		Sharpoint Technology (Suzhou) Co., Ltd.	c	Accounts receivable - related parties	81	-	-
				Rental revenue	68	-	-
		Unipoint Technology Shenzhen Co., Ltd.	c	Cost of goods sold	1,012	-	-
				Accounts payable - related parties	154	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts receivable - related parties	402	-	-
				Accounts payable - related parties	389	-	-
				Rental revenue	1,227	-	-
				Cost of goods sold	888	-	-
12	Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	1,228	-	-
				Accounts payable - related parties	22,095	-	-
				Cost of goods sold	59,599	-	2
				Sales	663	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Sales	281	-	-
		Sharpoint Technology (Shenzhen) Co., Ltd.	c	Sales	568	-	-
13	Chengdu Raypoint Precision Tools Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts payable - related parties	204	-	-
				Sales	2,154	-	-
				Inventories	123	-	-
				Cost of goods sold	2,314	-	-
		Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	205,250	-	3
				Accounts receivable - related parties	7,098	-	-
				Sales	16,135	-	-
				Interest expenses	9,211	-	-
				Cost of goods sold	3,014	-	-
		Kunshan Raypoint Precision Tools Co., Ltd.	c	Accounts receivable - related parties	9,636	-	-
				Accounts payable - related parties	12,365	-	-
				Rental revenue	8,147	-	-
				Sales	243	-	-
				Cost of goods sold	45,062	-	1
14	Kunshan Raypoint Precision Tools Co., Ltd.	Chengdu Raypoint Precision Tools Co., Ltd.	c	Accounts receivable - related parties	12,365	-	-
				Accounts payable - related parties	9,636	-	-
				Sales	45,013	-	1
				Cost of goods sold	8,178	-	-
				Rental expenses	212	-	-
				Rental revenue	49	-	-

(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)
15	Winpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	$ 255	-	-
				Sales	689	-	-
				Accounts payable - related parties	2,735	-	-
				Cost of goods sold	7,017	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	c	Accounts payable - related parties	871	-	-
				Cost of goods sold	2,251	-	-
				Sales	36	-	-
16	Shanghai Ringpoint Nano Material Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	23,233	-	-
				Accounts receivable - related parties	7,867	-	-
				Cost of goods sold	2,581	-	-
				Sales	15,581	-	-
				Interest expenses	830	-	-
17	Shanghai Hejin Roller Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	2,131	-	-
				Cost of goods sold	2,367	-	-
				Rental expenses	230	-	-

Note 1: Companies are numbered as follows:

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

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.

BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

ASSETS	2017/12/31 Amount	%	2016/12/31 Amount	%
CURRENT ASSETS				
Cash and cash equivalents	$ 371,443	7	$ 128,862	2
Financial assets at fair value through profit or loss	149,760	3	110,902	2
Notes receivable	10,012	-	9,933	-
Accounts receivable	186,834	4	180,477	4
Accounts receivable - related parties	65,221	1	98,834	2
Other receivables	14,134	-	15,383	-
Inventories	136,675	3	147,342	3
Prepayments	19,838	-	35,898	1
Other current assets	14	-	105	-
Total current assets	953,931	18	727,736	14
NON-CURRENT ASSETS				
Investments accounted for using equity method	3,827,470	74	3,796,886	75
Property,plant and equipment	324,122	7	463,981	9
Intangible assets	7,579	-	10,272	1
Deferred tax assets	50,599	1	50,463	1
Other non-current assets	5,865	-	8,096	-
Total non-current assets	4,215,635	82	4,329,698	86
TOTAL	$ 5,169,566	100	$ 5,057,434	100

LIABILITIES AND EQUITY	2017/12/31 Amount	%	2016/12/31 Amount	%
CURRENT LIABILITIES				
Short-term borrowings	$ 67,406	1	$ 51,600	1
Financial liabilities at fair value through profit or loss	740	-		
Accounts payable	45,476	1	45,764	1
Accounts payable - related parties	5,513	-	6,408	-
Other payables	198,341	4	208,224	4
Current tax liabilities	17,481	1	28,743	1
Long-term loans-current portion	6,169	-	6,077	-
Other current liabilities	3,826	-	3,959	-
Total current liabilities	344,952	7	350,775	7
NON-CURRENT LIABILITIES				
Long-term borrowings net of current portion	401,556	8	307,725	6
Net defined benefit liabilities	1,520	-	1,487	-
Guarantee deposits received	10,419	-	11,290	-
Credit balance of investments accounted for using equity method	2,161	-	1,024	-
Deferred tax liabilities	635	-	211	-
Total non-current liabilities	416,291	8	321,737	6
Total liabilities	761,243	15	672,512	13
EQUITY				
Share capital	1,594,783	31	1,594,783	32
Capital surplus	1,232,138	24	1,235,440	25
Retained earnings				
Legal reserve	379,195	7	354,582	7
Special reserve	198,770	4	198,770	4
Unappropriated earnings	1,245,937	24	1,179,729	23
Total retained earnings	1,823,902	35	1,733,081	34
Other equity	(210,804)	(4)	(146,686)	(3)
Treasury stock	(31,696)	(1)	(31,696)	(1)
Total equity	4,408,323	85	4,384,922	87
TOTAL	$ 5,169,566	100	$ 5,057,434	100

