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尖點科技股份有限公司

TOPOINT TECHNOLOGY CO., LTD

2019 Annual Report

Taiwan Stock Exchange Market Observation Post System :

<https://emops.twse.com.tw/server-java/t58query>

<http://www.topoint.tw/en/>

Published on April 30, 2020

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

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Deputy Spokesperson

Name: Irene Tsai

Title: Manager

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2. Addresses and telephone number of Headquarter and Factory

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3. Stock transfer agent

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Address: 6F., No. 6, Sec. 1, Zhongxiao W. Rd., Zhongzheng Dist., Taipei City 100, Taiwan (R.O.C.)

Tel.: +886-2-2680-5868

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

4. Auditors

Deloitte & Touche

Auditors: Chao-Mei, Chen and Chien-Hsin, Hsieh

Address: 20F., No. 100, Songren Rd., Xinyi Dist., Taipei City 110, Taiwan (R.O.C.)

Tel.: +886-2-2725-9988

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 2019, the ongoing global trade war, Brexit, and the political conflict of Middle-east, along with increasing labor and rising raw materials' cost brought uncertainties to global economic growth. In such highly dynamic environment, we took action to diminish the unprofitable investment and dedicate resources to support our core business. Even though the revenue and profit were reduced from the previous year due to business consolidation, persistent effort from entire staff enabled significant growth of gross margin in the second half of the year. Here we would like to present summary results on our business operations for the past year as well as the future outlook.

With regard to Topoint's operating performance for 2019, the consolidated revenue was NT\$3,010 million. Net income after tax was NT\$190 million. Basic after-tax earnings per share (EPS) was NT\$1.34. Looking forward to 2020, aside from continuous business strategy refinement, resource reallocation, the company set out precise performance indices, and expects to bring in revenue and profit above the industry norm. 2019 operating results and 2020 business plans are outlined in the following sections.

I. Operation Results in 2019

1. Consolidated Financial Result

Unit: NT\$ 1,000

	2019		2018		Increase (decrease) amount	Percentage increase (decrease)
	AMT	%	AMT	%		
Net Sales	3,006,253	100%	3,282,444	100%	(276,191)	(8.41)%
Gross Profit	859,195	28%	909,845	28%	(50,650)	(5.57)%
Operating Income	307,102	10%	328,983	10%	(21,881)	(6.65)%
Pretax Income	330,961	11%	339,207	10%	(8,246)	(2.43)%
Net Income	190,275	6%	253,641	8%	(63,366)	(24.98)%

2. Budget Implementation

As dictated in current statutory laws and regulations, we did not release 2019 financial forecast to the public. However, our overall operating results are generally in line with the internal operation plan.

3. Profitability Analysis

Item	2019	2018
Debt to Asset Ratio (%)	24.52	27.16
Long-term Capital to Fixed Asset Ratio (%)	281.18	245.18
Current Ratio (%)	452.97	365.14
Accounts Receivable Turnover (x)	2.37	2.41
Inventory Turnover (x)	4.49	4.75
Return on Assets (%)	3.49	4.26
Return on Shareholders' Equity (%)	4.44	5.49
Basic after-tax EPS (NT\$)	1.34	1.69

4. Research and Development Status

Topoint continues to push forward on enhancing product performance and lower product cost. Major projects completed or sustained development include:

- (1) Mass production of brand-new coating product series.
- (2) Mass production of drills specially designed for high-frequency and high-speed 5G PCB.
- (3) With persisting commitment to product development pertain to customer requirement and

industrial technology advances, R&D expense reached 3.7% of total revenue, amounted to NT\$110 million in 2019.

- (4) Continue to develop patent technology and obtained 4 new patents in 2019. Numbers of patent recognition reached 138 by the end of 2019.

5. Execution Results of Other Projects

- (1) Customer Service on Technology Development: We continue to co-work with customers to escalate product performance and technology advancement, in line with customer's technology roadmap. We were granted "2019 Outstanding Contribution Award", "2019 Cooperative Strategic Supplier" and "2019 Best Technical Cooperation Award" by three important customers; we aim to become a superior technology service provider.
- (2) Corporate Social Responsibility(CSR): We actively promoted CSR based on company's core value, define goals to become sustainable enterprise and establish operation strategies in six sectors including corporate governance, partner relationship, value innovation, work environment, environmental sustainability, and social care. Topoint was honored by two CSR awards, namely, Top 5 in Little Giant Category of "2019 Excellence in Corporate Social Responsibility", and "2019 Taiwan Corporate Sustainability Report- Platinum Award". In addition, being rated top 6-20% in the Fifth "Corporate Governance Evaluation" of TWSE listed companies, awarded the "Excellence in Healthy Work Environment - Health Care Award" and "2019 New Taipei City Smart Energy-saving Excellent Enterprises", notably recognized Topoint's effort and commitment toward corporate governance and corporate social responsibility.

II. Overview of Operation Plan in 2020

1. Managing Principle and Important Policies

- (1) Proceed to contribute in innovative research, enhance R&D competence, and accomplish customer satisfaction.
- (2) Stringently manage various costs to ensure competitive advantage
- (3) Expand scale of production to suffice the need from market development and growth.
- (4) Strengthen partner relationship with suppliers to build-up a win-win supply chain.
- (5) Promote energy conserving, environmental friendly projects and charity programs. Establish quality work place, and ensure corporate accountability for social responsibility.

2. Perspectives

According to the research from Prismark (2019/10), it was forecasted the growth rate of global PCB market in 2020 being 3.0%. Development of 5G related product, in artificial intelligence (AI), Internet of Things (IoT), automotive applications, shall boost demand on high-frequency and high-speed PCB products, expecting to bring stronger growth momentum to drive the development of electronics industry. We shall prudently react to economic changes and technology trend to maintain stable operations and explore every opportunity for company growth.

Finally, we appreciated your continuing support to the Company. In the coming year, the entire management team and staff at Topoint will strive to achieve higher business performance and target being a sustainable business corporation for the benefit of all shareholders.

Sincerely yours,

Chairman / CEO **Hsu-Ting, Lin**
President **Chia-Hung, Wang**

II. Introduction of Corporation

1. Establishment date :

Established on: April 12, 1996

2. Development history :

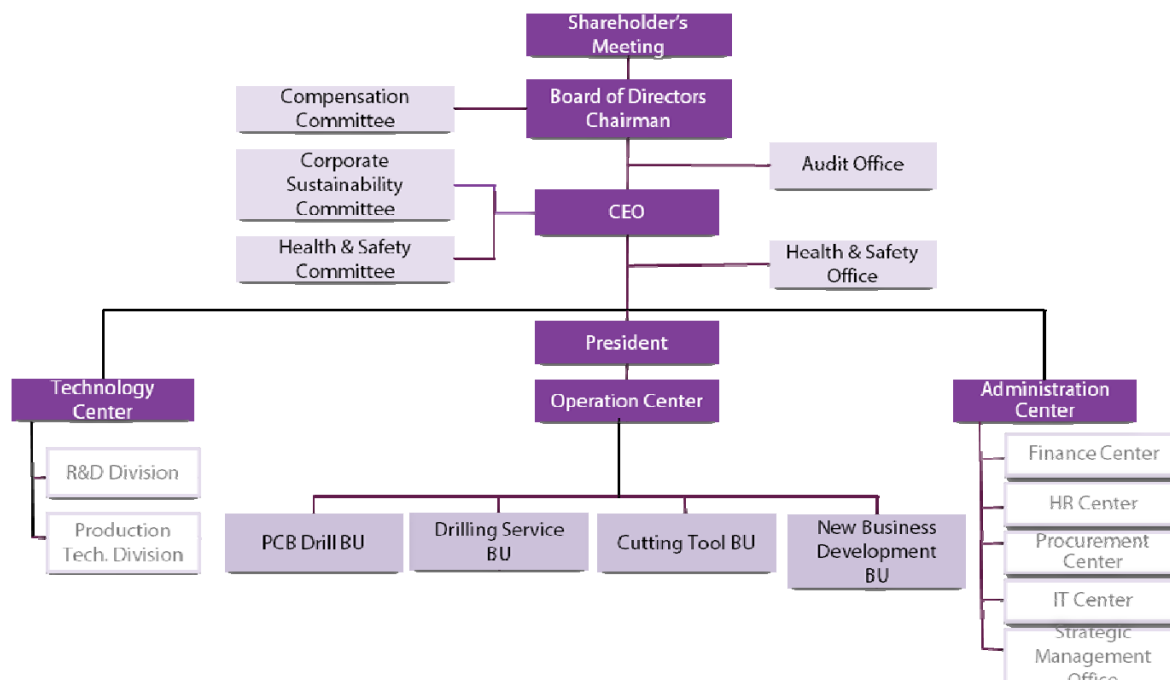
- 1) 1996: Topoint Technology Co., Ltd. was established to engage in production and sales of precision drills with NT\$15 million in capital.
- 2) 1997 : In order to meet the market demand, it increased its capital by NT\$17.5 million to purchase new machinery equipment. By then, the total paid-in capital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

- employee stock option. As a total, the paid-in capitalization was NT\$1,070,564,680. Transferred stock listing from OTC exchange to TWSE exchange. Expanded Shulin and Shanghai plants to 17 million units of overall capacity. New Shanghai plant started operation.
- 13) 2009: It increased NT\$100 million of capital in cash in August to repay bank loans, and issued NT\$200 million of its first private of unsecured convertible bonds in September to repay bank loans, increased NT\$96,153,230 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,266,717,910. Established Unipoint Technology Company.
 - 14) 2010: It increased NT\$23,696,680 of unsecured convertible bonds in November, and increased NT\$48,801,550 of capital by earnings recapitalization and change shares of employee stock option. As a total, the paid-in capitalization was NT\$1,339,216,140. Established Unipoint Technology(Shenzhen) Company and Sharpint (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 Sharpint Technology(Shenzhen) Company and Sharpint 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 Sharpint 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.
 - 21) 2018: NT\$159,478,290 of capital reduction. As a total, the paid-in capitalization was NT\$1,435,304,670. Established E-point Precision Tools Co., Ltd. & Established Sharpint Electric (Suzhou) Co., Ltd.
 - 22) 2019: NT\$13,500,000 of cancellation of treasury shares. As a total, the paid-in capitalization was NT\$1,421,804,670.

III. Corporate Governance Report

1. Organization System

(1) Organization Chart



(3) Major Corporate Functions

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

Title	Name	Authority
Chairman and CEO	Hsu-ting Lin	<ul style="list-style-type: none"> • Formulate company management directives. • Leading corporate strategies and objectives. • Oversee strategic development of product research and technology enhancement.
President, Operation Center	Chia-hung Wang	<ul style="list-style-type: none"> • Manage strategies, objectives, execution of operations over all business units. • Execute corporate business strategy and budget control. • Manage Cutting Tool BU business and New Business Development BU objective and performance.
President, Administration Center	Karen Lin	<ul style="list-style-type: none"> • Constitute and carry out regulations and systems in finance, human resource, procurement, IT and legal affairs functions. • Promote enhancement in administrative operations. • Company Spokesperson
Vice President, Technology Center	Zhao-yang Chen	<ul style="list-style-type: none"> • Supervise product research & development activities. • Establish medium-term & long-term product development strategies. • Conduct optimization and advancement of production technology.
Vice President, PCB Drill BU	Sheng-Jhou Wong	<ul style="list-style-type: none"> • Execute PCB Drill BU business objectives. • Establish key business plan, product marketing and customer relationship management. • Supervise service & marketing strategy; conduct competitors and industry analysis.
Vice President, Drilling Service BU	Yin-ming Huang	<ul style="list-style-type: none"> • Execute Drilling Service BU business objectives. • Supervise product manufacturing, quality, production system and production technology optimization and advancement. • Manage market development, customer relations, and service solution for customers' product applications.
Director, Administration Center	Chang-long Yan	<ul style="list-style-type: none"> • Conduct system regulations and project management on finance, human resource, procurement, IT functions.
Financial Manager	Li-ching Ko	<ul style="list-style-type: none"> • Corporate budget plan, control and management. • Corporate financial planning and investment management. • Tax and accounting system planning and execution.

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

Title	Nationality/ Country of Origin	name	Gender	Elected (inaugurated) date	Term (years)	1 st elected date	Shares held when being elected		Current shareholding		Shareholding of spouse and minor's		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 2 nd degree			Remarks
							shares	(Shareholding ratio)	Number of shares	(Shareholding ratio)	Shares	(Shareholding ratio)	Shares	(Shareholding ratio)			Title	Name	Relation	
Chairman		Hsu-Ting, Lin	Man	06/14/2018	3	03/18/1996	5,528,414	3.47%	5,324,342	3.74%	-	-	-	-	President of the company/Student of National Open University	The Chairman of the boards of directors and Chief Executive Officer. Has been active in PCB drill industry over 25 years.	President President	Ruo-Ping, Lin Chia-Hung, Wang	Father / Daughter Affinity	-
Director		Chia-Hung, Wang	Man	06/14/2018	3	06/15/2010	2,230,518	1.40%	2,056,237	1.45%	36,250	0.03%	990,000	0.70%	Manager of the company/Soochow University, Accounting	General Manager of Topoint Technology	Chairman	Hsu-Ting, Lin	Affinity	Professional ability to coordinate operational strategies and goals is beneficial to the company
Director		Fortune Venture Capital Corporation	-	06/14/2018	3	06/20/2006	4,906,836	3.08%	4,416,152	3.11%	-	-	-	-	Director of Excellence Opto, Inc., and AWC Holding Ltd and so on. Chairman of Crystalwise LTD and Crystalwise Technology Inc and winwin precision technology	Director of Excellence Opto, Inc., and AWC Holding Ltd and so on. Chairman of Crystalwise LTD and Crystalwise Technology Inc and winwin precision technology	-	-	-	-
Director		Zhi-Qiang, Peng	Man	06/14/2018	3	06/14/2018	-	-	-	-	-	-	-	-	Ph.D. in Management of Technology from National Chiao Tung University Institute.	Director and General Manager of UMC capital corporation, Director and Chairman of PURUMFIL Inc. Director and Vice Chairman of Crystalwise Technology Inc. Director of TXC Corporation. TrendForce Inc.subsidiary technology co.,LTD. Independent director of Kiwi technology Inc.	-	-	-	-
Director		Macking International Investment	-	06/14/2018	3	06/14/2018	1,000,000	0.63%	1,890,600	1.33%	-	-	-	-	Chairman of Topoint Technology. Bachelor's degree in Mechanical Engineering from National Taiwan University	Chairman of Macking International Investment Corporation. The General Manager of Rechi Precision Co., Ltd. Special Assistant of	-	-	-	-
Independent director	Republic of china	Tsung-Ming, Lo	Man	06/14/2018	3	06/06/2003	2,975	0.00%	2,677	0.00%	2,677	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	06/14/2018	3	06/06/2003	-	-	-	-	-	-	-	-	Associate professor of the Accounting Department of Soochow University	Director and remuneration committees and audit committees of Solvia Genomics Co., Ltd. Remuneration committees of ACULA Technology Corp. Associate Professor in Accounting Information from NTUB.	-	-	-	-
Independent director		Jung-Sheng, Pai	Man	06/14/2018	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	06/14/2018	3	06/20/2006	2,300,235	1.44%	2,070,211	1.46%	331,316	0.24%	-	-	Graduate of a commercial senior high school / employee of Sampo Group	Chairman of Li-Hereng Investment Chairman of Pai-Jing Investment Supervisor of Lustrous Technology Ltd.	-	-	-	-
supervisor		Cheng-Chie, Niu	Man	06/14/2018	3	06/20/2006	2,676	0.00%	2,408	0.00%	-	-	-	-	Ph.D. in Polymer Chemistry from Polytechnic Institute of Brooklyn.	Adjunct Assistant Professor in Biomedical Engineering department of I-Shou University.	-	-	-	-
supervisor		Fang-Cheng, Siao	Man	06/14/2018	3	06/14/2018	-	-	-	-	-	-	-	-	Chairman of Yu Xu Industria Co., Ltd.	Chairman of Yu Xu Industria Co., Ltd.	-	-	-	-

Major institutional shareholders:

April 30, 2020

Name of institutional shareholder	Major shareholders of the institutional shareholders
Fortune Venture Capital Corporation	100% of shares are held by United Microelectronics Corp.
Macking International Investment	10.76% of shares are held by Jheng-De, Li 10.01% of shares are held by Yan-Da, Huang 9.97% of shares are held by Jheng-Ting, Li 8.04% of shares are held by Jhih-Wei, Du 7.56% of shares are held by Wen-Jin, Li 6.51% of shares are held by Ming-Zhu, Ping 6.12% of shares are held by Yun-Mei, Huang 6.03% of shares are held by Li-Qiang, Huang 5.14% of shares are held by Jian-Zhi, Liu 4.87% of shares are held by, Shu-E, Lu

Major shareholders of the major shareholders that are Juridical Persons

April 30, 2020

Institutional shareholder name	Major shareholders of the institutional shareholder
United Microelectronics Corp.	36.49% owned by United Microelectronics Corporation 3.50% owned by Hsun Chieh Investment Co., Ltd. 2.50% owned by Silicon Integrated Systems Corp. 6.32% owned by Directors and executive officers as a group .

b. Personal data of directors and supervisors

April 30, 2020

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	11	12	
Hsu-Ting, Lin			✓				✓	✓	✓		✓	✓	✓	✓	✓	-
Chia-Hung, Wang			✓				✓	✓	✓		✓	✓	✓	✓	✓	-
Zhi-Qiang, Peng			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Wen-Jin, Li			✓	✓	✓	✓	✓	✓	✓	✓		✓	✓	✓	✓	-
Tsung-Ming, Lo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Po-Cheng, Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Jung-Sheng, Pai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Gen-Cing, Chen			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Cheng-Chie, Niu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-
Fang-Cheng, Siao			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-

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

- (1) Not the employee of the company or its affiliated enterprises
- (2) Not the director or supervisor of the company or its affiliated enterprises (however, it is not limited to the independent director of the subsidiary in which the company directly or indirectly holds more than 50% of voting shares.)
- (3) Not the shareholder whose spouse, minor children or related persons in his or her name hold more for than 1% of the company's issued shares, nor the one who is one of company's top-10 nature person shareholders.
- (4) Not the direct lineal blood relative (including spouse and the relatives within 2nd degree) of the persons listed in the preceding three items.
- (5) Not the director, supervisor or employee of the institutional shareholder who directly holds more than 5% of the company's issued shares, nor the director, supervisor or employee of the top 5 institutional shareholders.
- (6) More than half of the shares that are not with the company's directors or voting rights are directors, supervisors or employees of other companies controlled by the same person (but if the company or its parent company, subsidiary or child of the same parent company) (The independent directors established by the company in accordance with this law or local laws and regulations shall not be limited).
- (7) Directors (directors), supervisors (supervisors) or employees of other companies or agencies who are not the same person or spouse of the company's chairman, general manager or equivalent person (but if the company and its parent company, The subsidiary company or a subsidiary company of the same parent company in accordance with this law or the local directors of independent directors established concurrently, not limited to this).
- (8) Directors (directors), supervisors (supervisors), managers, or shareholders holding more than 5% of a specific company or institution that does not have financial or business dealings with the company (but if a specific company or institution holds issued shares of the company The total number is more than 20%, but not more than 50%, and the independent directors established by the company and its parent company, subsidiary company, or a subsidiary company of the same parent company in accordance with this law or local laws and regulations concurrently hold each other.
- (9) Non-professionals, sole proprietorships, partnerships, companies, or institutions that provide auditing or related business services related to business, legal affairs, finance, accounting and other related services for which the cumulative amount of remuneration has not exceeded NT \$ 500,000 for the past two years Business owners, partners, directors (directors), supervisors (supervisors), managers and their spouses. However, members of the Compensation and Remuneration Committee, the Public Takeovers Review Committee or the Special Committee on Mergers and Acquisitions who perform their functions in accordance with the relevant laws of the Securities Exchange Law or the Corporate M & A Law are not limited.
- (10) 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.
- (11) Free of any of the behaviors as defined in Article 30 of Company Act.
- (12) 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, 2020

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			Remarks
					Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation	
Chairman/CEO	Republic of china	Hsu-Ting, Lin	Man	11/29/2005	5,324,342	3.74	-	-	-	-	-	-		The Chairman of the company	President	Lin Chia-Hung, Wang	Father/daughter cousin-in-law	-
President, Operation Center		Chia-Hung, Wang	Man	01/13/2011	2,056,237	1.45	36,250	0.03	990,000	0.70			Professional ability to coordinate operational strategies and goals is beneficial to the company	The Directors and general managers of subsidiaries	Chairman /CEO	Hsu-Ting, Lin	cousin-in-law	Professional ability to coordinate operational strategies and goals is beneficial to the company
President, Administration Center		Ruo-Ping, Lin (Karen Lin)	Woman	08/10/2015	415,713	0.29	-	-	1,260,900	0.89			Consultant of i2 Technologies Inc./ MIM from National Chung Cheng University	The supervisors of subsidiaries	Chairman /CEO	Hsu-Ting, Lin	Father/daughter	Professional ability to coordinate operational strategies and goals is beneficial to the company
Vice president		Yin-Ming, Huang	Man	05/08/2006	44,158	0.00	3,978	0.00	-	-	-	-	Manager of ASE Inc. / Graduate of the materials science and engineering department of Feng Chia University	Directors, supervisors and general managers of subsidiaries	-	-	-	-
Vice president		Zhao-Yang, Chen	Man	02/01/2002	187,474	0.13	-	-	-	-	-	-	Manager of Topoint / Graduate of Minghsin Junior College.	The Directors, of subsidiaries	-	-	-	-
Vice president		Sheng-Jhou, Wong	Man	02/01/2014	125,337	0.09	-	-	-	-	-	-	Manager of Topoint Student of Affiliated Senior High School of National Taiwan Normal University	Directors and supervisors of subsidiaries	-	-	-	-
Director		Chang-Long, Yan	Man	02/01/2014	82,657	0.06	24,764	0.02	-	-	-	-	Manager of Gigabyte / Graduate of the accounting department of Soochow University	Directors and supervisors of subsidiaries	-	-	-	-
Plant Manager		Tseng-Chien, Huang	Man	10/01/2014	53,062	0.04	-	-	-	-	-	-	Manager of Topoint /Graduate of China University of Technology	-	-	-	-	-
Financial Manager		Li-Ching, Ko	Woman	06/26/2008	32,896	0.02	-	-	-	-	-	-	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)							
		The company	All companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	Salary, Bonuses, and Allowances (E)		Severance Pay (F)		Employee Compensation (G)		
											The company	Companies in the consolidated financial statements	The company	Companies in the consolidated financial statements	The company		Companies in the consolidated financial statements
Chairman	Hsu-Ting, Lin																
Director	Chia-Hung, Wang																
Director	Fortune Venture Capital Corporation Zhi-Qiang, Peng	-	-	-	2,663.4	2,965.1	48	48	1.42%	5,080	30,120.7	108	8,972.9	-	9,684.4	-	22.56%
Director	Macking International Investment Corporation Wen-Jin, Li																-
Independent director	Tsung-Ming, Lo																
Independent director	Po-Cheng, Ko	-	-	-	1,997.5	1,997.5	58	58	1.08%	-	-	-	-	-	-	-	1.08%
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 : NT\$1,800,000.																	