(With Deloitte & Touche auditors' report dated February 23, 2018)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUES				
Sales	$ 1,156,044	101	$ 1,169,558	101
Less：Sales returns	1,418	-	141	-
Sales discounts and allowances	11,807	1	10,010	1
Net Operating Revenues	1,142,819	100	1,159,407	100
OPERATING COSTS				
Cost of goods sold	759,559	67	761,182	66
GROSS PROFIT	383,260	33	398,225	34
UNREALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	-	-	(793)	-
REALIZED GAIN ON TRANSACTIONS WITH SUBSIDIARIES	6,814	1	-	-
REALIZED GROSS PROFIT	390,074	34	397,432	34
OPERATING EXPENSES				
Marketing and selling	37,484	4	35,034	3
General and administrative	150,589	13	141,442	12
Research and development	35,158	3	39,475	3
Total operating expenses	223,231	20	215,951	18
OTHER OPERATING INCOME AND EXPENSES	7,212	1	13,354	1
NET OPERATING INCOME	174,055	15	194,835	17
NON-OPERATING INCOME AND EXPENSES				
Share of the profit of subsidiaries	84,043	7	79,248	7
Other income	20,466	2	23,444	2
Rental income	6,034	1	5,891	-
Interest income	1,116	-	401	-
Gain (loss) on valuation of financial instruments	(824)	-	944	-
Foreign exchange loss, net	(2,488)	-	(2,780)	-
Interest expenses	(8,002)	(1)	(7,471)	(1)
Total non-operating income and expenses	100,345	9	99,677	8
INCOME BEFORE INCOME TAX	274,400	24	294,512	25
INCOME TAX EXPENSE	(37,982)	(3)	(48,380)	(4)
NET INCOME	236,418	21	246,132	21

(Continued)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF COMPREHENSIVE INCOME

YEARS ENDED DECEMBER 31, 2017 AND 2016

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

	2017		2016	
	Amount	%	Amount	%
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	(1,940)	-	(2,545)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	330	-	432	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(64,118)	(6)	(317,660)	(27)
Total other comprehensive income	(65,728)	(6)	(319,773)	(27)
TOTAL COMPREHENSIVE INCOME	$ 170,690	15	$ (73,641)	(6)
EARNINGS PER SHARE				
Basic	$ 1.50		$ 1.55	
Diluted	$ 1.47		$ 1.52	

(Concluded)

(With Deloitte & Touche auditors' report dated February 23, 2018)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES:		
Income before income tax	$ 274,400	$ 294,512
Adjustments to reconcile net income to net cash provided by operating activities：		
Depreciation	145,987	174,853
Amortization	7,022	5,854
Loss (gain) on valuation of financial instruments	824	(944)
Interest expenses	8,002	7,471
Interest income	(1,116)	(401)
Share of the profit of subsidiaries	(84,043)	(79,248)
Net gain on disposal of property, plant and equipment	(7,212)	(13,354)
Unrealized gain on transactions with subsidiaries	-	793
Realized gain on transactions with subsidiaries	(6,814)	-
Net changes in operation assets and liabilities		
Financial assets held for trading	(38,942)	(109,958)
Notes receivable	(79)	(4,517)
Accounts receivable	(6,357)	(55,633)
Accounts receivable - related parties	33,613	(12,280)
Other receivables	1,279	25,435
Inventories	10,667	9,908
Prepayments	16,060	(4,863)
Other current assets	91	164
Accounts payable	(288)	(2,792)
Accounts payable - related parties	(895)	1,956
Other payables	(12,312)	(34,996)
Other current liabilities	1,002	(2,495)
Net defined benefit liability	(1,907)	(448)
Cash provided by operating	338,982	199,017
Interest received	1,086	402
Interest paid	(7,762)	(7,520)
Income tax paid	(48,626)	(46,914)
Net cash provided by operating activities	283,680	144,985

(Continued)

TOPOINT TECHNOLOGY CO.,LTD.