Note 1 : As passed in the board meeting on February 21, 2020 for 2019 annual earnings distribution, NT\$6,658,459 is for remuneration of directors and supervisors and NT\$39,950,753 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 2018 was \$0, that pensions funded according to applicable law. In 2018 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		The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai	Hsu-Ting, Lin, Chia-Hung, Wang, Fortune Venture Capital Corporation, Macking International Investment Corporation, Tsung-Ming, Lo, Po-Cheng, Ko, Jung-Sheng, Pai
NT\$1,000,001 ~ NT\$2,000,000	-	-	-	-	-	-	-	-
NT\$2,000,001 ~ NT\$3,500,000	-	-	-	-	-	-	-	-
NT\$3,500,001 ~ 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	7	7	7	7	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) The company	Companies in the consolidated financial statements	Bonus to Supervisors (B) The company	Companies in the consolidated financial statements	Allowances (C) Companies in the consolidated financial statements	Companies in the consolidated financial statements	
Supervisor	Gen-Cing, Chen	-	-	1,997.54	1997.54	40	40	-
Supervisor	Cheng-Chie, Niu	-	-	1,997.54	1997.54	40	40	-
Supervisor	Fang-Cheng, Siao	-	-	1,997.54	1997.54	40	40	-

Note 1 : As passed in the board meeting on February 21, 2020 for 2019 annual earnings distribution, NT\$6,658,459 is for remuneration of directors and supervisors and NT\$39,950,753 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\$ 1,000,000	Gen-Cing, Chen · Cheng-Chie, Niu · Fang-Cheng, Siao	Gen-Cing, Chen · Cheng-Chie, Niu · Fang-Cheng, Siao	
NT\$1,000,001 ~ NT\$2,000,000	-	-	
NT\$2,000,001 ~ NT\$3,500,000	-	-	
NT\$3,500,001 ~ 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	Companies in the consolidated financial statements		The company	Companies in the consolidated financial statements			
								Cash	Stock			Cash	Stock	
Chairman and CEO	Hsu-Ting, Lin													
President, Operation Center	Chia-Hung, Wang													
Vice president	Yin-Ming, Huang	10,626	18,897.8	422.7	422.7	1,200	24,058	12,872.9	-	13,584.4	-	12.98%	29.72%	
Vice president	Zhao-Yang, Chen													
Vice president	Sheng-Jhou, Wong													

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

Note 1 : As passed in the board meeting on February 21, 2020 for 2019 annual earnings distribution, NT\$6,658,459 is for remuneration of directors and supervisors and NT\$39,950,753 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 2019 was \$0, that pensions funded according to applicable law. In 2019 was NT\$422,712.

Range of Remuneration	Name of President and Vice Presidents	
	The company	Companies in the consolidated financial statements
Under NT\$ 1,000,000	-	-
NT\$1,000,001 ~ NT\$2,000,000	-	-
NT\$2,000,001 ~ NT\$3,500,000	-	-
NT\$3,500,001 ~ NT\$5,000,000	Yin-Ming, Huang 、Zhao-Yang, Chen 、 Sheng-Jhou, Wong	-
NT\$5,000,001 ~ NT\$10,000,000	Hsu-Ting, Lin 、 Chia-Hung, 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 、 Chia-Hung, 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, 2020

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	-	10,038	10,038	5.28%
President, Operation Center	Chia-Hung, Wang				
President, Administration Center	Ruo-Ping, Lin				
Vice President	Yin-Ming, Huang				
Vice President	Zhao-Yang, Chen				
Vice president	Sheng-Jhou, Wong				
Director	Chang-Long, Yan				
Plant Manager	Tseng-Chien, Huang				
Financial Manager	Li-Ching, Ko				

Note 1 : As passed in the board meeting on February 21, 2020 for 2019 annual earnings distribution, NT\$6,658,459 is for remuneration of directors and supervisors and NT\$39,950,753 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
2018	60,717 thousand	23.94%	(Note1)
2019	63,646 thousand (Note2)	33.45%	(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 21, 2020 for 2019 annual earnings distribution, NT\$6,658,459 is for remuneration of directors and supervisors and NT\$39,950,753 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 2019:

Title	Name	Attendance (B)	Proxy	Frequency of attendance (%) (B/A)	Remarks
Chairman	Hsu-Ting, Lin	6	0	100	-
Director	Chia-Hung, Wang	6	0	100	-
Director	Fortune Venture Capital Corporation Corporate Representative Zhi-Qiang, Peng	5	1	83	-
Director	Macking International Investment Corporation Corporate Representative Wen-Jin, Li	4	2	67	-
Independent Director	Tsung-Ming, Lo	5	1	83	-
Independent Director	Po-Cheng, Ko	6	0	100	-
Independent Director	Jung-Sheng, Pai	4	1	67	-

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. Evaluate its board performance information :

Cycle	Once a year
Period	2019.01.01~2019.12.31
Scope	Evaluation of the board of directors 、Evaluating The Individual Performance Of the board members and Evaluation of Compensation Committee.
Method	Self-evaluation
Detail	<p>1. The board of directors : Participation in the operation of the company 、Improvement of the quality of the board of directors' decision making 、Composition and structure of the board of directors 、Election and continuing education of the directors 、Internal control.</p> <p>2. The board members : Familiarity with the goals and missions of the company 、Awareness of the duties of a director 、Participation in the operation of the company 、Management of internal relationship and communication 、The director's professionalism and continuing education 、Internal control.</p> <p>3.The Compensation Committee : Participation in the operation of the company 、Awareness of the duties of a compensation committee 、Improvement of the quality of the compensation committee 、Composition and election of the compensation committee 、Internal control.</p>

4.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 2019:N/A

(b) The attendance of Supervisors for 6(A) Board Meetings in 2019:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%)(B/A)	Remarks
Supervisors	Gen-Cing, Chen	6	100	-
Supervisors	Cheng-Chie, Niu	5	83	-
Supervisors	Fang-Cheng, Siao	6	100	-

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”?	✓		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?	✓		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?	✓		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?	✓		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?	✓		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	✓		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	
<p>the composition of its members?</p> <p>(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?</p> <p>(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?</p> <p>(4) Does the company regularly evaluate the independence of CPAs?</p>	<p>✓</p> <p>✓</p> <p>✓</p>		<p>chooses candidates to meet the goal of member diversification.</p> <p>Topoint established the "Corporate Sustainability Council" in 2015.</p> <p>The company has formulated rules and procedures for evaluating the Board's performance and conducts it annually.</p> <p>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.</p>	None
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)?	✓		The company passed the resolution of the board of directors on August 7, 2018, designating the current financial manager Li-ching Ko as the corporate governance director, who is the company's manager. Its main duties are to provide directors with the information they need to perform their business, to assist directors in complying with laws and regulations, Relevant matters such as the board of directors and shareholders meetings were handled in accordance with the law, and actively participated in corporate governance-related refresher courses and the 2020 annual corporate governance evaluation briefing.	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?	✓		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

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	Abstract Illustration	
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	✓		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.	None
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)? (3) Does the company announce and announce the annual financial report within two months after the end of the fiscal year, and publish 1st, 2nd, and 3rd quarter financial reports and the monthly operating status before the prescribed deadline?	✓ ✓ ✓		(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. (3) The company announced and declared the 108th annual financial report on February 21, 2020. In addition, it announced and declared the first, second, and third quarter financial reports and monthly operating conditions by the deadline.	None
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,	✓		(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 company's shareholding unit regularly arranges directors and supervisors to take courses related to corporate governance. (3) The risk management/measurement and customers protection policy are defined in the company's internal control system, and executed according to the regulations. (4) The directors and supervisors attend of the board when the trustee like fords to a trustee office row bill have	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 implementation of customer relations policies, and purchasing insurance for directors and supervisors)?			excused themselves and benefit that not join the vote. (5) Liability insurance is acquired for directors and supervisors according to the articles of Incorporation.	
<p>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? In 2019, the company formulated "Standard Operating Procedures for Dealing with Directors' Requirements", "Planning for Board Members and Major Management Succession Plans", "Information Security Risk Management Structure, Information Security Policies and Specific Management Plans", and disclosed them on the official website.</p> <p>The company expects to formulate "risk management policies and procedures" and "intelligent property management plan" in 2020 and disclose them on the official website to strengthen the corporate governance of the company.</p>				

(4) Composition, Responsibilities and Operations of Compensation Committee :

Board resolution to establish compensation committee on December 28, 2011 and remuneration committee under the Act, it shall adopt a remuneration committee charter. The remuneration committee members shall be appointed by resolution of the board of directors. The committee shall not be fewer than three members. The remuneration committee shall exercise the care of a good administrator in faithfully performing the official powers listed below, and shall submit its recommendations for deliberation by the board of directors:

(a) Prescribe and periodically review the performance review and remuneration policy, system, standards, and structure for directors, supervisors and managerial officers.

(b) Periodically evaluate and prescribe the remuneration of directors, supervisors, and managerial officers.

A. Professional Qualifications and Independence Analysis of the Compensation Committee Members

Position	Criteria	Meet One of the Following Professional Qualification Requirements, Together with at Least Five Years Work Experience			Independence Criteria(Note)										Number of other Public Companies in Which the Individual is Concurrently Serving as an Member of the Compensation Committee	Remarks
		An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, CPA, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10		
Independent director	Po-Cheng, Ko	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2	-
Independent director	Tsung-Ming, Lo			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-
Independent director	Jung-Sheng, Pai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	-	-

Note: Please tick the corresponding boxes if members have been any of the following during the two years prior to being elected or during the term of office.

1. Not an employee of the Company or any of its affiliates.
2. Not a director or supervisor of the Company or any of its affiliates. The same does not apply, however, in cases where the person is an independent director of the Company, its parent company, or any subsidiary.
3. Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
4. Not a spouse, relative within the second degree of kinship, or lineal relative within the third degree of kinship, of the persons in the preceding three subparagraphs.
5. Not a director, supervisor, or employee of a corporate shareholder that directly holds 5% or more of the total number of outstanding shares of the Company or that holds shares ranking in the top 5 in holding.
6. Not a director, supervisor, officer, or shareholder holding 5% or more of the share, of a specified company or institution that has a financial or business relationship with the Company.
7. Directors (directors), supervisors (supervisors) or servants of other companies or organizations who are not the same person or spouse with each other and are the same person or spouse (If the independent directors established by subsidiaries of the same parent company in accordance with this law or local laws and regulations serve concurrently, they are not limited to this).
8. Directors (directors), supervisors (supervisors), managers or shareholders holding more than 5% of a specific company or organization that does not have financial or business dealings with the company (but if a specific company or organization holds 20% of the company's total issued shares Above, not more than 50%, and the independent directors established by the company and its parent company, subsidiary company).
9. Not a professional individual who, or an owner, partner, director, supervisor, or officer of a sole proprietorship, partnership, company, or institution that, provides commercial, legal, financial, accounting services or consultation to the Company or to any affiliate of the Company, or a spouse thereof.
10. Not been a person of any conditions defined in Article 30 of the Company Law.

B.The attendance of Compensation Committee for 3 (A) Board Meetings in 2019:

Title	Name	Attendance (B)	Proxy Frequency of attendance (%)(B/A)	Remarks
President	Po-Cheng, Ko	3	100	-
Members	Tsung-Ming, Lo	3	100	-
Members	Jung-Sheng, Pai	2	67	-
Annotations: 1. If the Board of Directors declines to adopt, or modifies a recommendation of the Compensation Committee: None. 2.The Compensation member has an objection or qualified opinion together with a record or written statement regarding a Compensation Committee resolution: None.				

Compensation Committee Meeting Date	Content of Motion	Resolutions	Compensation Committee Members' Opinion and Company's Response
02/22/2019 The 4 th Meeting of the 4th Committee	1. Considered the Company's 2018 employee compensation and director and supervisor compensation distribution case for the year.	All attending members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board Meeting.
07/05/2019 The 5 th Meeting of the 4th Committee	1. Examine the case of remuneration distribution of directors and supervisors for the year 2018. 2. Examine the case of 2018 employees' remuneration distribution.	All attending members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board Meeting.
12/24/2019 The 6 th Meeting of the 4th Committee	1. The manager's year-end bonus distribution guidelines. 2. Formulate the 2020 annual work plan of the salary and remuneration committee.	All attending members unanimously agree to pass the proposal.	All attending Directors unanimously agree to pass the proposal on the Board Meeting.

(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	
1. Does the company undertake environmental, social, and corporate governance in operation related risk assessment based on materiality principle and develop risk management policy or strategy?	√		N/A
2. 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?	√		N/A
3. Sustainable Environmental Development (1) Does the company establish proper environmental management systems based on the characteristics of their industries?	√		N/A
(2) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	√		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	
(3) Does the company assess the risk and opportunity in the topic of climate change, and take countermeasures?	√		N/A
(4) 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?	√		N/A
4. Preserving Public Welfare (1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	√		N/A
(2) Does the company provide employee welfare program (including salary, vacation, other benefits), and appropriately reflect business performance to employee wage 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	
(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 14 health promoting courses or seminars held in 2019, total 439 participants. The Company also received of Accredited Healthy Workplace- Health Promoting Badge, and Excellence for Healthy Workplace-Health Care Award. To further strengthen Company's health and safety management, aside from OHSAS18001 (Occupational Health and Safety Assessment Series) system certification, the Company is also certified for TOSHMS (Taiwan Occupational Safety and Health Management System) in 2019. Total annual safety, hygiene, health management program training reached 1,928 man-hours.
(4) Does the company provide its employees with career development and training sessions?	V		(4) Constructing a self-learning organization was Company's strategy in employee development, particularly through complete training programs, internal and external training courses for newcomers and current employees, skill certifications, and internal instructor training. The Company not only assesses and provides feedback on employees' skills and interests, but also offers training and development activities that match career development objectives and job requirements. 2019 total training hours reached 10,596hrs, and average hours of training per employee reached 31.3hrs. The company group adopted on-line training program starting from August, 2019, help construct an user-friendly learning environment without time and location constraint, resulted to a 20.8% increase in average employee training hour.
(5) Does the company advertise and label its goods and services according to relevant regulations and international standards, and formulate any consumer protection and irregular business conduct reporting policy?	V		(5) There were 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 is no Incident of non-compliance concerning product and service information and labeling in 2019. In case of any problem, stakeholders may file complaints based on related categories on Topoint website "contact us".
(6) Does the company has supplier management policy, evaluate suppliers' regulation on environment, safety and labor right related issues, and their implementation?	V		(6) The company requested suppliers to abide to "Supplier Corporate Social Responsibility Statement", and evaluate whether suppliers comply with social or environmental issues. 2019 Supplier CSR Statement compliance rate was 100%

Evaluation Item	Implementation Status ¹		Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
5. Does the company follow any global reporting standard to disclose non-financial information in report such as a corporate social responsibility report, and such report being verified by external certification institutions?	V	The Company's CSR report was verified by SGS Taiwan Ltd. in accordance to GRI Sustainability Reporting Standards: core items and with AA1000 Assurance Standard. The statement release date is expected by June 2020.	N/A
6. 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		
7. Other important information to facilitate better understanding of the company's corporate social responsibility practices : Topoint acquired CSR related awards including : 2019 Taiwan Corporate Sustainability Report Awards – Electronics Industry –Platinum Award; 2019 "Excellence in Corporate Social Responsibility", ranked no. 5 in Little Giant category by CommonWealth Magazine; ranked top 6-20% in 5th "Corporate Governance Appraisal" by TWSE. Topoint charity program, ed 3 major themes of local care, environmental conservation, and community participation. Company resources are effectively consolidated and contributed to those aspects, meanwhile encourages fellow employees to participate in various activities. In 2019, total 338 persons participated and cumulated 572 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. Topoint sponsored their 2019 fund raising Music Fair event. 2. Early vocational skill training: support Sanxia Grass Book House, provided resources supporting vocational training program, and fund raising proposals of bike-the-island team. 3. Charity bakery stand: Sanxia, Spring Sunshine Center, totaled 21 times in the Company cafeteria. 4. Sanxia River clean-up: Total 45 employees and family members gathered and strolled the riverbank of Sanxia River, cleaned bags of man-made wastes including plastic bottles and carried out an on-site session of environmental education for young and adults. 5. Tree Planting : Sanxia Park, into the 3rd year, participated the event along with activities promoting environmental conservation awareness. 6. Blood Donation: Topoint, gathered 33,000 c.c. blood. 7. Charity runs: encourage employees to join runs to support social welfare agencies. 8. Support Athlete Plus program: Donate to CareBoth organization, helping athlete runner training. 9. Massage service from Charity group: adopt massage service for employees provided by visually impaired persons from Eden Social Welfare Foundation. 10. Recycling activities: second hand clothes 288ea; reusable bags collection 277ea; second hand stuffed toys 118ea; second hand books, all donated to organizations in need. 11. Charity purchase: purchased gift boxes from Down Syndrome Foundation. 12. Other Charity activities: supports Christmas shoe box donation and local community fair. 13. Continuous donations to needing organizations and foundations For more information, please visit Topoint official website: http://www.topoint.tw/tw/csr			

(4) 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 appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies? (3) 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?	V V V		(1) "Integrity" is one of TOP's core values. The Company has established its "Ethical Corporate Management Best Practice Principles", "Procedures for Ethical Management and Guidelines for Conduct" and "Guidelines for the Code of Ethical Conduct" by shareholder on Jun.13,2008 and Jun.11, 2013. Awareness training is also provided to employees during their regular training sessions, and directors and senior executives are also required to attend training courses in ethical corporate management. (2) The aforementioned principles and related regulations were announced and disseminated to employees. The Company established its "Reporting illegal and non-ethical or non-integrity management practices" (3) In addition to prohibiting business activities related to the risk of dishonesty behaviors and adopting preventive measures in the "Code of Good Faith Management", the company also regularly inspects the relevant operating procedures through internal audits to prevent the risk of dishonesty behaviors.	N/A
2. Ethic Management Practice (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	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	N/A

Evaluation Item	Implementation Status ¹		Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons
	Yes	No	
<p>accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?</p> <p>(5) Does the company regularly hold internal and external educational trainings on operational integrity?</p>	V		<p>degrees of improper advantage or prejudice the company's interests.</p> <p>(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 the risk evaluation results, the Company will compile them into an audit report.</p> <p>(5) Please go to "http://www.topoint.tw/Pages/CSR/CSR"</p>
<p>3. Implementation of Complaint Procedures</p> <p>(1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?</p> <p>(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?</p> <p>(3) Does the company provide proper whistleblower protection?</p>	V V V		<p>(1) Any person who suspects or finds any violation of laws or ethical code may report the case to independent directors, manager officers, head of internal audit, or other eligible personnel. The Company has set up Reward and Discipline Commission to evaluate employee ethical and unethical conducts.</p> <p>(2) The company has stipulated the standard operating procedures for the investigation of complaints, and the identity of the informant and the content of the report are kept absolutely confidential.</p> <p>(3) The company provides a safe and confidential reporting channel, and protects the safety of whistleblowers from the risk of retaliation (or threats, harassment).</p> <p>N/A</p>
<p>4. Information Disclosure</p> <p>Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?</p>	V		<p>The address of the company's website is: www.topoint.tw</p> <p>The company has already posted its governance information on the website. Viewers may also use the website to link to the Market Observation Post System for enquiry of the company's financial and CSR report.</p> <p>N/A</p>
<p>5. If the company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies, please describe any discrepancy between the policies and their implementation. None</p>			<p>Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEX Listed Companies" and Reasons</p>
<p>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</p>			

- (5) Enquiry of corporate governance rules and related regulations: Please go to the corporate governance section of the "Market Observation Post System" .
- (6) 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](http://newmops.twse.com.tw).
- (7) 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
- (8) 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.
- (9) 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 2019 general shareholders meeting held with the following resolution reached (06/14/2019):

Resolutions	Implementation Status
(a) Recognized the financial results for FY2018. (b) Recognized the FY2018 earnings distribution (Distributed \$1.2 /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.)	(a) RESOLVED, that the above proposal be and hereby was approved as proposed. (b) The ex-dividend date Jul. 31, 2019 was determined and the cash dividend was distributed on Aug. 23, 2019.

B. Board meetings

Date	Content
2019.02.22	1. Approved the Financial Statements of 2018. 2. Approved dividend distribution of 2017. Cash dividends of NT\$170,616,561(NT\$1.2 per share). 3. Approved 2018 remuneration of employees & directors 4. Approved 2019 AGM agenda.
2019.05.09	1. Approved the Financial Statement for 1st quarter of 2019. 2. Approved resolution on cancellation of treasury shares.
2019.07.05	1. Announcement of the record date for common share dividend.
2019.08.07	1. Approved the Financial Statement for 2nd quarter of 2019.
2019.11.07	1. Approved the Financial Statement for 3rd quarter of 2019.
2019.12.24	1. Approved Year 2020 annual audit plan.
2020.02.21	1. Approved the Financial Statements and Business Report of 2019. 2. Approved dividend distribution of 2019. Cash dividends of NT\$170,616,560 (NT\$1.2 per share) 3. Approved 2019 remuneration of employees & directors. 4. Approved 2020 AGM agenda.

(10) 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

(11) 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	Chao-Mei, Chen	Chien-Hsin, Hsieh	Jan. 1, 2019-Dec. 31, 2019	

		Audit fees	Non-Audit fees	Total
1	Below \$2,000,000		√	√
2	\$2,000,000 ~ \$4,000,000			
3	\$4,000,000 ~ \$6,000,000	√		√
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:

Replacement date	Approved by the board of directors on February 22, 2019.		
Replacement reasons	The CPA certifying the company's 2019 Q1 financial statements were CPA Wan-Yi, Liao and Yung-Fu, Liu at Deloitte & Touche – Taiwan. However, due to the firm's internal task transfer and arrangement, the company's 2019 Q1 financial statements were certified by CPA Zhao-Mei, Chen and Chien-Shin, Shieh		
Please explain whether the termination or refusal of the commission is initiated by the entrusted or CPA.	The party	CPA	Entrustor
	Status	Not applicable	
	Took initiative in terminating the commission		
	Refusal (discontinuation) of the commission		
The opinions on the auditing reports in the recent two years and reasons, except the issue of unqualified opinions.	Not applicable		
Different opinions with the issuer:	Yes		Accounting principle or practice
			Disclosure of financial reports
			Auditing range and steps
			Others
	No	√	
	Why	Not applicable.	
Other disclosure items: (The items required to be disclosed as per item 4, subparagraph 1 of article 11 in regulations governing the preparation of financial reports by securities issuers.)	None		

(1) Regarding successor CPA:

Name of the firm	Deloitte & Touche – Taiwan
Names of CPA	Zhao-Mei, Chen and Chien-Shin, Shieh
Date of commission	As passed by the board of directors on February 22, 2019.
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 Change in Shares Pledged by Directors, Supervisors, Department Heads, and Shareholders 10% shareholding or more:

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

Unit: share

Title	Name	2019		As of April 30, 2020	
		Net change in Shareholding	Net change in Share Pledged	Net change in Shareholding	Net change in Share Pledged
Chairman	Hsu-Ting, Lin	54,154	-	44,616	-
Director	Jia-Hong, Wang	4,154	-	44,617	-
Director	Fortune Venture Capital Corporation	-	-	-	-
	Zhi-Qiang, Peng	-	-	-	-
Director	Macking International Investment Corporation	-	-	-	-
	Wen-Jin, Li	-	-	-	-
Independent director	Tsung-Ming, Lo	-	-	-	-
Independent director	Po-Cheng, Ko	-	-	-	-
Independent director	Jung-Sheng, Pai	-	-	-	-
Supervisor	Gen-Cing, Chen	-	-	-	-
Supervisor	Cheng-Chie, Niu	-	-	-	-
Supervisor	Fang-Cheng, Siao	-	-	-	-
President, Administration Center	Ruo-Ping, Lin	141,906	-	32,356	-
Vice president	Yin-Ming, Huang	3,324	-	40,184	-
Vice president	Zhao-Yang, Chen	1,662	-	40,230	-
Vice president	Sheng-Jhou, Wong	3,324	-	31,184	-
Director	Chang-Long, Yan	3,324	-	35,700	-
Plant Manager	Tseng-Chien, Huang	2,284	-	31,064	-
Financial Manager	Li-ching, Ko	2,284	-	24,542	-

(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 12, 2020

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	5,324,342	3.75%	-	N/A	-	N/A	Liu-Ze, Lin Chia-Hung, Wang	Brothers Daughter Affinity
Fortune Venture Capital Corporation	4,416,152	3.11%	-	N/A	-	N/A	-	N/A
Liu-Ze, Lin	4,229,268	2.98%	-	N/A	-	N/A	Hsu-Ting, Lin	Brothers
Gen-Cing, Chen	2,070,211	1.46%	331,316	0.23%	-	N/A	-	N/A
Chia-Hung, Wang	2,056,237	1.45%	11,709	0.01%	990,000	0.70%	Hsu-Ting, Lin	Daughter Affinity
Macking International Investment Corporation	1,890,600	1.33%	-	N/A	-	N/A	-	N/A
Arcadia Emerging Market Small Capital Securities Fund under the custody of HSBC	1,693,600	1.19%	-	N/A	-	N/A	-	N/A
Ji Xing, Huang	1,454,900	1.02%	-	N/A	-	N/A	Chia-Hung, Wang	Brothers
Maniyou Co., Ltd.	1,260,900	0.89%	-	N/A	-	N/A	Hsu-Ting, Lin	relatives
HSIN CHEN ENT CO.,LTD	1,250,000	0.88%	-	N/A	-	N/A	-	N/A

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

Unit: Share

Trans-investment business	The company's investment		Investment made by directors, supervisors, managers and the businesses directly or indirectly controlled by the company		Total investment	
	Shares	Shareholding ratio	Shares	Shareholding ratio	Shares	Total shareholding ratio
Topoint Technology Co.,Ltd.(B.V.I)	7,194	100%	-	-	7,194	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%
Sharpont 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%
Sharpont Technology (Shenzhen) Co., Ltd.	-	-	-	100%	-	100%
Sharpont Technology (Suzhou) Co., Ltd.	-	-	-	100%	-	100%
Kunshan Restek Technology Co., Ltd.	-	-	-	75%	-	75%
Kunshan Topoint Technology Co., Ltd	-	-	-	100%	-	100%
Sharpont Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Chengdu Raypoint Precision Tools Co., Ltd.	-	-	-	100%	-	100%
Kunshan Raypoint Precision Tools Co., Ltd.	-	-	-	100%	-	100%
Winpoint Electronics (Huaian) Co., Ltd.	-	-	-	100%	-	100%
Shanghai Hejin Roller Technology Co., Ltd.	-	-	-	86.27%	-	86.27%
Shanghai Ringpoint Nano Material Co., Ltd.	-	-	-	81.83%	-	81.83%
E-point Precision Tools Co., Ltd.	350,000	70%	-	-	350,000	70%
Topmicron Investment Ltd.	-	-	-	61.76%	-	61.76%
Sharpont Electric (Suzhou) Co., Ltd.	-	-	-	61.76%	-	61.76%
Raypoint Precision Tools Co.,Ltd.	50,000	100%	-	-	50,000	100%

IV. Stock subscription

1. Capital and shares:

(1) Stock capital

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

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

Month / year	Issued price (\$)	Approved capitalization		Paid-in capitalization		Remarks			
		Shares	Amount	Shares	Amount	Capital sources	Use of non-cash property to pay for the shares	Others	
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
09/2018	10	300,000	3,000,000	143,530	1,435,304	159,478	capital reduction	-	09/03/2018 Jing-Shou-Shang Zi No. 10701109470
06/2019	10	300,000	3,000,000	142,180	1,421,804	13,500	Cancellation of treasury shares	-	06/06/2019 Jing-Shou-Shang Zi No. 10801065750

April 30,2020 / Unit: share

Type of Shares	Authorized Shares			Remarks
	Outstanding shares	Un-issued shares	Total	
Common stock	142,180,467	157,819,533	300,000,000	-

(2) Status of shareholders

April 12, 2020

Status of shareholders Q'ty	Government agencies	Financial institutions	Other institutional investors	Domestic Natural Persons	Foreign institutional & Natural Persons	Total
Number of shareholders	1	4	61	19,050	88	19,204
Shareholding	78	379,541	15,520,981	109,599,050	16,680,817	142,180,467
Shareholding ratio	0.00%	0.27%	10.92%	77.08%	11.73%	100.00%

(3) Status of Shareholding Distributed

Face value per share: \$10

April 12, 2020

Classification	Number of shareholder	Shareholding	Shareholding Ratio(%)
1-999	9,746	1,736,521	1.22%
1000-5,000	6,235	15,011,908	10.56%
5,001-10,000	1,556	12,345,419	8.68%
10,001-15,000	463	5,904,654	4.15%
15,001-20,000	341	6,219,657	4.37%
20,001-30,000	307	7,858,540	5.53%
30,001-40,000	130	4,576,954	3.22%
40,001-50,000	85	3,877,358	2.73%
50,001-100,000	184	13,141,662	9.24%
100,001-200,000	77	10,815,846	7.61%
200,001-400,000	35	9,921,115	6.98%
400,001-600,000	15	6,935,270	4.88%
600,001-800,000	5	3,486,002	2.45%
800,001-1000,000	9	7,971,530	5.61%
1000,001-	16	32,378,031	22.77%
Total	19,204	142,180,467	100.00%

(4) Roster of Major shareholders:

April 12, 2020

Shareholder's Name	Shareholding	Shareholding ratio
Hsu-Ting, Lin	5,324,342	3.75%
Fortune Venture Capital Corporation	4,416,152	3.11%
Liu-Ze, Lin	4,229,268	2.98%
Gen-Cing, Chen	2,070,211	1.46%
Chia-Hung, Wang	2,056,237	1.45%
Macking International Investment Corporation	1,890,600	1.33%
Arcadia Emerging Market Small Capital Securities Fund under the custody of HSBC	1,693,600	1.19%
Ji Xing, Huang	1,454,900	1.02%
Maniyou Co., Ltd.	1,260,900	0.89%
HSIN CHEN ENT CO.,LTD	1,250,000	0.88%

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

Unit: NT\$/share

Year		2018	2019	As of Mar. 31,2020
Item				
Market price per share	Highest	22.60	24.70	23.85
	Lowest	16.70	17.50	14.50
	Average	19.85	20.24	20.37
NAV	Pre-distribution	29.12	30.08	29.91((note1)
	Post-distribution	(note2)	(note2)	-
EPS	Weighted average shares	150,029,000	142,180,467	142,180,467
	EPS (pre-adjustment) (post-adjustment)	1.69	1.34	0.15 (note1)
DPS	Cash dividend	1.2	(note2)	-
	Scrip	-	-	--
	issue	-	-	--
	Accumulated dividends having yet to be paid	-	-	-
Analysis of ROI	P/E	11.75	(note2)	-
	Dividend ratio	16.54	(note2)	-
	Cash dividend yield	6.05%	(note2)	-

Note 1 : The NAV and EPS shown above are the data certified by the CPA as of the 1st quarter of 2020.

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

- (6) Execution of Dividend Policy
- 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.
 - 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 21, 2020 for 2019 earnings distribution, the company plans to distribute the cash dividend at \$1.2 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
- 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%.
 - Information of the employee bonus and director/supervisor remuneration passed by the board of directors:
 - 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 21, 2020, it is expected to distribute \$6,658,459 of employee cash bonuses and \$39,950,753 of director/supervisor remuneration or 2019
 - The shares of employee stock bonuses planned to be distributed and their ratio to the increased capital from earnings transfer: N/A
 - The actual distributions of dividend to employees and remuneration to directors and supervisors with retained in 2018:

	Resolved in shareholders meeting	Resolved by board of directors	Difference
Distribution status:			
Employee cash bonus	60,893,798	60,893,798	-
Employee stock bonus			
Shares	-	-	-
Amount	-	-	-
Ratio to the outstanding shares at the end of 2018	-	-	-
Director/supervisor remuneration	10,148,967	10,148,967	-
Information of EPS			
Original EPS	\$1.69	\$1.69	-
EPS taking bonuses and remuneration into account	\$1.69	\$1.69	-

(9) Treasury stock:

Frequency of shares repurchased	1st
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	\$ 31,725,673
The cumulative number of shares held during the repurchase period as a percentage of the total planned repurchase	50%
Cancellation and transfer	1,500,000 Shares
Cumulative number of own shares held	0 Shares
Ratio of cumulative number of own shares held during the repurchase period to the total number of the Company's issued shares	0%

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	2018		2019	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Precision metal products and Processing services	3,204,230	97.62	2,919,721	97.12
Others	78,214	2.38	86,532	2.88
Total	3,282,444	100.00	3,006,253	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

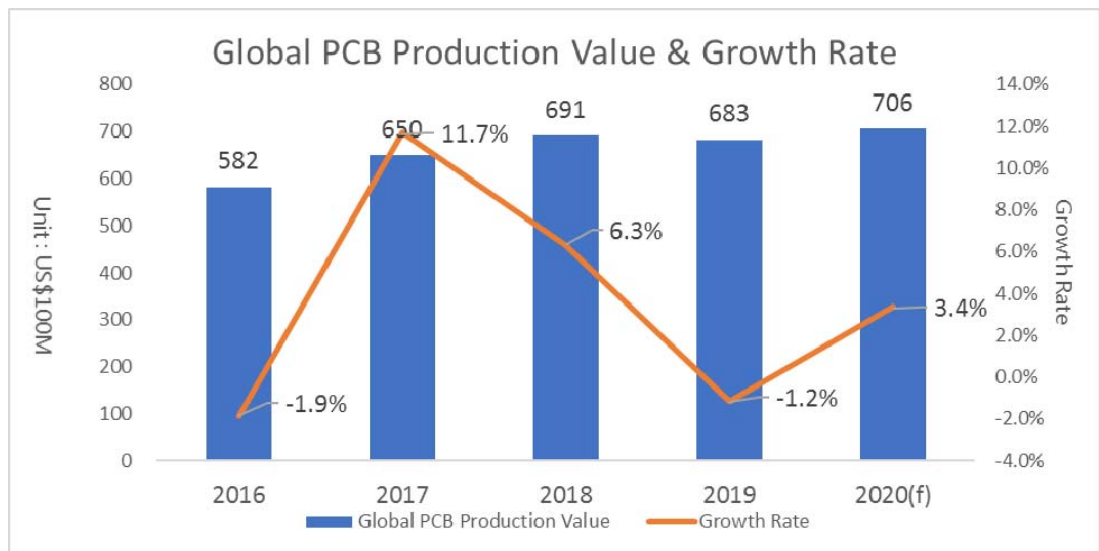
- ④. New Products under Development
 - i. Sustainable development of performance enhancing micro drills.
 - ii. Sustainable development of performance enhancing micro routers.
 - iii. Development of prolonged tool life product and high aspect ratio drills.
 - iv. Development of metal coating drills and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

(2) Industry Overview

①. Industry Status and Development

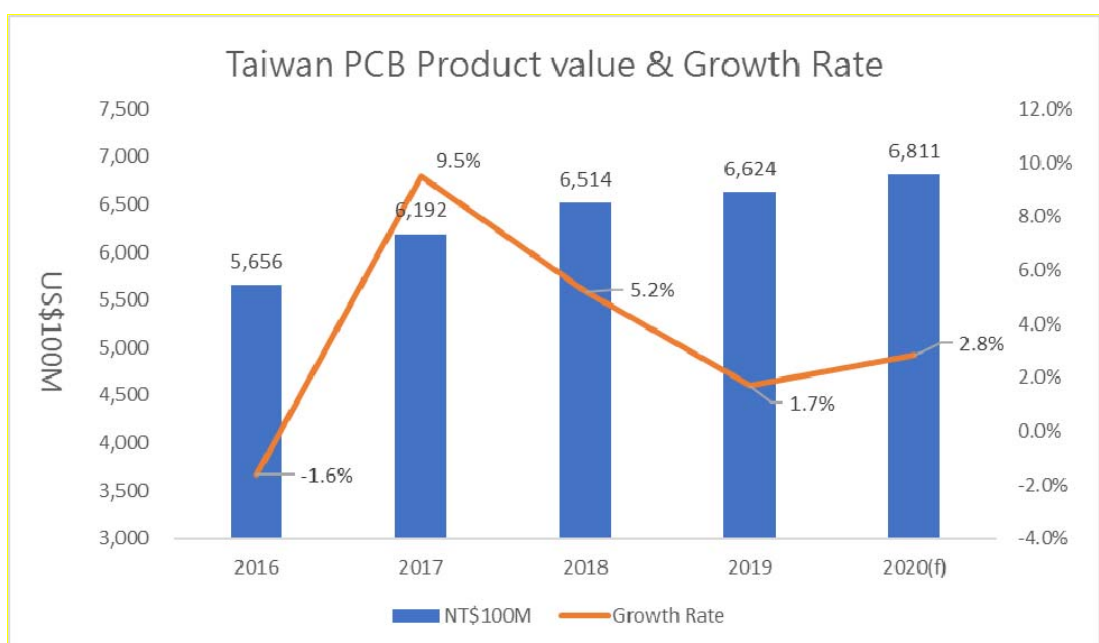
Drill bit is one of the critical materials used in PCB manufacturing process. PCBs fundamentally support the connection among components and wirings assembled in modern electronic devices. Hence, supply and demand condition for drills has a close tie to the PCB industrial development.

In 2019, it affected by the trade wars in various countries, Brexit and other factors. The overall global economic growth has slowed and the growth of the end electronic products has been weak. The emerging applications (5G, AIoT) have not yet reached the high-speed growth period. The PCB industry growth rate decreased by 1.2% compared with 2018. The output value reached 68.3 billion US dollars. According to TPCA (2020/02) data, the global PCB output value is estimated to reach US \$ 70.6 billion in 2020, an increase of approximately 3.4% compared to 2019.



Source : TPCA(2020/02), compiled by Topoint

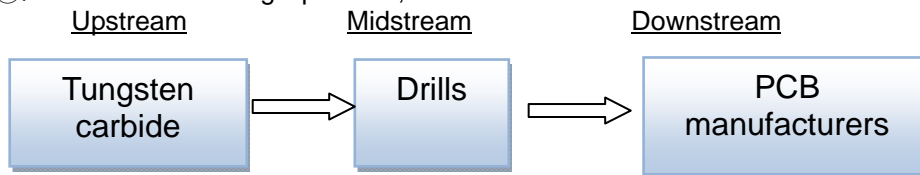
Taiwan PCB output value reached a new record high with NT \$ 662.4 billion in 2019. It increased by 1.7% compared with 2018 and it estimated growth rate was 2.8% in 2020 higher than it was in 2019. It has been growing for four consecutive years. With the global economy and the end product consumption weak, Taiwan PCB output value can still hit a high level. Apart from the exchange rate factor of the depreciation of the Taiwan dollar, the most important thing is still the result of the adjustment of the industrial structure. The leading companies felt the demand pressure from standard product but gain from 5G development on high-frequency flexible board antennas, high-end carrier boards, class carrier boards, etc. It plays an important role in filling the demand gap and leading the growth of the industry. On the other hand, small and medium-sized companies were also facing new markets, including hard and soft boards for wireless headsets and camera lenses, high-frequency and high-speed boards for servers, IC test boards and etc.



Source : TPCA(2020/02), 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 development of 5G base stations and automotive PCBs as well as its competition; 2. China manufacturers entry into high-end market aggressively; 3. The replacement of smartphones has become longer and the market is full and the uncertainty of the economy. In the first for 2020, we face the end user demand and globe economic impact from new coronary pneumonia on the supply chain of electronic components. We\ will pay close attention to changes in industrial development. By focusing on the core strategy, it will continue to develop market share and 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



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.
- iv. With the future market demand for 5G and automotive industry, PCB will use a large amount of high-frequency material such as thicker copper, rigid-flex board and HDI. The material selection and shape design must be adjusted to match the characteristics of the materials to be processed.

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 whole diameters and technological requirement. Currently Japan, Taiwan and China manufacturers are the main suppliers for the PCB drills. In Japan, only one manufacturer with the world's largest market share, other manufacturers have gradually scaled down in recent years. In Taiwan, our competitors such as Keyware Electronic Corp. and Tera Auto Corporation, each manufacturer has focus on different products to separate the market. Topoint has the highest drills market share in Taiwan and has the abilities to provide the micro sizes (diameter less than 0.25mm) same as Japanese manufactures. In recent years, China manufactures have also actively entered the PCB market, mainly in the small size (diameter above 0.30mm) for traditional PCBs. Due to large number of competitors in this sector, resulted to severe price competition. Topoint also focused on development for micro drills and high-performance drills and have technical competitiveness in the middle and high-end market.

(3) Technology and R&D Overview

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

April 30, 2020

Item / Education	PhD / Masters	University graduates	Senior high school	Total	Service seniority
No. of personnel	4	18	4	26	8.28
Ratio	15.4%	69.2%	15.4%	100%	

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

Unit: NT\$1,000

Item / year	2018	2019
R&D expense	116,811	111,130
Sales revenue	3,282,444	3,006,253
Ratio	4%	4%

③. The products and technology successfully developed

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.
2018	Mass production of super wear resistant products. Mass production of burrs for thick plates.