STATEMENTS OF CASH FLOWS

YEARS ENDED DECEMBER 31, 2017 AND 2016

(In Thousands of New Taiwan Dollars)

	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of subsidiaries	-	(24,621)
Acquisition of property, plant and equipment	(3,939)	(6,809)
Proceeds from disposal of property, plant and equipment	67	9,876
Decrease in refundable deposits	2,231	1,714
Acquisition of intangible assets	(4,329)	(9,130)
Net cash used in investing activities	(5,970)	(28,970)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	17,128	51,103
Proceeds from long-term loans	100,000	300,000
Repayment of long-term loans	(6,077)	(405,985)
Decrease in guarantee deposits received	(871)	(202)
Cash dividends paid	(143,987)	(215,296)
Payment for buy-back of ordinary shares	-	(31,696)
Net cash used in financing activities	(33,807)	(302,076)
EFFECT OF EXCHANGE RATE CHANGES	(1,322)	497
NET INCREASE IN CASH AND CASH EQUIVALENTS	242,581	(185,564)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	128,862	314,426
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 371,443	$ 128,862

(Concluded)

(With Deloitte & Touche auditors' report dated February 23, 2018)

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

1. Financial position
   A. Financial status comparison analysis

Unit:NT$1,000

Year / Item	2017	2016	Difference	
			Amount	%
Current assets	$3,869,456	$3,578,675	290,781	8.13
Property, plant and equipment	2,142,951	2,505,790	(362,839)	-14.48
Other noncurrent assets	276,939	211,877	65,062	30.71
Total assets	6,289,346	6,296,342	(6,996)	-0.11
Current liabilities	1,009,662	1,074,714	(65,052)	-6.05
Noncurrent liabilities	621,185	585,873	35,312	6.03
Total liabilities	1,630,847	1,660,587	(29,740)	-1.79
Common stock	1,594,783	1,594,783	-	-
Capital surplus	1,232,138	1,235,440	(3,302)	-0.27
Retained earnings	1,823,902	1,733,081	90,821	5.24
Total shareholders’ equity	4,658,499	4,635,755	22,744	0.49

Note:

(1) Other noncurrent assets increase is mainly due to the increase of Long-term prepayments for leases.

2. Management performance

A. Comparison of business performance

Unit: NT$ 1,000

Item / Year	2017	2016	Amount change	Ratio change (%)
Net operating income	$3,283,163	$3,282,932	231	0.01
Operating cost	2,394,728	2,359,841	34,887	1.48
Gross profit	888,435	923,091	(34,656)	-3.75
Operating expense	578,468	581,256	(2,788)	-0.48
Operating income	308,733	344,741	(36,008)	-10.44
Non-operating income and expenses	11,344	(24,167)	35,511	-146.94
Net income before tax	320,077	320,574	(497)	-0.16
Income tax expense(gain)	86,638	60,117	26,521	44.12
Net income	233,439	260,457	(27,018)	-10.37
Net profit attributed to: Owner of the Company	236,418	246,132	(9,714)	-3.95

Analysis of financial ratio change:

(1) Non-operating income and expenses increase is mainly due to the decrease of Foreign exchange gain (loss), net.

(2) Income tax expense increase is mainly due to the increase of tax rate.

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 2017 are as follows (consolidated number):

Market Share (%)	25.0%
Quality Yield Rate (%)	98.9%
Production Utilization (%)	92.1%

3. Analysis of Cash Flows

A. Liquidity analysis of the last two years

Item / Year	2017	2016	Fluctuation ratio %
Cash flow ratio	71.40	93.58	-23.70%
Cash adequacy ratio	150.98	133.57	13.03%
Cash reinvestment ratio	5.62	7.98	-29.57%

Analysis of financial ratio change:
The cash flow ratio decrease is mainly due to the decrease of net cash flow from operating activity.

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
1,736,278	689,023	660,608	1,764,693	-	-
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 2017 under the equity method Investment income is NT$84,043,000, 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 2017 and 2016 are respectively $20,069,000 and 25,128,000, 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 2017 and 2016 are respectively Foreign exchange loss $1,949,000 and Foreign exchange loss $18,876 ,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:

a. Transactions of high risk or high leverage investment: N/A.

b. 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, 2017, the balance of loan funds to others See pages 123 of the annual report. The balance of endorsement for subsidiaries, due to business relations, is See pages 124 of the annual report till the end of December 31, 2017. The balance of transaction of derivatives commodity for subsidiaries, due to business relations, is See pages 84~85 and 111~116 of the annual report till the end of December 31, 2017.
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:

a. 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

b. 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.