④. Long and Short-term Business Development Plans

i. Short-term Plan

- Continue to introduce innovative value-added products.
- Develop new markets and strengthen partnerships with customers.
- Cost control and maximization of production efficiency.
- Integrated resource and strengthen system processes.

ii. Long-term Plan

- Continue to develop core technology related new business to build up driving momentum for future business growth.
- 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	2018		2019	
	Amount of sales	% in revenue	Amount of sales	% in revenue
Domestic sales	590,534	17.99	661,737	22.01
China	2,273,683	69.27	2,073,718	68.98
Others	418,227	12.74	270,798	9.01
Total	3,282,444	100.00	3,006,253	100.00

②. Market Share

The company speculated its global market share approximately 20%, with monthly sales volume at 21 million pieces vs. monthly total demand of 110 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. The growth demand of high frequency and high speed, HDI and carrier boards and flexible boards. from 5G related products. Annual global production is estimated at US\$ 70.6 billion and growth rate for 2020 is estimated at 3.4%.
- ii. Supply Side : The Capacity of top three drill suppliers was took up 80% of global shares at the end of 2019. There were no capacity expansions among drill manufacturers in 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

- 、 China PCB market grows fast and technology ability is upgraded. It will drive the demands of high-end products.
- 、 Positive prospects of cloud computing servers and base stations will increase demand for PCB drills and drilling service.
- 、 Continue to hold the leading position in advanced technology along with high-yield and stable production, enabling steady orders and new business.

ii. Disadvantages

- 、 China's red supply chain rises, low-end mature products face price pressure
- 、 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 Kyocera	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

2018				2019				2020 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	124,252	18.18	None	A	147,781	24.96	None	A	28,403	21.23	None
B	73,852	10.80	None	B	45,001	7.60	None	B	6,182	4.62	None
Other	485,528	71.02		Other	399,337	67.44		Other	99,193	74.15	
Purchase Amount-Net	683,632	100.00		Purchase Amount-Net	592,119	100.00		Purchase Amount-Net	133,778	100.00	

b. List of major clients

Unit: NT\$1,000

2018				2019				2020 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
Sales Amount-Net	3,282,444	100.00	None	Sales Amount-Net	3,006,253	100.00	None	Sales Amount-Net	597,851	100.00	

⑤. Output values in the recent two years

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

Year/output value Major products	2018			2019		
	Production capacity	Output	Output value	Production capacity	Output	Output value
PCB Tool	241,752	238,594	1,104,207	241,752	226,235	1,037,448
Total	241,752	238,594	1,104,207	241,752	226,235	1,037,448

⑥. Sales turnovers in the recent two years

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

Year/sales turnover Major products	2018				2019			
	Domestic sales		Export sales		Domestic sales		Export sales	
	volume	value	Volume	Value	Volume	Value	Volume	value
Precision metal products and Processing services	48,628	580,480	155,557	2,623,751	42,821	654,522	158,934	2,265,200
Others	0	10,054	0	68,159	-	7,215	-	79,316
Total	48,628	590,534	155,557	2,691,910	42,821	661,737	155,934	2,344,516

3. Status of employees:

Year		2018	2019	April 30,2020
Number of employees	Indirect	238	218	225
	Direct	126	120	116
	Total	364	338	341
Average age		36.5	37.5	37.8
Average service years		6.60	7.27	7.32
Education distribution ratio	PhD	0.3%	0.3%	0.3%
	Master	4.9%	5.6%	5.6%
	College	43.1%	43.8%	44.9%
	Senior high school graduate	49.5%	47.6%	47.2%
	senior high school and Below	2.2%	2.7%	2%

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't 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.

①Salary and bonus: cash gift for shopping during the three major traditional holidays, and Employee compensation, Annual Senior Employee Commendation.

②Insurance: apart from the labor insurance and national health insurance required by law, Employees are enrolled in the group comprehensive insurance policy, free regular medical checkups for employees. Healthcare, including visits from medical, Massage services from people with visual impairments.

③employee activity: Employee travel allowance and health promotion program, Offer various

types of clubs with subsidies, year-end party prize drawing.

④Intimate facilities: Birthday cash gift, Employee wedding, funeral service, hospitalization, and childbirth subsidies, Independent and private medical and lactation (breastfeeding) room, Meal subsidies and Free parking.

(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. 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, 2019 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	2016.12~2022.12	Payment due date	N/A

VI. Financial information

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

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

Unit: NT\$ 1,000

Year Item		Condensed Balance Sheet of fiscal year 2015~2019					As of March 31, 2020
		2015	2016	2017	2018	2019	
Current Assets		3,596,105	3,578,675	3,869,456	3,982,776	3,998,337	3,860,728
Property, plant and equipment		2,977,495	2,505,790	2,142,951	2,071,314	1,751,469	1,703,912
Intangible Assets		9,131	35,705	28,114	20,864	12,958	12,373
Other Assets		315,324	176,172	248,825	273,003	233,170	236,209
Total Assets		6,898,055	6,296,342	6,289,346	6,347,957	5,995,934	5,813,222
Current Liabilities	Before allocation	1,120,899	1,074,714	1,009,662	1,090,740	882,697	767,697
	After allocation	1,336,195	1,218,701	1,072,853	1,261,356	*	*
Non-Current Liabilities		870,231	585,873	621,185	633,590	587,497	542,692
Total Liabilities	Before allocation	1,991,130	1,660,587	1,630,847	1,724,330	1,470,194	1,310,389
	After allocation	2,206,426	1,804,574	1,694,038	1,894,946	*	*
Equity attributable to shareholders of the company		4,688,076	4,384,922	4,408,323	4,369,192	4,277,144	4,253,222
Capital Stock		1,594,783	1,594,783	1,594,783	1,435,305	1,421,805	1,421,805
Capital surplus		1,219,550	1,235,440	1,232,138	1,228,597	1,230,872	1,230,872
Retained earnings	Before allocation	1,704,358	1,733,081	1,823,902	2,014,663	2,028,936	2,051,172
	After allocation	1,489,062	1,589,094	1,760,711	1,844,047	*	*
Other stockholders' equity		169,385	(146,686)	(210,804)	(279,177)	(404,469)	(450,627)
Treasury stock		-	(31,696)	(31,696)	(30,196)	-	-
Non-controlling interest		218,849	250,833	250,176	254,435	248,596	249,611
Total equities	Before allocation	4,906,925	4,635,755	4,658,499	4,623,627	4,525,740	4,502,833
	After allocation	4,691,629	4,491,768	4,595,308	4,453,011	*	*

*2020 regular meeting of shareholders resolution.

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

Unit: NT\$ 1,000

Year Item		Condensed Balance Sheet of fiscal year 2015~2019					As of March 31, 2020
		2015	2016	2017	2018	2019	
Current Assets		760,613	727,736	953,931	1,005,391	834,531	N/A
Property, plant and equipment		639,068	463,981	324,122	285,975	266,087	
Intangible Assets		6,996	10,272	7,579	4,793	1,127	
Other Assets		4,043,508	3,855,445	3,883,934	3,913,629	3,909,309	
Total Assets		5,450,185	5,057,434	5,169,566	5,209,788	5,011,054	
Current Liabilities	Before allocation	336,172	350,775	344,952	426,077	352,820	
	After allocation	551,468	494,762	408,143	596,693	*	
Non-Current Liabilities		425,937	321,737	416,291	414,519	381,090	
Total Liabilities	Before allocation	762,109	672,512	761,243	840,596	733,910	
	After allocation	977,405	816,499	824,434	1,011,212	*	
Equity attributable to shareholders of the company		4,688,076	4,384,922	4,408,323	4,369,192	4,277,144	
Capital Stock		1,594,783	1,594,783	1,594,783	1,435,305	1,421,805	
Capital surplus		1,219,550	1,235,440	1,232,138	1,228,597	1,230,872	
Retained earnings	Before allocation	1,704,358	1,733,081	1,823,902	2,014,663	2,028,936	
	After allocation	1,489,062	1,589,094	1,760,711	1,844,047	*	
Other stockholders' equity		169,385	(146,686)	(210,804)	(279,177)	(404,469)	
Treasury stock		-	(31,696)	(31,696)	(30,196)	-	
Non-controlling interest		-	-	-	-	-	
Total equities	Before allocation	4,688,076	4,384,922	4,408,323	4,369,192	4,277,144	
	After allocation	4,472,780	4,240,935	4,345,132	4,198,576	*	

*2020 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 2015~2019					As of March 31, 2020
	2015	2016	2017	2018	2019	
Net sales	3,505,897	3,282,932	3,283,163	3,282,444	3,006,253	597,851
Gross Profit	1,111,007	923,091	888,435	909,845	859,195	149,783
Operating Income	556,060	344,741	308,733	328,983	307,102	40,051
Non-operating income and expenses	(40,979)	(24,167)	11,344	10,224	23,859	(6,276)
Income before tax	515,081	320,574	320,077	339,207	330,961	33,775
Operating income	390,210	260,457	233,439	254,676	203,007	22,621
Loss of business units	-	-	-	-	-	-
Net income	390,210	260,457	233,439	254,676	203,007	22,621
Other comprehensive income	(92,719)	(322,922)	(66,708)	(68,379)	(126,585)	(45,528)
Total comprehensive income	297,491	(62,465)	166,731	186,297	76,422	(22,907)
Net income attributable to Shareholders of the company	372,393	246,132	236,418	253,641	190,275	21,375
Net income attributable to Non-controlling interest	17,817	14,325	(2,979)	1,035	12,732	1,246
Total comprehensive income attributable to Shareholders of the company	280,457	(73,641)	170,690	185,579	64,986	(23,922)
Total comprehensive income attributable to Non-controlling interest	17,034	11,176	(3,959)	718	11,436	1,015
Earnings per share	2.34	1.55	1.50	1.69	1.34	0.15

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

Unit: NT\$1,000

Item \ Year	Condensed Balance Sheet of fiscal year 2015~2019					As of March 31, 2020
	2015	2016	2017	2018	2019	
Net sales	1,242,772	1,159,407	1,142,819	1,172,272	1,020,624	N/A
Gross Profit	423,106	398,225	383,260	441,774	333,450	
Operating Income	205,094	194,835	174,055	208,548	156,395	
Non-operating income and expenses	221,812	99,677	100,345	126,368	63,334	
Income before tax	426,906	294,512	274,400	334,916	219,729	
Operating income	372,393	246,132	236,418	253,641	190,275	
Loss of business units	-	-	-	-	-	
Net income	372,393	246,132	236,418	253,641	190,275	
Other comprehensive income	(91,936)	(319,773)	(65,728)	(68,062)	(125,289)	
Total comprehensive income	280,457	(73,641)	170,690	185,579	64,986	
Net income attributable to Shareholders of the company	372,393	246,132	236,418	253,641	190,275	
Net income attributable to Non-controlling interest	-	-	-	-	-	
Total comprehensive income attributable to Shareholders of the company	280,457	(73,641)	170,690	185,579	64,986	
Total comprehensive income attributable to Non-controlling interest	-	-	-	-	-	
Earnings per share	2.34	1.55	1.50	1.69	1.34	

C. Auditing by CPAs

CPAs and their auditing opinions in the past five years

Year	CPAs	Opinions
2015	Wan-Yi, Liao & Chien-Hsin, Hsieh (Deloitte & Touche-Taiwan)	Unqualified
2016	Wan-Yi, Liao & Chien-Hsin, Hsieh (Deloitte & Touche-Taiwan)	Unqualified
2017	Wan-Yi, Liao & Yung-Fu, Liu (Deloitte & Touche-Taiwan)	Unqualified
2018	Wan-Yi, Liao & Yung-Fu, Liu (Deloitte & Touche-Taiwan)	Unqualified
2019	Chao-Mei, Chen & Chien-Hsin, Hsieh (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 2015~2019					As of March 31, 2020
		2015	2016	2017	2018	2019	
Financial structure (%)	Ratio of liabilities to assets	28.87	26.37	25.93	27.16	24.52	22.54
	Ratio of long-term capital to fixed assets	188.89	202.23	239.00	245.18	281.18	285.11
Solvency (%)	Current Ratio	320.82	332.99	383.24	365.14	452.97	502.90
	Quick Ratio	271.98	285.10	334.13	315.67	402.21	444.19
	Times interest Earned Ratio	16.48	13.76	16.95	20.10	22.91	12.79
Operating ability	Account Receivables Turnover (times)	2.65	2.38	2.49	2.41	2.37	1.96
	Days sales in accounts receivable	137.73	153.36	146.59	151.45	154.01	186.22
	Inventory Turnover (times)	4.73	4.62	4.98	4.75	4.49	3.85
	Account Payable Turnover (times)	12.08	13.21	12.18	11.58	11.48	9.75
	Average days in sales	77.16	79.00	73.29	76.84	81.29	94.81
	Fixed Assets Turnover (times)	1.08	1.20	1.41	1.56	1.57	1.30
	Total Assets Turnover(times)	0.51	0.52	0.52	0.52	0.50	0.39
Profit ability	Ratio of Return on assets (%)	5.95	4.26	3.97	4.26	3.49	1.65
	Ratio of Return on shareholders' equity (%)	8.05	5.46	5.02	5.49	4.44	1.99
	Ratio of Income before tax to Capital stock(%)	32.35	20.10	20.07	23.63	23.28	9.50
	Profit ratio (%)	11.13	7.93	7.11	7.76	6.75	3.78
	EPS (\$)	2.34	1.55	1.50	1.69	1.34	0.15
Cash Flows (%)	Cash flow ratio (%)	68.28	93.58	71.40	50.92	107.63	27.89
	Cash flow adequacy ratio (%)	112.54	133.57	150.98	147.46	170.91	174.21
	Cash reinvestment ratio (%)	5.65	7.98	5.62	4.69	7.49	2.07
Balance	Degree of operating leverage	3.41	5.00	5.04	4.52	4.84	7.13
	Degree of financial leverage	1.06	1.08	1.07	1.06	1.06	1.08

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

Item \ Year		Condensed Income Statement of fiscal year 2015~2019					As of March 31, 2020
		2015	2016	2017	2018	2019	
Financial structure (%)	Ratio of liabilities to assets	13.98	13.30	14.73	16.13	14.65	N/A
	Ratio of long-term capital to fixed assets	798.33	1,011.39	1,483.97	1,667.70	1,742.72	
Solvency (%)	Current Ratio	226.26	207.47	276.54	235.96	236.53	
	Quick Ratio	176.07	159.63	234.05	194.75	194.38	
	Times interest Earned Ratio	45.61	40.42	35.29	32.00	23.67	
Operating ability	Account Receivables Turnover (times)	4.95	4.58	4.15	4.41	3.98	
	Days sales in accounts receivable	73.74	79.69	87.95	82.77	91.71	
	Inventory Turnover (times)	5.22	5.00	5.35	4.79	4.43	
	Account Payable Turnover (times)	14.56	14.47	14.73	11.42	9.84	
	Average days in sales	69.92	73.00	68.22	76.20	82.39	
	Fixed Assets Turnover (times)	1.71	2.10	2.90	3.84	3.70	
	Total Assets Turnover(times)	0.23	0.23	0.22	0.23	0.20	
Profit ability	Ratio of Return on assets (%)	7.01	4.80	4.75	5.06	3.88	
	Ratio of Return on shareholders' equity (%)	8.03	5.43	5.38	5.78	4.40	
	Ratio of Income before tax to Capital stock(%)	26.82	18.47	17.21	23.33	15.45	
	Profit ratio (%)	29.96	21.23	20.69	21.64	18.64	
	EPS (\$)	2.34	1.55	1.50	1.69	1.34	
Cash Flows (%)	Cash flow ratio (%)	136.96	41.33	82.24	69.13	48.69	
	Cash flow adequacy ratio (%)	194.91	162.21	173.13	165.17	153.68	
	Cash reinvestment ratio (%)	3.90	(1.07)	2.04	3.38	0.02	
Balance	Degree of operating leverage	3.75	3.64	4.14	2.86	3.65	
	Degree of financial leverage	1.05	1.04	1.06	1.05	1.08	

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 = $365 / \text{Turnover rate of total assets}$.

(3) Inventory Turnover Ratio = $\text{Cost of sales} / \text{Average amount of inventory}$

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

(5) Average period of sales = $365 / \text{Inventory Turnover Ratio}$

(6) Ratio of Fixed Assets Turnover = $\text{Net sales} / \text{Net fixed assets}$

(7) Ratio of Total Assets Turnover = $\text{Net sales} / \text{Total assets}$

4. Profitability

(1) Return on assets = $[\text{gain and loss after tax} + \text{interest expense} \times (1 - \text{ax ratio})] / \text{Average Total assets}$

(2) Return on shareholders' equity = $\text{gain and loss after tax} / \text{Average Net shareholders' equity}$.

(3) Net profit margin = $\text{gain and loss after tax} / \text{Net sales}$

(4) EPS = $(\text{Net income} - \text{Preferred dividend}) / \text{weighted average number of issued shares (Note4)}$

5. Cash Flows

(1) Cash flow ratio = $\text{Operating net Cash Flows} / \text{Current liabilities}$

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

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

6. Balance:

(1) Degree of Operating leverage = $(\text{Net operating income} - \text{operating cost and expense changes}) / \text{Operating income}$ (Note6)

(2) Degree of Financial leverage = $\text{Operating income} / (\text{Operating income} - \text{interest expense})$

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

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

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

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

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

3. Supervisor's Report in the past five years: Please refer to P61 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 P62~146 in the annual report for details.

5. Financial statements in the most recent years: Please refer to P147~155 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 2019 consolidated financial statements, business report, and remuneration of the company and its subsidiaries has been audited and certified by the CPAs: Chao-Mei, Chen and Chien-Hsin, Hsieh 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,

2020 Shareholder's Meeting of TOP

Supervisor: Gen-Cing, Chen

Supervisor: Cheng-Chie, Niu

Supervisor: Fang-Cheng, Siao

February 21, 2020

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, 2019 and 2018, 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 (collectively referred to as the “consolidated financial statements”).

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, 2019 and 2018, 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, 2019. 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.

The Authenticity of Drill Revenue

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 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 drill revenue and of its design and implementation of related controls, and analyzed the changes in the top ten drill sales from customers and the accounts receivable turnover rate to check the rationale of drill revenue recognition based on the transactions. To test the occurrence of drill revenue transactions, we performed journal testing by selecting samples of drill 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 drill revenue.

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, 2019 and 2018 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, 2019 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 partners on the audit resulting in this independent auditors' report are Chao-Mei Chen and Chien-Hsin Hsieh.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 21, 2020

Notice to Readers

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

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

ASSETS	2019		2018	
	Amount	%	Amount	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	\$ 1,762,897	30	\$ 1,758,237	28
Financial assets at fair value through profit or loss (Notes 4, 7 and 31)	557,929	9	189,015	3
Notes receivable (Notes 4, 9 and 24)	163,883	3	155,808	2
Accounts receivable (Notes 4, 9 and 24)	862,609	14	1,138,761	18
Accounts receivable - related parties (Notes 4, 9, 24, 31 and 32)	119,591	2	93,046	2
Other receivables (Notes 4 and 9)	58,292	1	34,998	1
Other receivables - related parties (Notes 4 and 32)	405	-	6,870	-
Current tax assets (Notes 4 and 26)	1,080	-	663	-
Inventories (Notes 4 and 10)	434,286	7	521,981	8
Prepayments (Notes 11 and 17)	36,511	1	83,081	1
Other current assets	854	-	316	-
Total current assets	<u>3,998,337</u>	<u>67</u>	<u>3,982,776</u>	<u>63</u>
NON-CURRENT ASSETS				
Financial assets at fair value through other comprehensive income (Notes 4, 8 and 31)	51,679	1	28,984	-
Investments accounted for using the equity method (Notes 4 and 13)	-	-	10,737	-
Property, plant and equipment (Notes 4, 14 and 33)	1,751,469	29	2,071,314	33
Right-of-use assets (Notes 4 and 15)	62,796	1	-	-
Intangible assets (Notes 4 and 16)	12,958	-	20,864	-
Deferred tax assets (Notes 4 and 26)	78,035	1	125,774	2
Long-term prepayments for leases (Note 17)	-	-	52,604	1
Other non-current assets (Notes 18 and 22)	40,660	1	54,904	1
Total non-current assets	<u>1,997,597</u>	<u>33</u>	<u>2,365,181</u>	<u>37</u>
TOTAL	<u>\$ 5,995,934</u>	<u>100</u>	<u>\$ 6,347,957</u>	<u>100</u>
LIABILITIES AND EQUITY				
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	\$ 68,112	1	\$ 80,074	1
Financial liabilities at fair value through profit or loss (Notes 4, 7 and 31)	184	-	553	-
Contract liabilities (Note 24)	2,311	-	2,266	-
Accounts payable (Note 20)	174,594	3	195,770	3
Accounts payable - related parties (Note 32)	174	-	3,372	-
Other payables (Note 21)	580,382	10	708,745	11
Current tax liabilities (Notes 4 and 26)	31,278	1	50,517	1
Lease liabilities (Notes 4 and 15)	6,947	-	-	-
Long-term borrowings - current portion (Notes 19 and 33)	14,113	-	39,085	1
Other current liabilities	4,602	-	10,358	-
Total current liabilities	<u>882,697</u>	<u>15</u>	<u>1,090,740</u>	<u>17</u>
NON-CURRENT LIABILITIES				
Long-term borrowings, net of current portion (Notes 19 and 33)	398,988	7	454,792	7
Lease liabilities (Notes 4 and 15)	5,337	-	-	-
Guarantee deposits received	12,751	-	13,193	-
Deferred tax liabilities (Notes 4 and 26)	170,421	3	165,605	3
Total non-current liabilities	<u>587,497</u>	<u>10</u>	<u>633,590</u>	<u>10</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY				
Share capital	1,421,805	24	1,435,305	23
Capital surplus	1,230,872	20	1,228,597	19
Retained earnings				
Legal reserve	428,201	7	402,837	7
Special reserve	279,177	5	210,804	3
Unappropriated earnings	1,321,558	22	1,401,022	22
Total retained earnings	2,028,936	34	2,014,663	32
Other equity	(404,469)	(7)	(279,177)	(4)
Treasury shares	-	-	(30,196)	(1)
Total equity attributable to owners of the Company	<u>4,277,144</u>	<u>71</u>	<u>4,369,192</u>	<u>69</u>
NON-CONTROLLING INTERESTS	<u>248,596</u>	<u>4</u>	<u>254,435</u>	<u>4</u>
Total equity	<u>4,525,740</u>	<u>75</u>	<u>4,623,627</u>	<u>73</u>
TOTAL	<u>\$ 5,995,934</u>	<u>100</u>	<u>\$ 6,347,957</u>	<u>100</u>

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 24 and 32)	\$ 3,021,251	100	\$ 3,294,620	100
LESS: SALES RETURNS	424	-	352	-
SALES DISCOUNTS AND ALLOWANCES	<u>14,574</u>	<u>1</u>	<u>11,824</u>	<u>-</u>
NET OPERATING REVENUE	3,006,253	99	3,282,444	100
OPERATING COSTS				
Operating costs (Notes 10, 25 and 32)	<u>2,147,058</u>	<u>71</u>	<u>2,372,599</u>	<u>72</u>
GROSS PROFIT	<u>859,195</u>	<u>28</u>	<u>909,845</u>	<u>28</u>
OPERATING EXPENSES (Note 25)				
Selling and marketing	135,116	4	124,249	4
General and administrative (Note 32)	326,675	11	344,786	10
Research and development	111,130	4	116,811	4
Expected credit loss (gain)	<u>6,500</u>	<u>-</u>	<u>(404)</u>	<u>-</u>
Total operating expenses	<u>579,421</u>	<u>19</u>	<u>585,442</u>	<u>18</u>
OTHER OPERATING INCOME AND EXPENSES (Note 25)	<u>27,328</u>	<u>1</u>	<u>4,580</u>	<u>-</u>
PROFIT FROM OPERATIONS	<u>307,102</u>	<u>10</u>	<u>328,983</u>	<u>10</u>
NON-OPERATING EXPENSES				
Share of profit of associates (Note 13)	357	-	3,631	-
Interest income (Note 32)	18,467	1	18,025	1
Dividend income	1,619	-	1,198	-
Other income	28,236	1	14,733	-
Gain or loss on valuation of financial instruments	11,824	-	(1,235)	-
Other expenses	(1,367)	-	(1,644)	-
Loss on disposals of investments (Note 13)	(2,517)	-	-	-
Foreign exchange loss, net (Note 25)	(4,209)	-	(6,726)	-
Impairment loss (Note 14)	(13,446)	-	-	-
Interest expense	<u>(15,105)</u>	<u>(1)</u>	<u>(17,758)</u>	<u>(1)</u>
Total non-operating expenses	<u>23,859</u>	<u>1</u>	<u>10,224</u>	<u>-</u>

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
PROFIT BEFORE INCOME TAX	\$ 330,961	11	\$ 339,207	10
INCOME TAX EXPENSE (Notes 4 and 26)	<u>(127,954)</u>	<u>(4)</u>	<u>(84,531)</u>	<u>(2)</u>
NET PROFIT	<u>203,007</u>	<u>7</u>	<u>254,676</u>	<u>8</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit plans	4	-	(331)	-
Unrealized gain on investments in equity instruments at fair value through other comprehensive income	22,695	1	4,572	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(1)	-	285	-
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating the financial statements of foreign operations	<u>(149,283)</u>	<u>(5)</u>	<u>(72,905)</u>	<u>(2)</u>
Total other comprehensive loss	<u>(126,585)</u>	<u>(4)</u>	<u>(68,379)</u>	<u>(2)</u>
TOTAL COMPREHENSIVE INCOME	<u>\$ 76,422</u>	<u>3</u>	<u>\$ 186,297</u>	<u>6</u>
NET PROFIT ATTRIBUTED TO:				
Owners of the Company	\$ 190,275	6	\$ 253,641	8
Non-controlling interests	<u>12,732</u>	<u>1</u>	<u>1,035</u>	<u>-</u>
	<u>\$ 203,007</u>	<u>7</u>	<u>\$ 254,676</u>	<u>8</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTED TO:				
Owners of the Company	\$ 64,986	2	\$ 185,579	6
Non-controlling interests	<u>11,436</u>	<u>1</u>	<u>718</u>	<u>-</u>
	<u>\$ 76,422</u>	<u>3</u>	<u>\$ 186,297</u>	<u>6</u>
EARNINGS PER SHARE (IN NEW TAIWAN DOLLAR) (Note 27)				
Basic	<u>\$1.34</u>		<u>\$1.69</u>	
Diluted	<u>\$1.32</u>		<u>\$1.65</u>	

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018

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

	Equity Attributable to Owners of the Company										Non-controlling Interest (Note 23)	Total Equity	
	Share Capital (Note 23)	Capital Surplus (Note 23)	Retained Earnings (Notes 4 and 23)			Unappropriated Earnings	Other Equity (Note 23)			Treasury Shares (Note 23)			Total
			Legal Reserve	Special Reserve			Exchange Differences on Translating the Financial Statements of Foreign Operations	Unrealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income					
BALANCE AT JANUARY 1, 2018	\$ 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	
Appropriation of 2017 earnings	-	-	23,642	-	(23,642)	-	-	-	-	-	-	-	
Legal reserve	-	-	-	12,034	(12,034)	-	-	-	-	-	-	-	
Cash dividends distributed by the Company (NT\$0.4 per share)	-	-	-	-	(63,191)	-	-	-	-	(63,191)	-	(63,191)	
	-	-	23,642	12,034	(98,867)	-	-	-	-	(63,191)	-	(63,191)	
Net profit for the year ended December 31, 2018	-	-	-	-	253,641	-	-	-	-	253,641	1,035	254,676	
Other comprehensive income (loss) for the year ended December 31, 2018, net of income tax	-	-	-	-	(46)	-	(72,588)	4,572	-	(68,062)	(317)	(68,379)	
Total comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	253,595	-	(72,588)	4,572	-	185,579	718	186,297	
Capital reduction	(159,478)	-	-	-	-	-	-	-	1,500	(157,978)	-	(157,978)	
Changes in percentage of ownership interests in subsidiaries	-	(3,541)	-	-	-	-	-	-	-	(3,541)	3,541	-	
Disposals of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	357	-	-	(357)	-	-	-	-	
BALANCE AT DECEMBER 31, 2018	1,435,305	1,228,597	402,837	210,804	1,401,022	(283,392)	4,215	4,215	(30,196)	4,369,192	254,435	4,623,627	
Appropriation of 2018 earnings	-	-	25,364	-	(25,364)	-	-	-	-	-	-	-	
Legal reserve	-	-	-	68,373	(68,373)	-	-	-	-	(170,616)	-	(170,616)	
Cash dividends distributed by the Company (NT\$1.2 per share)	-	-	-	-	(170,616)	-	-	-	-	(170,616)	-	(170,616)	
	-	-	25,364	68,373	(264,353)	-	-	-	-	(170,616)	-	(170,616)	
Net profit for the year ended December 31, 2019	-	-	-	-	190,275	-	-	-	-	190,275	12,732	203,007	
Other comprehensive income (loss) for the year ended December 31, 2019, net of income tax	-	-	-	-	3	-	(147,987)	22,695	-	(125,289)	(1,296)	(126,585)	
Total comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	190,278	-	(147,987)	22,695	-	64,986	11,436	76,422	
Retirement of treasury shares	(13,500)	(11,307)	-	-	(5,389)	-	-	-	30,196	-	-	-	
Changes in percentage of ownership interests in subsidiaries	-	13,582	-	-	-	-	-	-	-	13,582	(17,275)	(3,693)	
BALANCE AT DECEMBER 31, 2019	\$ 1,421,805	\$ 1,230,872	\$ 428,201	\$ 279,177	\$ 1,321,558	\$ (431,379)	\$ 26,910	\$ 26,910	\$ -	\$ 4,277,144	\$ 248,596	\$ 4,525,740	

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 330,961	\$ 339,207
Adjustments for:		
Depreciation	352,544	375,935
Amortization	8,625	9,243
Expected credit loss recognized (reversed)	6,500	(404)
(Gain) loss on valuation of financial instruments	(11,824)	1,235
Interest expense	15,105	17,758
Interest income	(18,467)	(18,025)
Share of profit of associates	(357)	(3,631)
Gain on disposal of property, plant and equipment	(27,328)	(4,580)
Loss on disposal of investment	2,517	-
Impairment loss recognized on property, plant and equipment	13,446	-
Amortization of prepayments for leases	-	1,283
Net changes in operating assets and liabilities		
Financial assets mandatorily classified as at fair value through profit or loss	777	10,004
Notes receivable	(8,075)	(20,382)
Accounts receivable	269,260	(34,694)
Accounts receivable - related parties	(26,545)	2,210
Other receivables	18,639	(1,682)
Other receivables - related parties	161	-
Inventories	85,164	(46,716)
Prepayments	45,311	5,723
Other current assets	(538)	(1,026)
Contract liabilities	45	(2,595)
Accounts payable	(21,176)	(14,682)
Accounts payable - related parties	(3,198)	3,112
Other payables	15,384	9,812
Other current liabilities	(5,756)	4,125
Net defined benefit asset	(1,567)	(3,908)
Cash generated from operations	1,039,608	627,322
Interest received	18,477	18,002
Interest paid	(15,213)	(17,653)
Income tax paid	(92,837)	(72,252)
Net cash generated from operating activities	<u>950,035</u>	<u>555,419</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Payments for financial assets at fair value through other comprehensive income	-	(24,769)
Payment for financial assets at fair value through profit or loss	(600,559)	-
Proceeds from financial assets at fair value through other comprehensive income	-	5,648
Proceeds from financial assets at fair value through profit or loss	242,323	-

(Continued)

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (In Thousands of New Taiwan Dollars)

	2019	2018
Net cash outflow on acquisition of subsidiaries	\$ -	\$ (7,371)
Payments for property, plant and equipment (Note 29)	(356,128)	(271,139)
Proceeds from disposal of property, plant and equipment (Note 29)	120,274	24,923
Decrease in refundable deposits	4,408	21,443
Decrease (increase) in other receivables from related parties	6,709	(6,870)
Payments for intangible assets	(1,203)	(2,273)
Decrease in other non-current assets	<u>3,689</u>	<u>2,596</u>
Net cash used in investing activities	<u>(580,487)</u>	<u>(257,812)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net increase (decrease) in short-term borrowings	(11,159)	12,668
Proceeds from long-term borrowings	-	31,321
Repayments of long-term borrowings	(79,227)	(63,827)
Net increase (decrease) in guarantee deposits received	(442)	2,204
Repayment of the principal portion of lease liabilities	(7,064)	-
Cash dividends	(170,616)	(63,191)
Acquisition of ownership interests in subsidiaries	(3,693)	-
Capital reduction payments to shareholders	<u>-</u>	<u>(157,978)</u>
Net cash used in financing activities	<u>(272,201)</u>	<u>(238,803)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	<u>(92,687)</u>	<u>(36,845)</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	4,660	21,959
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,758,237</u>	<u>1,736,278</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,762,897</u>	<u>\$ 1,758,237</u>

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

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018 (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 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 21, 2020.

3. APPLICATION OF NEW, AMENDED 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, 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 did not have material impact on the Group’s accounting policies:

IFRS 16 “Leases”

IFRS 16 provides a comprehensive model for the identification of lease arrangements and their treatment in the financial statements of both the lessee and the lessor. It supersedes IAS 17 “Leases”, IFRIC 4 “Determining whether an Arrangement contains a Lease”, and a number of related interpretations. Refer to Note 4 for information relating to the relevant accounting policies.

Definition of a lease

The Group elects to apply the guidance of IFRS 16 in determining whether contracts are, or contain, a lease only to contracts entered into (or changed) on or after January 1, 2019. Contracts identified as containing a lease under IAS 17 and IFRIC 4 are not reassessed and are accounted for in accordance with the transitional provisions under IFRS 16.

The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases on the consolidated balance sheets except for those whose payments under low-value asset and short-term leases are recognized as expenses on a straight-line basis. On the consolidated statements of comprehensive income, the Group presents the depreciation expense charged on right-of-use assets separately from the interest expense accrued on lease liabilities; interest is computed 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. Prior to the application of IFRS 16, payments under operating lease contracts were recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights in Mainland China were recognized as prepayments for leases. Cash flows for operating leases were classified within operating activities on the consolidated statements of cash flows. Leased assets and finance lease payables were recognized on the consolidated balance sheets for contracts classified as finance leases.

The Group elects to apply IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized in retained earnings on January 1, 2019. Comparative information is not restated.

Lease liabilities were recognized on January 1, 2019 for leases previously classified as operating leases under IAS 17. Lease liabilities were measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets are measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. Except for the following practical expedient (b) which is applied, the Group applies IAS 36 to all right-of-use assets.

The Group also applies the following practical expedients:

- 1) The Group applies a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.
- 2) The Group adjusts the right-of-use assets on January 1, 2019 by the amount of any provisions for onerous leases recognized on December 31, 2018, instead of assessing the impairment under IAS 36.
- 3) The Group accounts for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.
- 4) The Group excludes initial direct costs from the measurement of right-of-use assets on January 1, 2019.
- 5) The Group uses hindsight, such as in determining lease terms, to measure lease liabilities.

For leases previously classified as finance leases under IAS 17, the carrying amounts of right-of-use assets and lease liabilities on January 1, 2019 are determined as at the carrying amounts of the respective leased assets and finance lease payables on December 31, 2018.

The lessee's incremental borrowing rate applied to lease liabilities recognized on January 1, 2019 is 1.50%-4.75%. The difference between the (i) lease liabilities recognized and (ii) operating lease commitments disclosed under IAS 17 on December 31, 2018 is explained as follows:

The future minimum lease payments of non-cancellable operating lease commitments on December 31, 2018	\$ 21,137
Less: Recognition exemption for short-term leases	<u>(967)</u>
Undiscounted amounts on January 1, 2019	<u>\$ 20,170</u>
Discounted amounts using the incremental borrowing rate on January 1, 2019	<u>\$ 19,354</u>
Lease liabilities recognized on January 1, 2019	<u>\$ 19,354</u>

The Group as lessor

The Group will not make any adjustments for leases in which it is a lessor and it accounts for those leases with the application of IFRS 16 starting from January 1, 2019.

The impact on assets and liabilities as of January 1, 2019 from the initial application of IFRS 16 is set out as follows:

	As Originally Stated on January 1, 2019	Adjustments Arising from Initial Application	Restated on January 1, 2019
Prepayment	\$ 1,259	\$ (1,259)	\$ -
Long-term prepaid rent receivable	52,604	(52,604)	-
Right-of-use assets	<u>-</u>	<u>73,217</u>	<u>73,217</u>
Total effect on assets	<u>\$ 53,863</u>	<u>\$ 19,354</u>	<u>\$ 73,217</u>
Lease liabilities - current	\$ -	\$ 7,112	\$ 7,112
Lease liabilities – non-current	<u>-</u>	<u>12,242</u>	<u>12,242</u>
Total effect on liabilities	<u>\$ -</u>	<u>\$ 19,354</u>	<u>\$ 19,354</u>

- b. The IFRSs endorsed by the FSC for application starting from 2020

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 3 “Definition of a Business”	January 1, 2020 (Note 1)
Amendments to IFRS 9, IAS 39 and IFRS 7 “Interest Rate Benchmark Reform”	January 1, 2020 (Note 2)
Amendments to IAS 1 and IAS 8 “Definition of Material”	January 1, 2020 (Note 3)

Note 1: The Group shall apply these amendments to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2020 and to asset acquisitions that occur on or after the beginning of that period.

Note 2: The Group shall apply these amendments retrospectively for annual reporting periods beginning on or after January 1, 2020.

Note 3: The Group shall apply these amendments prospectively for annual reporting periods beginning on or after January 1, 2020.

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)
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 17 "Insurance Contracts"	January 1, 2021
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2022

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

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

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;
- 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
- Level 3 inputs are unobservable inputs for the asset or liability.

Classification of Current and Non-current 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 non-current.

Basis of Consolidation

Principles for preparing consolidated financial statements

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

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

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

Attribution of total comprehensive income to non-controlling interests

Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling 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 non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling 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).

Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e., 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.

Non-monetary 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 non-monetary items are included in profit or loss for the period, except for exchange differences arising from the retranslation of non-monetary 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.

Non-monetary 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 from 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. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling 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 stated at weighted-average cost on the balance sheet date.

Investments in Subsidiaries

A subsidiary is an entity (including a structured entity) that is controlled by the Company.

The Company uses the equity method to account for its investments in subsidiaries.

Under the equity method, an investment in a subsidiary is initially recognized at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary. The Company also recognizes the changes in the Company's share of equity of subsidiaries.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for using the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

When the Company loses control of a subsidiary, it stops using equity method. The difference between any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides this, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company's financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company's financial statements only to the extent of interests in the subsidiaries that are not related to the Company.

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

At the end of each reporting period, the Group reviews the carrying amounts of its tangible and intangible assets, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the corresponding asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

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 FVTPL, financial assets at amortized cost and equity instruments at FVTOCI.

a) Financial assets at FVTPL

Financial assets at FVTPL are subsequently measured 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 dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 31.

b) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

- i. Purchased or originated credit impaired financial assets, for which interest income is calculated by applying the credit adjusted effective interest rate to the amortized cost of such financial assets; and

- ii. Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, 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.

- iii. Investments in equity instruments at FVTOCI

On initial recognition, the Group may make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation as at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments; instead, it will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including accounts receivable).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of such a financial asset.

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 at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss. However, on derecognition of an investment in an equity instrument at FVTOCI, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss, and the cumulative gain or loss which had been recognized in other comprehensive income is transferred directly to retained earnings, without recycling through 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 on which 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 hedging relationship. When the fair value of a derivative financial instrument is positive, the derivative is recognized as a financial asset; when the fair value of a derivative financial instrument is negative, the derivative is recognized as a financial liability.

Revenue Recognition

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

a. Revenue from the sale of goods

Revenue from the sale of goods comes from sales of micro-drill bits for PCBs and precision metal products. Sales of these goods are recognized as revenue when the goods are shipped because it is the time when the customer has full the discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers and bears the risks of obsolescence. Accounts receivable and revenue are recognized concurrently.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

b. Revenue from the rendering of services

Revenue from the rendering of services comes from testing of drill bits, mounting plate blot holes, manufacturing of metal products and purchasing equipment on behalf of other customers.

As the Group provides drill bits and mounting plate blot holes, customers simultaneously receive and consume the benefits provided by the Groups performance. Consequently, the related revenue is recognized when services are rendered.

For services in purchasing equipment on behalf of customers, the Group does not control the equipment before it is transferred to the customer. The Group neither is responsible for the customer's acceptance of the equipment nor commits itself to obtain the goods from the suppliers before the equipment is purchased by the customer and thus does not take on any inventory risk. Consequently, the Group is an agent and its performance obligation is to procure the equipment on behalf of the customer. The Group recognizes revenue in the net amount of consideration received or receivable when the equipment is transferred to the customer, and the Group has no further obligations to the customer.

Leasing

2019

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

a. The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

Lease payments (less any lease incentives payable) from operating leases are recognized as income on a straight-line basis over the terms of the relevant leases. Initial direct costs incurred in obtaining operating leases are added to the carrying amounts of the underlying assets and recognized as expenses on a straight-line basis over the lease terms.

b. The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line basis over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments, which comprise fixed payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

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Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

a. The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

b. The Group as lessee

Operating lease payments are recognized as expenses 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.

Taxation

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

a. Current tax

According to the Income Tax Law, an additional tax of unappropriated earnings is provided for as income tax in the year the shareholders approve to retain earnings.

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

b. Deferred tax

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

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

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

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the 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.

The accounting policies, estimates and underlying assumptions adopted by the Group have no critical accounting judgments and estimation uncertainty after evaluation by the management of the Group.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2019	2018
Cash on hand	\$ 763	\$ 981
Checking accounts and demand deposits	646,060	659,237
Cash equivalents		
Time deposits	<u>1,116,074</u>	<u>1,098,019</u>
	<u>\$ 1,762,897</u>	<u>\$ 1,758,237</u>

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

	December 31	
	2019	2018
Demand deposits	0.001%-1.20%	0.001%-0.48%
Time deposits	0.40%-2.94%	0.40%-3.33%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2019	2018
<u>Financial assets mandatorily classified as at FVTPL</u>		
Non-derivative financial assets		
Mutual funds	\$ 115,098	\$ 187,580
Derivative financial assets (not under hedge accounting)		
Forward exchange contracts (a)	190	1,435
Hybrid financial assets		
Structured deposit (b)	<u>442,641</u>	<u>-</u>
	<u>\$ 557,929</u>	<u>\$ 189,015</u>
<u>Financial liabilities held for trading</u>		
Derivative financial liabilities (not under hedge accounting)		
Forward exchange contracts	<u>\$ 184</u>	<u>\$ 553</u>

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

	Currency	Maturity	Notional Amount (In Thousands)
<u>December 31, 2019</u>			
Sell	JPY/NTD	2020.01.22	JPY3,600/NTD1,041
Sell	JPY/NTD	2020.02.24	JPY1,600/NTD459
Sell	JPY/NTD	2020.03.27	JPY2,000/NTD584
Sell	KRW/USD	2020.01.10	KRW280,000/USD239
Sell	KRW/USD	2020.02.07	KRW130,000/USD110
Sell	KRW/USD	2020.03.10	KRW170,000/USD146
Sell	USD/NTD	2020.01.10	USD239/NTD7,280
Sell	USD/NTD	2020.02.07	USD110/NTD3,357
Sell	USD/NTD	2020.03.10	USD146/NTD4,391

December 31, 2018

Sell	JPY/NTD	2019.01.25	JPY1,900/NTD523
Sell	JPY/NTD	2019.02.22	JPY1,600/NTD442
Sell	JPY/NTD	2019.03.26	JPY3,700/NTD994
Sell	JPY/NTD	2019.04.26	JPY1,900/NTD514
Buy	NTD/JPY	2019.04.17-04.29	NTD52,427/JPY190,575
Buy	NTD/JPY	2019.05.21-06.21	NTD52,084/JPY190,575
Buy	NTD/JPY	2019.07.20-08.01	NTD36,997/JPY132,510
Sell	KRW/USD	2019.01.10	KRW212,000/USD187
Sell	KRW/USD	2019.02.13	KRW251,000/USD222
Sell	KRW/USD	2019.03.11	KRW230,000/USD204
Sell	USD/NTD	2019.01.10	USD187/NTD5,741
Sell	USD/NTD	2019.02.13	USD222/NTD6,816
Sell	USD/NTD	2019.03.11	USD204/NTD6,248
Sell	EUR/RMB	2019.01.31	EUR61/RMB486

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.