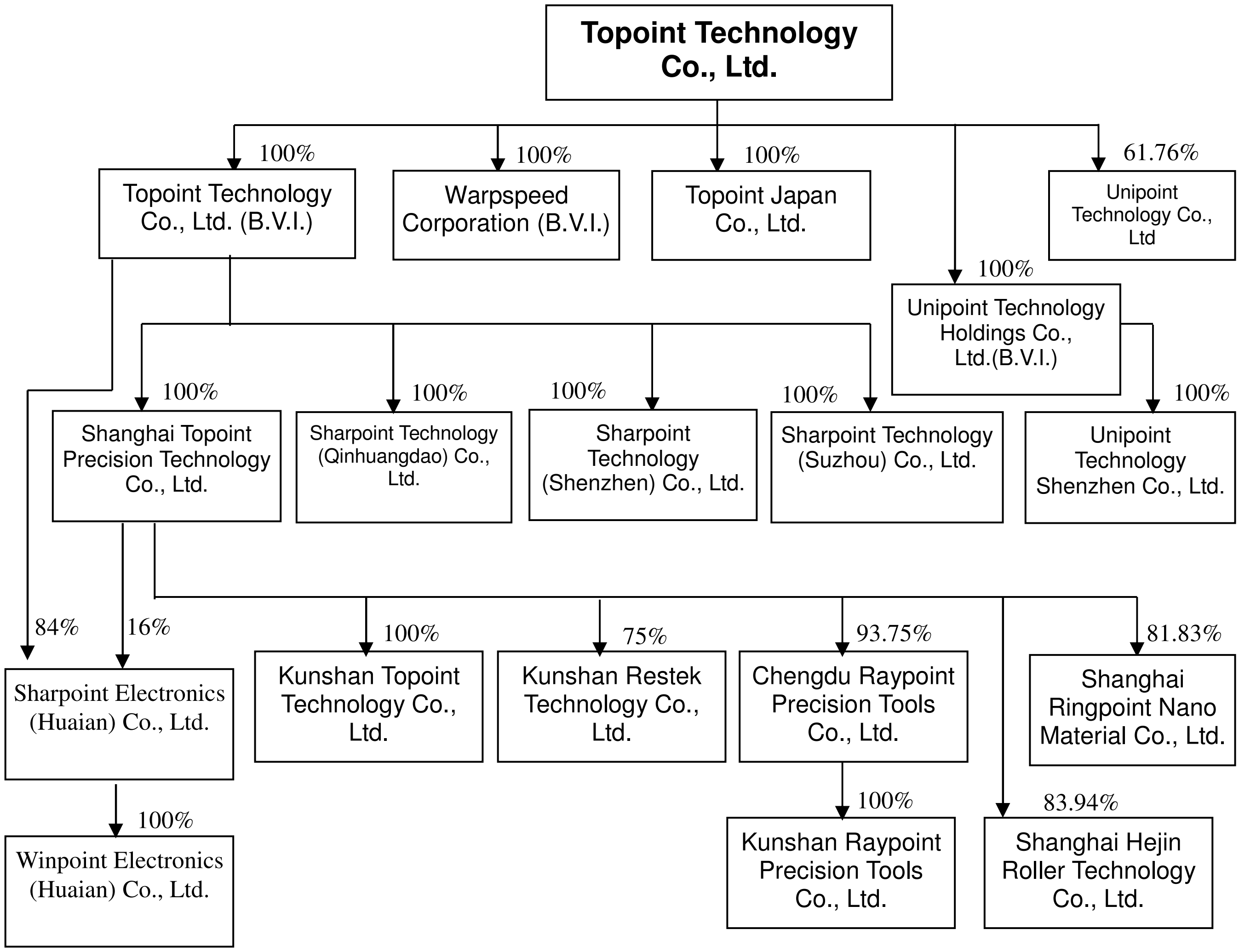
c. Liquidity risk
The Corporation's available-for-sale financial instruments are publicly traded in an active market and can be sold in the market at their fair values. In addition, the Corporation has enough operating capital to meet cash demand. Thus, no significant demand for extra cash is expected.

7. Other important matters: N/A

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
Warpspeed 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	238,570
Kunshan Raypoint Precision Tools Co., Ltd.	China	Cutting equipment	34,839
Winpoint Electronics (Huaian) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	25,341
Shanghai Hejin Roller Technology Co., Ltd.	China	Manufacturing and selling machinery parts	159,718
Shanghai Ringpoint Nano Material Co., Ltd.	China	Processing metal products	54,302

(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%
Unipont Technology Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	30,696,297	61.76%
Warpspeed 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	Topoint 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	Director	Jia-Hong, Wang	-	-

Precision Tools Co., Ltd.	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	-	-
Shanghai Hejin Roller Technology Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ci-Fong, Hong	-	-
	Supervisor	Sheng-Chou, Weng	-	-
Shanghai Ringpoint Nano Material Co., Ltd.	Director	Jia-Hong, Wang	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Sheng-Chou, Weng	-	-
	Director	Chang-Long, Yan	-	-
	Director	Huei-Lin, Fong	-	-
	Director	Jin-Cai, Lu	-	-
	Director	Lhun-Cing, Ma	-	-
	Supervisor	Lian-Qing, Jhang	-	-
	Supervisor	Xiu-Tao, Chen	-	-

B. Affiliates Consolidated Financial Statements: See P61~P138

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 2017 (from January 1, 2017 to December 31, 2017), 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 2017, 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