- b. The Group entered into a 30-90 days structured time deposit contract. The structured time deposit contract includes an embedded derivative instrument which is not closely related to the host contract. The entire contract is assessed and mandatorily classified as at FVTPL since it contained a host that is an asset within the scope of IFRS 9.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>December 31</u>	
	2019	2018
<u>Non-current</u>		
Domestic investments		
Listed shares		
Ordinary shares - Zhen Ding Technology Holding Limited	<u>\$ 51,679</u>	<u>\$ 28,984</u>

In January 2018, the Group as \$24,769 thousand acquired ordinary shares of Zhen Ding Technology Holding Limited for medium to long-term strategic purposes; the management designated these investments as at FVTOCI.

In October 2018, the Group sold its shares in Golden Creation (Cayman) Trade Co., Ltd. in order to manage its credit concentration risk. The sold shares had a fair value of \$6,159 thousand and the Group transferred a gain of \$357 thousand from other equity to retained earnings.

9. NOTES RECEIVABLE, TRADE RECEIVABLES AND OTHER RECEIVABLES

	December 31	
	2019	2018
<u>Notes receivable</u>		
At amortized cost	\$ 163,883	\$ 155,808
<u>Trade receivables</u>		
At amortized cost		
Gross carrying amount	\$ 872,119	\$ 1,149,650
Less: Allowance for impairment loss	9,510	10,889
	<u>\$ 862,609</u>	<u>\$ 1,138,761</u>
<u>Other receivables</u>		
Equipment receivable	\$ 33,529	\$ -
Disposal of investments receivable (Note 13)	8,239	-
Purchase of equipment on other's behalf	6,380	10,986
Bank retention accounts	2,703	2,698
Export tax rebate	1,880	6,173
Others	<u>5,561</u>	<u>15,141</u>
	<u>\$ 58,292</u>	<u>\$ 34,998</u>

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

1) At amortized cost

The average credit period of sales of goods was from 90 to 150 days. No interest was charged on trade receivables. The Group adopted a policy of only dealing with entities that are rated the equivalent of investment grade or higher and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from default. The Group uses other publicly available financial information or its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of

transactions concluded is spread among approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved annually.

The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base. The Group evaluates the prospect of recovery based on the past due days of accounts receivable and determine the credit losses with the respective risks of default occurring as the weights.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of accounts receivable based on the Group's provision matrix.

December 31, 2019

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	120 to 180 Days	180 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.21%	3.67%-4.64%	-	-	9.80%	50%	100%	
Gross carrying amount	\$ 855,913	\$ 1,135	\$ -	\$ -	\$ 376	\$ 12,368	\$ 2,327	\$ 872,119
Loss allowance (Lifetime ECL)	(910)	(52)	-	-	(37)	(6,184)	(2,327)	(9,510)
Amortized cost	<u>\$ 855,003</u>	<u>\$ 1,083</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 339</u>	<u>\$ 6,184</u>	<u>\$ -</u>	<u>\$ 862,609</u>

December 31, 2018

	Not Past Due	Less than 60 Days	61 to 90 Days	91 to 120 Days	120 to 180 Days	180 to 360 Days	Over 361 Days	Total
Expected credit loss rate	0%-0.52%	1.36%-1.85%	0.78%	0.42%	0.4%	50%	100%	
Gross carrying amount	\$ 1,121,446	\$ 11,452	\$ 15	\$ 4,437	\$ 2,365	\$ 4,381	\$ 5,554	\$ 1,149,650
Loss allowance (Lifetime ECL)	(2,919)	(197)	-	(19)	(9)	(2,191)	(5,554)	(10,889)
Amortized cost	<u>\$ 1,118,527</u>	<u>\$ 11,255</u>	<u>\$ 15</u>	<u>\$ 4,418</u>	<u>\$ 2,356</u>	<u>\$ 2,190</u>	<u>\$ -</u>	<u>\$ 1,138,761</u>

The movements of the loss allowance of trade receivables were as follows:

	2019	2018
Balance at January 1	\$ 10,889	\$ 11,485
Add: Impairment loss recognized	6,500	-
Less: Amounts written off	(7,487)	-
Less: Impairment loss reversed	-	(404)
Foreign exchange gains	<u>(392)</u>	<u>(192)</u>
Balance at December 31	<u>\$ 9,510</u>	<u>\$ 10,889</u>

2) At FVTPL

For accounts receivable from related parties, the Group will sell them to banks without recourse. The sale will result in derecognizing these trade receivables because the Group will transfer the significant risks and rewards relating to them. These trade receivables are classified as at FVTPL because the objective of the Group's business model is neither to collect contractual cash flows nor achieved by collecting contractual cash flows and selling financial assets.

Factored trade receivables for the years ended December 31, 2019 and 2018 were as follows:

December 31, 2019

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
Mega International Commercial Bank	<u>\$ 81,792</u>	<u>\$ 20,122</u>	<u>\$ 17,419</u>	<u>\$ 768</u>	<u>\$ 1,935</u>	2.54-4.87	US\$ 3,000 thousand

December 31, 2018

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
Mega International Commercial Bank	<u>\$ 78,960</u>	<u>\$ 17,110</u>	<u>\$ 14,412</u>	<u>\$ 1,097</u>	<u>\$ 1,601</u>	3.34-3.81	US\$ 3,000 thousand

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

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

10. INVENTORIES

	<u>December 31</u>	
	<u>2019</u>	<u>2018</u>
Raw materials	\$ 132,272	\$ 157,929
Supplies	76,314	82,549
Work in process	32,045	35,809
Finished goods	188,218	211,317
Merchandise	<u>5,437</u>	<u>34,377</u>
	<u>\$ 434,286</u>	<u>\$ 521,981</u>

The costs of inventories recognized as operating costs were as follows: (a) \$1,381,906 thousand for the year ended December 31, 2019, which included a loss of \$35,893 thousand on inventory write-downs and obsolescence and a gain of \$1,068 thousand on physical inventory; and (b) \$1,572,565 thousand for the year ended December 31, 2018, which included a loss of \$15,234 thousand on inventory write-downs and obsolescence and a loss of \$299 thousand on physical inventory.

11. PREPAYMENTS

	December 31	
	2019	2018
Prepaid purchases	\$ 14,822	\$ 24,665
Prepayment for expense	13,774	17,613
Prepaid value-added tax	6,608	26,144
Other prepayments	1,307	13,400
Land use right (Note 17)	-	1,259
	<u>\$ 36,511</u>	<u>\$ 83,081</u>

12. SUBSIDIARIES INCLUDED IN CONSOLIDATED FINANCIAL STATEMENTS

Investor	Investee	Nature of Activities	Proportion of Ownership (%)		Note
			December 31		
			2019	2018	
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	
	E-point Precision Tools Co., Ltd.	Selling cutting tools	70.00	70.00	Note a
	Raypoint Precision Tools Co., Ltd.	International trade	100.00	-	Note b
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	
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting tools	10.00	-	Note c
	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	90.00	94.74	Note c
	Shanghai Hejin Roller Technology Co., Ltd.	Manufacturing and selling machinery parts	86.27	86.27	
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	81.83	81.83	
	Sharpoint Electronics (Huaian) Co., Ltd.	Testing of drill bits and mounting plate blot holes	100.00	100.00	
	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	
Unipoint Technology Co., Ltd.	Topmicron Investment Ltd.	International investment	100.00	100.00	Note d
Topmicron Investment Ltd.	Sharpoint Electronics (Suzhou) Co., Ltd.	Print circuit board products	100.00	100.00	Note d

Note a: The Company established E-point Precision Tools Co., Ltd. in May 2018.

Note b: The Company invested Raypoint Precision Tools Co., Ltd. in December 2019.

Note c: Topoint Technology Co., LTD. (B.V.I.) acquired 5.26% equity of Chengdu Raypoint Precision Tools Co., Ltd. for \$3,693 thousand on July 10, 2019, refer to Note 28. Topoint Technology Co., LTD. (B.V.I.) subscribed for additional new shares of Chengdu Raypoint Precision Tools Co., Ltd. in December 2019. Therefore, the ownership interest in Chengdu Raypoint Precision Tools Co., Ltd. increased from 5.26% to 10%, and the ownership interest from Shanghai Topoint Precision Technology Co., Ltd. decreased from 94.74% to 90%.

Note d: Unipoint Technology Co., Ltd. established Topmicron Investment Ltd. in May 2018 and invested in Sharpoint Electronics (Suzhou) Co., Ltd. through Topmicron Investment Ltd.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2019	2018
Investments in associates	\$ <u>-</u>	\$ <u>10,737</u>
Associates that are not individually material		
W.S.G. International Co., Ltd.	\$ <u>-</u>	\$ <u>10,737</u>

The Group held a 50% interest in W.S.G. International Co., Ltd. On September 2, 2019, the Group sold all of its interests in W.S.G. International Co., Ltd. to a third party for proceeds of \$8,239 thousand, and were recorded in other receivables. This transaction resulted in the recognition of a loss in profit or loss, which was calculated as follows:

Proceeds of disposal	\$ 8,239
Less: Carrying amount of investment on the date of loss of significant influence	(10,978)
Effect of foreign currency exchange differences	<u>222</u>
Loss recognized	\$ <u>(2,517)</u>

Refer to aggregate information of associates that are not individually material below:

	For the Year Ended December 31	
	2019	2018
The Group's share of:		
Profit from continuing operations	\$ <u>357</u>	\$ <u>3,631</u>
Other comprehensive income	\$ <u>357</u>	\$ <u>3,631</u>

For the year ended December 31, 2018, the Group has acquired an associate that is not individually material.

Management believes there is no material impact on the equity method accounting or the calculation of the share of profit or loss and other comprehensive income from the financial statements of W.S.G. International Co., Ltd. which has not been audited.

14. PROPERTY, PLANT AND EQUIPMENT

**December 31,
2019**

Assets used by the Group

\$ 1,751,469

a. Assets used by the Group - 2019

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to Be Inspected or under Construction	Total
<u>Cost</u>								
Balance at January 1, 2019	\$ 75,652	\$ 582,318	\$ 6,327,604	\$ 24,003	\$ 13,694	\$ 212,779	\$ 80,639	\$ 7,316,689
Additions	-	3,784	99,455	5,950	276	6,944	103,798	220,207
Disposals	-	-	(306,172)	(6,616)	(530)	(2,609)	-	(315,927)
Transfers to assets leased under operating leases	-	-	(17,324)	-	-	-	-	(17,324)
Reclassification	-	-	3,067	12	51	760	(3,890)	-
Effect of foreign currency exchange differences	-	(12,548)	(141,971)	(473)	(206)	(2,632)	(7,181)	(165,011)
Balance at December 31, 2019	<u>75,652</u>	<u>573,554</u>	<u>5,964,659</u>	<u>22,876</u>	<u>13,285</u>	<u>215,242</u>	<u>173,366</u>	<u>7,038,634</u>
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2019	-	307,490	4,753,705	12,797	9,711	161,672	-	5,245,375
Transfers to assets leased under operating leases	-	-	(1,143)	-	-	-	-	(1,143)
Depreciation expense	-	19,051	302,467	3,000	1,356	14,152	-	340,026
Impairment losses recognized	-	-	13,446	-	-	-	-	13,446
Disposals	-	-	(193,909)	(4,981)	(437)	(2,048)	-	(201,375)
Effect of foreign currency exchange differences	-	(5,515)	(101,284)	(239)	(156)	(1,970)	-	(109,164)
Balance at December 31, 2019	<u>-</u>	<u>321,026</u>	<u>4,773,282</u>	<u>10,577</u>	<u>10,474</u>	<u>171,806</u>	<u>-</u>	<u>5,287,165</u>
Carrying amount at December 31, 2019	<u>\$ 75,652</u>	<u>\$ 252,528</u>	<u>\$ 1,191,377</u>	<u>\$ 12,299</u>	<u>\$ 2,811</u>	<u>\$ 43,436</u>	<u>\$ 173,366</u>	<u>\$ 1,751,469</u>

The above items of property, plant and equipment are 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

As a result of the decline in market sales of the products in the Shanghai Hejin Roller Technology Co., Ltd., the estimated future cash flows expected to arise from the related equipment decreased. The review led to the recognition of an impairment loss of \$13,446 thousand, which was recognized in non-operating expenses for the year ended December 31, 2019.

The Group determined the recoverable amount of the relevant assets on the basis of their fair value less cost of disposal. The fair values used in determining the recoverable amounts were categorized as Level 3 measurements and were measured using the market approach. The key assumptions included the estimated disposal values.

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

b. Assets leased under operating leases - 2019

Machinery and Equipment

Cost

Balance at January 1, 2019	\$ -
Transfers from assets used by the Group	17,324
Decrease	(17,687)
Effect of foreign currency exchange differences	363
Balance at December 31, 2019	-

Accumulated depreciation

Balance at January 1, 2019	-
Transfers from assets used by the Group	1,143
Depreciation expense	4,191
Decrease	(5,359)
Effect of foreign currency exchange differences	25
Balance at December 31, 2019	-

Carrying amount at December 31, 2019	\$ -
--------------------------------------	------

Operating leases relate to leases of machinery and equipment with lease terms up to June 2019. The lessees do not have bargain purchase options to acquire the assets at the expiry of the lease periods.

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

Machinery and equipment	5 years
-------------------------	---------

c. 2018

	Land	Buildings	Machinery and Equipment	Transportation Equipment	Office Equipment	Miscellaneous Equipment	Equipment to Be Inspected or under Construction	Total
<u>Cost</u>								
Balance at January 1, 2018	\$ 75,652	\$ 587,493	\$ 6,173,543	\$ 22,588	\$ 13,893	\$ 196,185	\$ 52,324	\$ 7,121,678
Additions	-	353	202,089	3,782	405	18,576	127,878	353,083
Disposals	-	-	(72,028)	(2,183)	(509)	(1,744)	-	(76,464)
Reclassification	-	-	97,400	-	-	726	(98,126)	-
Effect of foreign currency exchange differences	-	(5,528)	(73,400)	(184)	(95)	(964)	(1,437)	(81,608)
Balance at December 31, 2018	75,652	582,318	6,327,604	24,003	13,694	212,779	80,639	7,316,689
<u>Accumulated depreciation and impairment</u>								
Balance at January 1, 2018	-	289,955	4,518,821	11,990	8,884	149,077	-	4,978,727
Depreciation expense	-	19,742	337,027	3,076	1,356	14,734	-	375,935
Disposals	-	-	(52,069)	(2,124)	(461)	(1,467)	-	(56,121)
Effect of foreign currency exchange differences	-	(2,207)	(50,074)	(145)	(68)	(672)	-	(53,166)
Balance at December 31, 2018	-	307,490	4,753,705	12,797	9,711	161,672	-	5,245,375
Carrying amount at December 31, 2018	\$ 75,652	\$ 274,828	\$ 1,573,899	\$ 11,206	\$ 3,983	\$ 51,107	\$ 80,639	\$ 2,071,314

There was no indication of impairment of the property, plant and equipment for the year ended December 31, 2018.

The above items of property, plant and equipment are 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.

15. LEASE ARRANGEMENTS

a. Right-of-use assets - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Land use right	\$ 50,513
Buildings	12,137
Transportation equipment	<u>146</u>
	<u>\$ 67,796</u>
	For the Year Ended December 31, 2019
Depreciation charge for right-of-use assets	
Land use right	\$ 1,261
Buildings	6,609
Transportation equipment	<u>457</u>
	<u>\$ 8,327</u>

b. Lease liabilities - 2019

	December 31, 2019
<u>Carrying amounts</u>	
Current	<u>\$ 6,947</u>
Non-current	<u>\$ 5,337</u>

Range of discount rate for lease liabilities was as follows:

	December 31, 2019
Buildings	1.50%-4.75%
Transportation equipment	4.75%

c. Material lease-in activities and terms

The Group leases certain transportation equipment with lease terms of 2 years. The Group does not have bargain purchase options to acquire transportation equipment at the end of the lease terms.

The Group also leases certain buildings for the use of plants, office spaces and dormitories with lease terms of 2 to 5 years. The Group does not have bargain purchase options to acquire transportation equipment at the end of the lease terms.

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

d. Other lease information

Lease arrangements under operating leases for the leasing out of freehold machinery and equipment are set out in Note 14.

2019

	For the Year Ended December 31, 2019
Expenses relating to short-term leases	<u>\$ 4,327</u>
Expenses relating to low-value asset leases	<u>\$ 454</u>
Total cash outflow for leases	<u>\$ (12,320)</u>

The Group leases certain transportation equipment, buildings for the use of plants, office spaces and dormitories which qualify as short-term leases and certain office equipment which qualify as low-value asset leases. The Group has elected to apply the recognition exemption and thus did not recognize right-of-use assets and lease liabilities for these leases.

2018

The future minimum lease payments of non-cancellable operating lease commitments are as follows:

	December 31, 2018
Not later than 1 year	\$ 8,514
Later than 1 year and not later than 5 years	12,623
Later than 5 years	<u>-</u>
	<u>\$ 21,137</u>

16. INTANGIBLE ASSETS

		December 31	
		2019	2018
<u>Carrying value for each classification</u>			
Computer software		\$ 1,487	\$ 5,180
Patents		<u>11,471</u>	<u>15,684</u>
		<u>\$ 12,958</u>	<u>\$ 20,864</u>
	Computer Software	Patents	Total
<u>Cost</u>			
Balance at January 1, 2018	\$ 17,962	\$ 29,050	\$ 47,102
Additions	2,273	-	2,273
Disposals	(2,854)	-	(2,854)
Effect of foreign currency exchange differences	<u>(27)</u>	<u>(505)</u>	<u>(532)</u>
Balance at December 31, 2018	<u>17,354</u>	<u>28,545</u>	<u>45,899</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2018	9,615	9,283	18,898
Amortization expense	5,433	3,810	9,243
Disposals	(2,854)	-	(2,854)
Effect of foreign currency exchange differences	<u>(20)</u>	<u>(232)</u>	<u>(252)</u>
Balance at December 31, 2018	<u>12,174</u>	<u>12,861</u>	<u>25,035</u>
Carrying amount at December 31, 2018	<u>\$ 5,180</u>	<u>\$ 15,684</u>	<u>\$ 20,864</u>
<u>Cost</u>			
Balance at January 1, 2019	\$ 17,354	\$ 28,545	\$ 45,899
Additions	1,203	-	1,203
Disposals	(13,750)	-	(13,750)
Effect of foreign currency exchange differences	<u>(93)</u>	<u>(1,134)</u>	<u>(1,227)</u>
Balance at December 31, 2019	<u>4,714</u>	<u>27,411</u>	<u>32,125</u>
<u>Accumulated amortization</u>			
Balance at January 1, 2019	\$ 12,174	\$ 12,861	\$ 25,035
Amortization expense	4,880	3,745	8,625
Disposals	(13,750)	-	(13,750)
Effect of foreign currency exchange differences	<u>(77)</u>	<u>(666)</u>	<u>(743)</u>
Balance at December 31, 2019	<u>3,227</u>	<u>15,940</u>	<u>19,167</u>
Carrying amount at December 31, 2019	<u>\$ 1,487</u>	<u>\$ 11,471</u>	<u>\$ 12,958</u>

There was no indication of impairment of the intangible assets for the years ended December 31, 2019 and 2018.

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

17. LONG-TERM PREPAYMENTS FOR LEASES

	December 31	
	2019	2018
Land-use right		
Current (classified under prepayments)	\$ -	\$ 1,259
Non-current	<u>-</u>	<u>52,604</u>
	<u>\$ -</u>	<u>\$ 53,863</u>

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

The prepayment for lease of the Group are land use rights for the factories located in the mainland China. These prepayments for lease are classified as right-of-use assets according to IFRS 16 from January 1, 2019. For reclassification information, refer to Note 3.

18. OTHER NON-CURRENT ASSETS

	December 31	
	2019	2018
Prepayments for equipment	\$ 16,075	\$ 23,793
Long-term prepaid expenses	11,399	11,958
Refundable deposits	9,558	13,966
Net defined benefit asset (Note 22)	3,628	2,057
Certificates of deposit - restricted	<u>-</u>	<u>3,130</u>
	<u>\$ 40,660</u>	<u>\$ 54,904</u>

19. BORROWINGS

a. Short-term borrowings

	December 31	
	2019	2018
Unsecured borrowings	<u>\$ 68,112</u>	<u>\$ 80,074</u>
Interest rate	1.95%-2.76%	3.38%-3.68%

b. Long-term borrowings

	December 31	
	2019	2018
<u>Secured borrowings</u>		
China Development Bank	\$ -	\$ 30,637
Taiwan Cooperative Bank	-	1,556
	-	32,193
<u>Unsecured borrowings</u>		
Syndicated borrowing - Mega International Commercial Bank, et al.	360,000	400,000
CTBC Bank	53,101	61,684
	413,101	461,684
Less: Current portion	14,113	39,085
Long-term borrowings	<u>\$ 398,988</u>	<u>\$ 454,792</u>

- 1) Secured loan from China Development Bank: In November 2014, Chengdu Raypoint Precision Tools Co., Ltd. signed a contract for a loan, under which the principal is repayable from November 2015 to November 2019. As of December 31, 2018, the loan balances was \$30,637 thousand, at annual interest rate of 4.75%-5.08%.
- 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, 2018, the loan balance was \$1,556 thousand, at annual interest rates of 1.50%.
- 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, 2019 and 2018 is as follow:

	Credit Line	Amount to Be Paid	Interest Rate	Repayment
<u>December 31, 2019</u>				
Unsecured borrowing	\$ 800,000	\$ 360,000	1.797%	Principal repayable on maturity is expanded to December 2022 from 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
<u>December 31, 2018</u>				
Unsecured borrowing	\$ 900,000	\$ 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.
(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, 2019 and 2018, the Company had all met such criteria.

- 4) Unsecured loan from CTBC Bank: Chengdu Raypoint Precision Tools Co., Ltd. signed a loan agreement in October 2016. The loan is repayable semiannually from April 2017 to October 2021. As of December 31, 2019 and 2018, the loan balance were \$53,101 thousand and \$61,684 thousand, respectively, at annual interest rate of 4.75%.

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

20. ACCOUNTS PAYABLE

	December 31	
	2019	2018
Accounts payable - operating	<u>\$ 174,594</u>	<u>\$ 195,770</u>

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

21. OTHER PAYABLES

	December 31	
	2019	2018
Accrued payroll and employee benefits	\$ 342,316	\$ 301,518
Employees' compensation and remuneration of directors and supervisors	84,309	100,578
Payable for purchase equipment	18,456	162,095
Payable for annual leave	6,575	6,754
Others	<u>128,726</u>	<u>137,800</u>
	<u>\$ 580,382</u>	<u>\$ 708,745</u>

22. 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.), Unipoint Technology Holdings Co., Ltd. (B.V.I.), Raypoint Precision Tools Co., Ltd. and Topmicron Investment Ltd.

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

	For the Year Ended December 31	
	2019	2018
Operating costs	<u>\$ 30,545</u>	<u>\$ 32,813</u>
Operating expenses	<u>\$ 16,158</u>	<u>\$ 17,153</u>

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. However, the pension funded by the Company in accordance with the Labor Standards Law was sufficient. With the approval of the competent authority in May 2019, the contribution was suspended from May 2019 to April 2020. 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	
	2019	2018
Present value of defined benefit obligation	\$ 29,035	\$ 27,772
Fair value of plan assets	<u>(32,663)</u>	<u>(29,829)</u>
Surplus	<u>\$ (3,628)</u>	<u>\$ (2,057)</u>
Net defined benefit asset	<u>\$ (3,628)</u>	<u>\$ (2,057)</u>

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, 2018	<u>\$ 26,451</u>	<u>\$ (24,931)</u>	<u>\$ 1,520</u>
Net interest expenses (income)	<u>330</u>	<u>(316)</u>	<u>14</u>
Recognized in profit or loss	<u>330</u>	<u>(316)</u>	<u>14</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(660)	(660)
Actuarial gain - changes in demographic assumptions	(4)	-	(4)
Actuarial loss - changes in financial assumptions	964	-	964
Actuarial loss - experience adjustments	<u>31</u>	<u>-</u>	<u>31</u>
Recognized in other comprehensive income	<u>991</u>	<u>(660)</u>	<u>331</u>
Contributions from employer	<u>-</u>	<u>(3,922)</u>	<u>(3,922)</u>
Balance at December 31, 2018	<u>27,772</u>	<u>(29,829)</u>	<u>(2,057)</u>
Net interest expenses (income)	<u>276</u>	<u>(301)</u>	<u>(25)</u>
Recognized in profit or loss	<u>276</u>	<u>(301)</u>	<u>(25)</u>
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	(991)	(991)
Actuarial gain - changes in demographic assumptions	(15)	-	(15)
Actuarial loss - changes in financial assumptions	948	-	948
Actuarial loss - experience adjustments	<u>54</u>	<u>-</u>	<u>54</u>
Recognized in other comprehensive income	<u>987</u>	<u>(991)</u>	<u>(4)</u>
Contributions from employer	<u>-</u>	<u>(1,542)</u>	<u>(1,542)</u>
Balance at December 31, 2019	<u>\$ 29,035</u>	<u>\$ (32,663)</u>	<u>\$ (3,628)</u>

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

- 1) Investment risk: The plan assets are invested in domestic and foreign equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.
- 2) Interest risk: A decrease in the government 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	
	2019	2018
Discount rate(s)	0.75%	1.00%
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	
	2019	2018
Discount rate(s)		
0.25% increase	\$ (948)	\$ (964)
0.25% decrease	\$ 991	\$ 1,010
Expected rate(s) of salary increase		
0.25% increase	\$ 986	\$ 1,007
0.25% decrease	\$ (948)	\$ (966)

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	
	2019	2018
The expected contributions to the plan for the next year	\$ -	\$ 754
The average duration of the defined benefit obligation	13 years	14 years

23. EQUITY

a. Share capital - ordinary shares

	December 31	
	2019	2018
Registered shares (thousands)	300,000	300,000
Registered capital	\$ 3,000,000	\$ 3,000,000
Issued shares (thousands)	142,181	143,531
Issued capital	\$ 1,421,805	\$ 1,435,305

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.

In order to increase the return on shareholders' equity and improve financial indicators, the board of directors held a shareholders' meeting on June 14, 2018 and approved the capital reduction through cash return to shareholders. The total reduction amounted to \$159,478 thousand, denoting the cancellation of 15,948 thousand shares. The capital reduction was approved by the Securities and Futures Bureau of the Financial Supervisory Commission on August 15, 2018, and the record date of capital reduction was August 17, 2018. The record date of the replacement of share certificates is October 25, 2018. The total reduction amounted has paid in October 29, 2018.

The Company retired the treasury shares and decreased the share capital which amounted to \$13,500 thousand in May 2019, refer to Note 23, f.

b. Capital surplus

	December 31	
	2019	2018
May be used to offset a deficit, distributed as cash dividends, or <u>transferred to share capital</u>		
Issuance of ordinary shares	\$ 1,190,843	\$ 1,202,150
<u>May be used to offset a deficit only</u>		
Exercise of employee share options	8,992	8,992
Changes in percentage of ownership interest in subsidiaries	22,629	9,047
Expiry of employee share options	<u>8,408</u>	<u>8,408</u>
	<u>\$ 1,230,872</u>	<u>\$ 1,228,597</u>

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

c. Retained earnings and dividend policy

Under the dividend policy as set forth in the 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 of directors and supervisors after amendment, refer to employee's compensation and remuneration of directors and supervisors in Note 25, 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 2019 and 2018 approved in the shareholders’ meetings on June 12, 2019 and June 14, 2018, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share (NT\$)	
	For the Year Ended		For the Year Ended	
	December 31		December 31	
	2018	2017	2018	2017
Legal reserve	\$ 25,364	\$ 23,642		
Special reserve	68,373	12,034		
Cash dividends	170,616	63,191	\$1.2	\$0.4

The appropriation of earnings for 2019 had been proposed by the Company’s board of directors on February 21, 2020. The appropriation and dividends per share were as follows:

	Appropriation of Earnings	Dividends Per Share (NT\$)
Legal reserve	\$ 18,489	
Special reserve	125,292	
Cash dividends	170,617	\$1.2

The appropriations of earnings for 2019 are subject to the resolution of the shareholders’ meeting to be held on June 10, 2020.

d. Other equity items

Exchange differences on translating the financial statements of 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.

Unrealized gain/(loss) on financial assets at FVTOCI

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 4,215	\$ -
Recognized for the year		
Unrealized gain	22,695	4,572
Cumulative unrealized gain of equity instruments transferred to retained earnings due to disposal	-	(357)
Balance at December 31	<u>\$ 26,910</u>	<u>\$ 4,215</u>

e. Non-controlling interests

	For the Year Ended December 31	
	2019	2018
Balance at January 1	\$ 254,435	\$ 250,176
Attributable to non-controlling interests:		
Share of profit (loss) for the year	12,732	1,035
Exchange difference arising on translation of foreign entities	(1,296)	(317)
Acquisition of Chengdu Raypoint Precision Tools Co., Ltd. non-controlling interests	(17,275)	-
Subscribed for additional new shares at a percentage difference from its existing ownership percentage	<u>-</u>	<u>3,541</u>
Balance at December 31	<u>\$ 248,596</u>	<u>\$ 254,435</u>

f. Treasury shares

Purpose of Buy-back	Shares Transferred to Employees (In Thousands of Shares)
Number of shares at December 31, 2018	1,350
Decrease during the year	<u>(1,350)</u>
Number of shares at December 31, 2019	<u>-</u>

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.

The board of directors held a shareholders' meeting on June 14, 2018 and approved the capital reduction by 10%. The record date of capital reduction was August 17, 2018. Treasury shares was reduced by 150 thousand shares upon capital reduction.

On May 9, 2019, the Company's board of directors resolved to retire the treasury shares that have not been transferred to employees within three years of acquirement, in accordance with the law. The share capital of \$13,500 thousand was retired at par value, and the capital surplus and retained earnings were reduced to \$11,307 thousand and \$5,389 thousand, respectively. The Company completed the registration formalities on June 6, 2019.

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.

24. REVENUE

a. Contact balances

	December 31, 2019	December 31, 2018	January 1, 2018
Trade receivables (Note 9)	<u>\$ 163,883</u>	<u>\$ 155,808</u>	<u>\$ 135,426</u>
Accounts receivable (Note 9)	<u>\$ 862,609</u>	<u>\$ 1,138,761</u>	<u>\$ 1,103,471</u>
Accounts receivable - related parties (Note 32)	<u>\$ 119,591</u>	<u>\$ 93,046</u>	<u>\$ 95,256</u>
Contract liabilities			
Sale of goods	<u>\$ 2,311</u>	<u>\$ 2,266</u>	<u>\$ 4,861</u>

The changes in the balance of contract assets and contract liabilities primarily result from the timing difference between the Group's performance and the respective customer's payment.

Revenue of the reporting period recognized from the beginning contract liabilities and from the performance obligations which were satisfied in the previous periods are as follows:

	For the Year Ended December 31	
	2019	2018
From the beginning contract liabilities		
Sale of goods	<u>\$ 2,266</u>	<u>\$ 4,861</u>

b. Disaggregation of revenue

Refer to Note 36 for information about disaggregation of revenue.

c. Partially completed contracts

	For the Year Ended December 31	
	2019	2018
Sale of goods		
- in 2019	\$ 1,967	\$ 2,266
- in 2020	<u>344</u>	<u>-</u>
	<u>\$ 2,311</u>	<u>\$ 2,266</u>

25. NET PROFIT

a. Depreciation, and amortization expenses

	For the Year Ended December 31	
	2019	2018
An analysis of depreciation by function		
Operating costs	\$ 325,156	\$ 350,502
Operating expenses	<u>27,388</u>	<u>25,433</u>
	<u>\$ 352,544</u>	<u>\$ 375,935</u>
An analysis of amortization by function		
Operating costs	\$ 3,798	\$ 4,085
General and administrative expenses	4,793	5,088
Research and development expenses	<u>34</u>	<u>70</u>
	<u>\$ 8,625</u>	<u>\$ 9,243</u>

b. Other operating income and expenses

	For the Year Ended December 31	
	2019	2018
Gain on disposal of property, plant and equipment	<u>\$ 27,328</u>	<u>\$ 4,580</u>

c. Employee benefit expenses

	For the Year Ended December 31	
	2019	2018
Post-employment benefit (Note 22)		
Defined contribution plans	\$ 46,703	\$ 49,966
Defined benefit plans	<u>(25)</u>	<u>14</u>
	46,678	49,980
Payroll expenses	722,348	766,546
Labor and health insurance expenses	24,166	24,703
Other employee benefits	<u>10,950</u>	<u>12,598</u>
Total employee benefit expenses	<u>\$ 804,142</u>	<u>\$ 853,827</u>
An analysis of employee benefit expense by function		
Operating costs	\$ 506,814	\$ 538,254
Operating expenses	<u>297,328</u>	<u>315,573</u>
	<u>\$ 804,142</u>	<u>\$ 853,827</u>

d. Employees' compensation and remuneration of 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, 2019 and 2018 which have been approved by the Company's board of directors on February 21, 2020 and February 22, 2019, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2019	2018
Employees' compensation	15%	15%
Remuneration of directors and supervisors	2.5%	2.5%

Amount

	For the Year Ended December 31	
	2019	2018
	Cash	Cash
Employees' compensation	\$ 39,951	\$ 60,894
Remuneration of directors and supervisors	6,658	10,149

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, 2018 and 2017.

Information on the employees' compensation and remuneration of directors and supervisors resolved by the Company's board of directors in 2019 and 2018 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	
	2019	2018
Foreign currency exchange gains	\$ 34,548	\$ 45,581
Foreign currency exchange losses	<u>(38,757)</u>	<u>(52,307)</u>
Net loss	<u>\$ (4,209)</u>	<u>\$ (6,726)</u>

26. INCOME TAXES

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

	For the Year Ended December 31	
	2019	2018
<u>Current tax</u>		
In respect of the current year	\$ 76,177	\$ 73,817
Income tax on unappropriated earnings	644	14,189
Adjustments for prior year	<u>(3,640)</u>	<u>(17,293)</u>
	<u>73,181</u>	<u>70,713</u>
<u>Deferred tax</u>		
In respect of the current year	53,363	15,234
Adjustments to deferred tax attributable to changes in tax rates and laws	<u>1,410</u>	<u>(1,416)</u>
	<u>54,773</u>	<u>13,818</u>
Income tax expense recognized in profit or loss	<u>\$ 127,954</u>	<u>\$ 84,531</u>

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

	For the Year Ended December 31	
	2019	2018
Profit before tax	<u>\$ 330,961</u>	<u>\$ 339,207</u>
Income tax expense calculated at the statutory rate (20%)	\$ 66,192	\$ 67,841
Nondeductible expenses in determining taxable income	40,436	7,165
Deferred tax effect of earnings of subsidiaries	10,135	15,403
Non-taxable income	(21,669)	(22,930)
Tax preference	(5,338)	(5,747)
Income tax on unappropriated earnings	644	14,189
Unrealized loss carryforwards	45,501	3,327
Effect of tax rate changes	1,410	(1,416)
Effect of different tax rate of group entities operating in other jurisdictions	(13,003)	7,792
Adjustments for prior years' tax	(3,640)	(17,293)
Others	<u>7,286</u>	<u>16,200</u>
Income tax expense recognized in profit or loss	<u>\$ 127,954</u>	<u>\$ 84,531</u>

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings was reduced from 10% to 5%. 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. and Chengdu Raypoint Precision Tools Co., Ltd. as a high-technology enterprise.

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

b. Income tax recognized in other comprehensive income

	For the Year Ended December 31	
	2019	2018
<u>Deferred tax</u>		
Effect of change in tax rate	\$ -	\$ 219
In respect of the current year		
Remeasurement on defined benefit plan	<u>(1)</u>	<u>66</u>
Total income tax recognized in other comprehensive income	<u>\$ (1)</u>	<u>\$ 285</u>

c. Current tax assets and liabilities

	December 31	
	2019	2018
Current tax assets		
Tax refund receivable	<u>\$ 1,080</u>	<u>\$ 663</u>
Current tax liabilities		
Income tax payable	<u>\$ 31,278</u>	<u>\$ 50,517</u>

The balances of current tax liabilities on December 31, 2019 and 2018 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, 2019

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Deferred revenue	\$ 17,730	\$ (5,776)	\$ -	\$ -	\$ 11,954
Investment loss recognized under the equity method	14,060	(6,801)	-	13	7,272
Depreciation difference between financial accounting and taxation	1,355	(324)	-	(41)	990
					(Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Difference	Closing Balance
Unpaid expense	\$ 1,418	\$ 2,355	\$ -	\$ (153)	\$ 3,620
Write-down of inventories	9,613	1,631	-	(219)	11,025
Others	<u>5,555</u>	<u>(529)</u>	<u>(1)</u>	<u>(74)</u>	<u>4,951</u>
	49,731	(9,444)	(1)	(474)	39,812
Tax losses	<u>76,043</u>	<u>(36,302)</u>	<u>-</u>	<u>(1,518)</u>	<u>38,223</u>
	<u>\$ 125,774</u>	<u>\$ (45,746)</u>	<u>\$ (1)</u>	<u>\$ (1,992)</u>	<u>\$ 78,035</u>

Deferred tax liabilities

Temporary differences					
Investment gain recognized under the equity method	\$ 164,012	\$ 9,338	\$ -	\$ (4,210)	\$ 169,140
Pension expenses difference between financial accounting and taxation	967	314	-	-	1,281
Others	<u>626</u>	<u>(625)</u>	<u>-</u>	<u>(1)</u>	<u>-</u>
	<u>\$ 165,605</u>	<u>\$ 9,027</u>	<u>\$ -</u>	<u>\$ (4,211)</u>	<u>\$ 170,421</u> (Concluded)

For the year ended December 31, 2018

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Difference	Closing Balance
<u>Deferred tax assets</u>					
Temporary differences					
Deferred revenue	\$ 17,077	\$ 653	\$ -	\$ -	\$ 17,730
Investment loss recognized under the equity method	28,224	(14,004)	-	(160)	14,060
Depreciation difference between financial accounting and taxation	3,579	(2,203)	-	(21)	1,355 (Continued)

	Opening Balance	Recognized in Profit or Loss	Recognized in Other Compre- hensive Income	Exchange Difference	Closing Balance
Unpaid expense	\$ 1,450	\$ (7)	\$ -	\$ (25)	\$ 1,418
Write-down of inventories	7,303	2,416	-	(106)	9,613
Others	<u>6,063</u>	<u>(955)</u>	<u>285</u>	<u>162</u>	<u>5,555</u>
	63,696	(14,100)	285	(150)	49,731
Tax losses	<u>61,700</u>	<u>15,559</u>	<u>-</u>	<u>(1,216)</u>	<u>76,043</u>
	<u>\$ 125,396</u>	<u>\$ 1,459</u>	<u>\$ 285</u>	<u>\$ (1,366)</u>	<u>\$ 125,774</u>

Deferred tax liabilities

Temporary differences

Investment gain recognized under the equity method	\$ 144,823	\$ 14,311	\$ -	\$ 4,878	\$ 164,012
Pension expenses difference between financial accounting and taxation	477	(477)	-	-	-
Unrealized foreign exchange gains	158	809	-	-	967
Others	<u>-</u>	<u>634</u>	<u>-</u>	<u>(8)</u>	<u>626</u>
	<u>\$ 145,458</u>	<u>\$ 15,277</u>	<u>\$ -</u>	<u>\$ 4,870</u>	<u>\$ 165,605</u>

(Concluded)

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

2019

Loss carryforwards

Expiry in 2020	\$ 19,177
Expiry in 2021	57,732
Expiry in 2022	33,550
Expiry in 2023	30,819
Expiry in 2024	<u>32,245</u>
	<u>\$ 173,523</u>

f. Loss carryforwards as of December 31, 2019

Company Name	Unused Amount	Expiry Year
Unipoint Technology Shenzhen Co., Ltd.	\$ 3,265	2020
	4,390	2021
	2,177	2022
	<u>1,159</u>	2023
	<u>10,991</u>	
Kunshan Restek Technology Co., Ltd.	1,039	2020
	875	2021
	359	2022
	263	2023
	<u>6</u>	2024
	<u>2,542</u>	
Kunshan Raypoint Precision Tools	491	2020
	2,314	2021
	727	2022
	124	2023
	<u>1,850</u>	2024
	<u>5,506</u>	
Chengdu Raypoint Precision Tools Co., Ltd.	<u>11,033</u>	2024
Sharpint Technology (Shenzhen) Co., Ltd.	6,183	2021
	9,122	2022
	<u>9,567</u>	2023
	<u>24,872</u>	
Shanghai Hejin Roller Technology Co., Ltd.	5,061	2021
	7,301	2022
	7,318	2023
	<u>4,859</u>	2024
	<u>24,539</u>	
Sharpint Electronics (Suzhou) Co., Ltd.	<u>1,346</u>	2024
Sharpint Electronics (Huaian) Co., Ltd.	<u>289</u>	2024
E-point Precision Technology Co., Ltd.	201	2028
	<u>285</u>	2029
	<u>486</u>	
	<u>\$ 81,604</u>	

g. Income tax assessments

Income tax returns of the Company through 2016 have been examined and cleared by the tax authorities.

Income tax returns of Unipoint Technology Co., Ltd. through 2017 have been examined and cleared by the tax authorities.

27. 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	
	2019	2018
Profit for the year attributable to owners of the Company	<u>\$ 190,275</u>	<u>\$ 253,641</u>

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

	For the Year Ended December 31	
	2019	2018
Weighted average number of ordinary shares in computation of basic earnings per share	142,181	150,029
Effect of potentially dilutive ordinary shares:		
Employee s' compensation issue to employees	<u>2,228</u>	<u>3,773</u>
Weighted average number of ordinary shares used in the computation of diluted earnings per share	<u>144,409</u>	<u>153,802</u>

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.

28. EQUITY TRANSACTIONS WITH NON-CONTROLLING INTERESTS

On January 11, 2018, 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 83.94% to 86.27%.

On August 22, 2018, 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 93.75% to 94.74%.

On July 10, 2019, the Group acquired Chengdu Raypoint Precision Tools Co., Ltd.'s shares from its non-controlling interests. Therefore, the ownership interest in Chengdu Raypoint Precision Tools Co., Ltd. increased from 94.74% to 100%.

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

29. PARTIAL CASH TRANSACTIONS

a. Non-cash transaction

For the years ended December 31, 2019 and 2018, 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	
	2019	2018
Cash paid for property, plant and equipment acquisition		
Increase in property, plant and equipment	\$ 220,207	\$ 353,083
Net change in prepayments for equipment	(7,718)	12,948
Net change in payable for purchase of equipment	<u>143,639</u>	<u>(94,892)</u>
Cash paid	<u>\$ 356,128</u>	<u>\$ 271,139</u>
Cash received from property, plant and equipment acquisition		
Disposal of property, plant and equipment	\$ 126,880	\$ 20,343
Net gain on disposal of property, plant and equipment	27,328	4,580
Net change in other payables	(33,529)	-
Net change in other payables - related parties	<u>(405)</u>	<u>-</u>
Cash paid	<u>\$ 120,274</u>	<u>\$ 24,923</u>

b. Changes in liabilities arising from financing activities

For the year ended December 31, 2019

	Opening Balance	Cash Flows	Non-cash Changes Foreign Exchange	Closing Balance
Short-term borrowings	\$ 80,074	\$ (11,159)	\$ (803)	\$ 68,112
Long-term borrowings and long-term borrowings - current portion	493,877	(79,227)	(1,549)	413,101
Guarantee deposits received	13,193	(442)	-	12,751
Lease liabilities (Note 3)	<u>19,354</u>	<u>(7,064)</u>	<u>(6)</u>	<u>12,284</u>
	<u>\$ 606,498</u>	<u>\$ (97,892)</u>	<u>\$ (2,358)</u>	<u>\$ 506,248</u>

For the year ended December 31, 2018

	Opening Balance	Cash Flows	Non-cash Changes Foreign Exchange	Closing Balance
Short-term borrowings	\$ 67,406	\$ 12,668	\$ -	\$ 80,074
Long-term borrowings and long-term borrowings - current portion	526,639	(32,506)	(256)	493,877
Guarantee deposits received	<u>10,989</u>	<u>2,204</u>	<u>-</u>	<u>13,193</u>
	<u>\$ 605,034</u>	<u>\$ (17,634)</u>	<u>\$ (256)</u>	<u>\$ 587,144</u>

30. CAPITAL MANAGEMENT

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

31. FINANCIAL INSTRUMENTS

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

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

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

1) Fair value hierarchy

December 31, 2019

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 190	\$ -	\$ 190
Mutual funds	115,098	-	-	115,098
Structured deposit	-	442,641	-	442,641
Accounts receivable - related parties	-	-	7,952	7,952
Other receivables	<u>-</u>	<u>-</u>	<u>2,703</u>	<u>2,703</u>
	<u>\$ 115,098</u>	<u>\$ 442,831</u>	<u>\$ 10,655</u>	<u>\$ 568,584</u>
<u>Financial assets at FVTOCI</u>				
Listed shares	<u>\$ 51,679</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 51,679</u>
<u>Financial liabilities at FVTPL</u>				
Derivative financial instrument	<u>\$ -</u>	<u>\$ 184</u>	<u>\$ -</u>	<u>\$ 184</u>

December 31, 2018

	Level 1	Level 2	Level 3	Total
<u>Financial assets at FVTPL</u>				
Derivative financial assets	\$ -	\$ 1,435	\$ -	\$ 1,435
Mutual funds	187,580	-	-	187,580
Accounts receivable - related parties	-	-	6,016	6,016
Other receivables	<u>-</u>	<u>-</u>	<u>2,698</u>	<u>2,698</u>
	<u>\$ 187,580</u>	<u>\$ 1,435</u>	<u>\$ 8,714</u>	<u>\$ 197,729</u>

Financial assets at FVTOCI

Listed shares	<u>\$ 28,984</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28,984</u>
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Financial liabilities at
FVTPL

Derivative financial instrument	<u>\$ -</u>	<u>\$ 553</u>	<u>\$ -</u>	<u>\$ 553</u>
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There were no transfers between Levels 1 and 2 in the current and prior periods.

2) Reconciliation of Level 3 fair value measurements of financial instruments

For the year ended December 31, 2019

Financial Assets	Financial Assets at FVTPL Debt Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2019	\$ 8,714	\$ -	\$ 8,714
Purchases	89,744	-	89,744
settlements	<u>(87,803)</u>	<u>-</u>	<u>(87,803)</u>
Balance at December 31, 2019	<u>\$ 10,655</u>	<u>\$ -</u>	<u>\$ 10,655</u>

For the year ended December 31, 2018

Financial Assets	Financial Assets at FVTPL Debt Instruments	Financial Assets at FVTOCI Equity Instruments	Total
Balance at January 1, 2018	\$ 5,755	\$ 5,614	\$ 11,369
Purchases	84,976	-	84,976
settlements	<u>(82,017)</u>	<u>(5,614)</u>	<u>(87,631)</u>
Balance at December 31, 2018	<u>\$ 8,714</u>	<u>\$ -</u>	<u>\$ 8,714</u>

3) 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 and listed shares are determined at their net asset value and closing price 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) For accounts receivable - related parties and other receivables that are measured at FVTPL, the fair value is measured according to the original invoice amount and the effect of discounting is immaterial.
- d) Structured deposits are measured using discounted cash flows. Future cash flows are estimated based on contract forward rates, discounted at a rate that reflects the credit risk.

c. Categories of financial instruments

	December 31	
	2019	2018
<u>Financial assets</u>		
Fair value through profit or loss (FVTPL)		
Mandatorily classified as at FVTPL	\$ 568,584	\$ 197,729
Financial assets at amortized cost (Note 1)	2,957,022	3,179,006
Financial assets at FVTOCI	51,679	28,984
<u>Financial liabilities</u>		
Fair value through profit or loss (FVTPL)		
Held for trading	184	553
Amortized cost (Note 2)	674,915	935,774

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

Note 2: The balances included financial liabilities measured at amortized cost, which comprise short-term borrowings, accounts payables, accounts payable - related parties, part of other payables, long-term borrowings and long-term borrowings - current portion.

d. Financial risk management objectives and policies

The Group's major financial instruments include equity investments, accounts receivable, accounts payables, borrowings and lease liabilities. 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, interest rate risk and other price 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, interest rates and other price risk.

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 7% of the Group's sales were denominated in currencies other than the functional currency of the Group entity making the sale, while almost 10% of costs were denominated in the Group entity's functional currency.

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

Sensitivity analysis

The Group was mainly exposed to U.S. dollars, Korea won, 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. Dollars				Korea Won	
	USD:NTD		USD:RMB		KRW:NTD	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2019	2018	2019	2018	2019	2018
Profit (loss)	\$ (249)	\$ (316)	\$ 315	\$ (15)	\$ (62)	\$ (68)
	Japanese Yen		Euros		Swiss Franc	
	JPY:NTD		EUR:RMB		CHF:RMB	
	For the Year Ended		For the Year Ended		For the Year Ended	
	December 31		December 31		December 31	
	2019	2018	2019	2018	2019	2018
Profit (loss)	\$ (53)	\$ (27)	\$ (116)	\$ (107)	\$ 16	\$ 6

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	
	2019	2018
Fair value interest rate risk		
Financial assets	\$ 1,116,652	\$ 1,098,597
Financial liabilities	12,284	-
Cash flows interest rate risk		
Financial assets	645,482	658,659
Financial liabilities	481,213	573,951

Sensitivity analysis

The sensitivity analyses below were determined based on the Group's exposure to interest rates for non-derivative 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 year ended December 31, 2019 would have increased/decreased by \$411 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits and variable-rate borrowings.

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, 2018 would have decreased/increased by \$212 thousand, respectively, which was mainly attributable to the Group's exposure to interest rates on its demand deposits and variable-rate borrowings.

c) Other price risk

The Group was exposed to equity price risk through its investments in equity securities. Equity investments are held for strategic rather than trading purposes, the Group does not actively trade these investments.

Sensitivity analysis

The sensitivity analysis below was determined based on the exposure to equity price risks at the end of the reporting period.

If equity prices had been 5% higher/lower, pre-tax other comprehensive income for the years ended December 31, 2019 and 2018 would have increased/decreased by \$2,584 thousand and \$1,449 thousand, respectively, as a result of the changes in fair value of financial assets at FVTOCI.

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 30.13% and 33.79% in total trade receivables as of December 31, 2019 and 2018, 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.

a) Liquidity and interest rate risk tables for non-derivative financial liabilities

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

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

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 24,390	\$ 47,470	\$ 10,365	\$ 398,988
Lease liabilities	<u>627</u>	<u>1,880</u>	<u>4,703</u>	<u>5,404</u>
	<u>\$ 25,017</u>	<u>\$ 49,350</u>	<u>\$ 15,068</u>	<u>\$ 404,392</u>

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Non-derivative financial liabilities</u>				
Variable interest rate liabilities	\$ 518	\$ 81,112	\$ 37,529	\$ 454,792

b) Liquidity and interest rate risk table for derivative financial liabilities

The following table details the Group's liquidity analysis of its derivative financial instruments. The table is based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross inflows and outflows on those derivatives that require gross settlement.

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 15,607	\$ 16,572	\$ -	\$ -
Outflows	(15,569)	(16,604)	-	-
	<u>\$ 38</u>	<u>\$ (32)</u>	<u>\$ -</u>	<u>\$ -</u>

December 31, 2018

	On Demand or Less than 1 Month	1-3 Months	3 Months to 1 Year	1-5 Years
<u>Gross settled</u>				
Foreign exchange forward contracts				
Inflows	\$ 14,224	\$ 27,644	\$ 143,158	\$ -
Outflows	(14,277)	(27,831)	(142,036)	-
	<u>\$ (53)</u>	<u>\$ (187)</u>	<u>\$ 1,122</u>	<u>\$ -</u>

e. Transfers of financial assets

Factored trade receivables for the years ended December 31, 2019 and 2018. Refer to Note 9.

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
Associate	
W.S.G. International Co., Ltd.	Investee of Shanghai Topoint Precision Technology Co., Ltd.
Key management personnel	
Macking International Investment Corporation	Director of the Company

b. Operating revenue

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Other related parties	\$ 329,473	\$ 240,665

c. Purchases of goods

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Other related parties	\$ 165	\$ 3,437

d. Manufacturing

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Other related parties	\$ 1,354	\$ 1,192

e. General and administrative - service fees

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
Key management personnel		
Macking International Investment Corporation	\$ 1,800	\$ 2,100

The Group paid for the consulting fee to Macking International Investment Corporation.

f. Receivables from related parties

Related Party Category/Name	December 31	
	2019	2018
Accounts receivable		
Other related parties	<u>\$ 119,591</u>	<u>\$ 93,046</u>
<u>Other receivables</u>		
Other related parties	<u>\$ 405</u>	<u>\$ -</u>

The accounts receivable from related parties are unsecured. For the years ended December 31, 2019 and 2018, no impairment loss was recognized for accounts receivables from related parties.

g. Payables to related parties

Related Party Category/Name	December 31	
	2019	2018
Key management personnel	\$ -	\$ 2,100
Other related parties	<u>174</u>	<u>1,272</u>
	<u>\$ 174</u>	<u>\$ 3,372</u>

The accounts payable to related parties are unsecured.

h. Loans to related parties

Related Party Category/Name	December 31	
	2019	2018
<u>Other receivable</u>		
Associate		
W.S.G. International Co., Ltd.	<u>\$ -</u>	<u>\$ 6,870</u>

Related Party Category/Name	For the Year Ended December 31	
	2019	2018
<u>Interest income</u>		
Associate		
W.S.G. International Co., Ltd.	<u>\$ -</u>	<u>\$ 218</u>

i. Disposal of property, plant and equipment

In 2019, the Group sold machineries to Unimicron Technology (Suzhou) at the price of \$30,109 thousand. The loss on disposal was \$6,625 thousand. The machineries were sold from Unipoint Technology Co., Ltd. to Sharpoint Electronics (Suzhou) Co., Ltd. in 2018. The deferred gain on disposal was \$24,143 thousand and was realized in 2019. The total gain on disposal is \$17,518 thousand.

j. Lease arrangements

The Group leases out its right-of-use assets for machinery equipment to other related parties which are Unimicron Technology (Kunshan) and Unimicron Technology (Suzhou) Corp. with lease term up to June 2019. The rents was based on mutual agreement and paid monthly.

The balance of operating lease income was as follows:

Related Party Category/Name	December 31	
	2019	2018
Other related parties		
Unimicron Technology (Suzhou) Corp.	\$ 2,972	\$ -
Unimicron Technology (Kunshan) Corp.	<u>4,386</u>	<u>-</u>
	<u>\$ 7,358</u>	<u>\$ -</u>

k. Compensation of key management personnel

	For the Year Ended December 31	
	2019	2018
Short-term employee benefits	\$ 44,973	\$ 46,395
Post-employment benefits	<u>108</u>	<u>108</u>
	<u>\$ 45,081</u>	<u>\$ 46,503</u>

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	
	2019	2018
Property, plant and equipment	<u>\$ 305,932</u>	<u>\$ 325,481</u>

34. 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, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 7,467	29.98 (USD:NTD)	\$ 223,852
USD	1,681	6.9762 (USD:RMB)	50,384
KRW	816,935	0.0262 (KRW:NTD)	21,379
JPY	26,678	0.2760 (JPY:NTD)	7,363
EUR	345	7.8155 (EUR:RMB)	11,598

Financial liabilities

Monetary items			
USD	6,637	29.98 (USD:NTD)	198,963
USD	2,732	6.9762 (USD:RMB)	81,920
JPY	316	0.2760 (JPY:NTD)	87
CHF	52	7.2028 (CHF:RMB)	1,617

December 31, 2018

	Foreign Currencies	Exchange Rate	Carrying Amount
<u>Financial assets</u>			
Monetary items			
USD	\$ 8,054	30.715 (USD:NTD)	\$ 247,385
USD	3,338	6.8632 (USD:RMB)	102,530
KRW	938,731	0.0278 (KRW:NTD)	26,097
JPY	33,624	0.2782 (JPY:NTD)	9,354
EUR	365	7.8473 (EUR:RMB)	12,849

Financial liabilities

Monetary items			
USD	7,025	30.715 (USD:NTD)	215,787
USD	3,288	6.8632 (USD:RMB)	101,003
JPY	528,535	0.2782 (JPY:NTD)	147,038
CHF	21	6.9494 (CHF:RMB)	647

For the years ended December 31, 2019 and 2018, (realized and unrealized) net foreign exchange losses were \$4,209 thousand and \$6,726 thousand, respectively. It is impractical to disclose net foreign exchange gains (losses) by each significant foreign currency due to the variety of the foreign functional currency transactions and currencies of the Group entities.

35. SEPARATELY DISCLOSED ITEMS

a. Information about significant transactions and investees:

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

b. Information on investments in mainland China

- 1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, ownership percentage, net income of investees, investment income or loss, carrying amount of the investment at the end of the period, repatriations of investment income, and limit on the amount of investment in the mainland China area: Table 7 (attached)
- 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - 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

36. SEGMENT INFORMATION

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

a. Segment revenues and results

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

	Taiwan	Mainland China	Others	Eliminations	Total
For the year ended December 31, 2019					
Revenues from external customers	\$ 841,150	\$ 2,131,713	\$ 33,390	\$ -	\$ 3,006,253
Intersegment revenues	\$ 422,736	\$ 46,557	\$ -	\$ (469,293)	\$ -
Segment income (loss)	\$ 230,927	\$ 88,303	\$ (5,167)	\$ 16,898	\$ 330,961
For the year ended December 31, 2018					
Revenues from external customers	\$ 780,895	\$ 2,462,788	\$ 38,761	\$ -	\$ 3,282,444
Intersegment revenues	\$ 490,951	\$ 38,944	\$ -	\$ (529,895)	\$ -
Segment income (loss)	\$ 217,719	\$ 130,871	\$ (1,481)	\$ (7,902)	\$ 339,207

b. Segment total assets

	December 31	
	2019	2018
Taiwan	\$ 1,860,610	\$ 2,048,289
Mainland China	4,124,380	4,283,262
Others	10,944	16,406
Consolidated total assets	\$ 5,995,934	\$ 6,347,957

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	
	2019	2018
Precision metal products and processing services	\$ 2,919,721	\$ 3,204,230
Others	<u>86,532</u>	<u>78,214</u>
	<u>\$ 3,006,253</u>	<u>\$ 3,282,444</u>

d. Geographical information

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

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

	Revenue from External Customers		Non-current Assets	
	For the Year Ended December 31		December 31	
	2019	2018	2019	2018
Taiwan	\$ 661,737	\$ 590,534	\$ 497,990	\$ 512,044
Mainland China	2,073,718	2,273,683	1,420,076	1,725,368
Others	<u>270,798</u>	<u>418,227</u>	<u>1,496</u>	<u>1,995</u>
	<u>\$ 3,006,253</u>	<u>\$ 3,282,444</u>	<u>\$ 1,919,562</u>	<u>\$ 2,239,407</u>

Non-current assets exclude deferred tax assets.

e. Information about major customers

No single customer contributed 10% or more to the Group's revenue for the years ended December 31, 2019 and 2018.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

FINANCING PROVIDED TO OTHERS
FOR THE YEAR ENDED DECEMBER 31, 2019
(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	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	Note
													Item	Value			
1	Topoint Technology Co., Ltd. (B.V.I.)	Topoint Japan Co., Ltd.	Other receivables	Yes	\$ 6,900 (JPY 25,000 thousand)	\$ 6,900 (JPY 25,000 thousand)	\$ 6,900 (JPY 25,000 thousand)	0.62	Short-term financing	\$ -	-	\$ -	-	-	\$ 4,277,144 (Note 1)	\$ 4,277,144 (Note 1)	Note 13
3	Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Restek Technology Co., Ltd.	Other receivables	Yes	12,892 (RMB 3,000 thousand)	10,314 (RMB 2,400 thousand)	10,314 (RMB 2,400 thousand)	4.75	Short-term financing	-	-	-	-	-	1,119,589 (Note 2)	1,119,589 (Note 2)	Note 13
		Kunshan Topoint Technology Co., Ltd.	Other receivables	Yes	103,140 (RMB 24,000 thousand)	103,140 (RMB 24,000 thousand)	103,140 (RMB 24,000 thousand)	4.75	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 4 and 13
		Changdu Raypoint Precision Tools Co., Ltd.	Other receivables	Yes	339,501 (RMB 79,000 thousand)	339,501 (RMB 79,000 thousand)	339,501 (RMB 79,000 thousand)	4.35-4.75	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 5 and 13
		Unipoint Technology Shenzhen Co., Ltd.	Other receivables	Yes	68,760 (RMB 16,000 thousand)	42,975 (RMB 10,000 thousand)	42,975 (RMB 10,000 thousand)	4.75	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 6 and 13
		Shanghai Ringpoint Nano Material Co., Ltd.	Other receivables	Yes	21,487 (RMB 5,000 thousand)	-	-	-	4.75	Short-term financing	-	-	-	-	-	1,119,589 (Note 2)	1,119,589 (Note 2)
		Sharp Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	42,975 (RMB 10,000 thousand)	-	-	4.75	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 8 and 13
		Shanghai Hejin Roller Technology Co., Ltd.	Other receivables	Yes	21,487 (RMB 5,000 thousand)	21,487 (RMB 5,000 thousand)	21,487 (RMB 5,000 thousand)	4.75	Short-term financing	-	-	-	-	-	1,119,589 (Note 2)	1,119,589 (Note 2)	Notes 9 and 13
		W.S.G. International Co., Ltd.	Other receivables	Yes	8,595 (RMB 2,000 thousand)	-	-	-	4.35	Short-term financing	-	-	-	-	-	1,119,589 (Note 2)	1,119,589 (Note 2)
9	Sharp Technology (Suzhou) Co., Ltd.	Unipoint Technology Shenzhen Co., Ltd.	Other receivables	Yes	21,487 (RMB 5,000 thousand)	21,487 (RMB 5,000 thousand)	21,487 (RMB 5,000 thousand)	4.75	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 10 and 13
12	Sharp Electronics (Huaian) Co., Ltd.	Sharp Technology (Qinhuangdao) Co., Ltd.	Other receivables	Yes	21,487 (RMB 5,000 thousand)	-	-	4.50	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 11 and 13
		Winpoint Electronics (Huaian) Co., Ltd.	Other receivables	Yes	8,595 (RMB 2,000 thousand)	-	-	4.35	Short-term financing	-	-	-	-	-	4,277,144 (Note 1)	4,277,144 (Note 1)	Notes 12 and 13

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, 2019.

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, 2019.

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

Note 4: Total current period interest amounted to \$4,887 thousand.

Note 5: Total current period interest amounted to \$14,115 thousand.

Note 6: Total current period interest amounted to \$2,746 thousand.

Note 7: Total current period interest amounted to \$89 thousand.

Note 8: Total current period interest amounted to \$611 thousand.

Note 9: Total current period interest amounted to \$505 thousand.

(Continued)

Note 10: Total current period interest amounted to \$1,079 thousand.
Note 11: Total current period interest amounted to \$65 thousand.
Note 12: Total current period interest amounted to \$373 thousand.
Note 13: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

ENDORSEMENT/GUARANTEE PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

No.	Endorser/Guarantor	Endorsee/Guaranteee		Limit on Endorsement/ Guarantee Given on Behalf of Each Party	Maximum Amount Endorsed/ Guaranteed During the Period	Outstanding Endorsement/ Guarantee at the End of the Period	Actual Borrowing Amount	Amount Endorsed/ Guaranteed by Collateral	Ratio of Accumulated Endorsement/ Guarantee to Net Equity in Latest Financial Statements (%)	Aggregate Endorsement/ Guarantee Limit	Endorsement/ Guarantee Given by Parent on Behalf of Subsidiaries	Endorsement/ Guarantee Given by Subsidiaries on Behalf of Parent	Endorsement/ Guarantee Given on Behalf of Companies in Mainland China	Note
		Name	Relationship											
0	Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	b.	\$ 2,566,286 (Note 2)	\$ 89,940 (US\$ 3,000 thousand)	\$ 89,940 (US\$ 3,000 thousand)	\$ -	\$ -	2	\$ 4,277,144 (Note 2)	Y	-	-	Note 7
		Chengdu Raypoint Precision Tools Co., Ltd.	b.	2,566,286 (Note 2)	124,181 (US\$ 1,000 thousand and RMB 21,920 thousand)	117,563 (US\$ 1,000 thousand and RMB 20,380 thousand)	53,100 (US\$ 1,000 thousand and RMB 5,380 thousand)	-	3	4,277,144 (Note 2)	Y	-	Y	Note 7
3	Shanghai Topoint Precision Technology Co., Ltd.	Sharpoint Technology (Shenzhen) Co., Ltd.	b.	1,679,384 (Note 3)	12,764 (RMB 2,970 thousand)	-	-	-	-	2,798,973 (Note 3)	-	-	Y	Note 8
		Chengdu Raypoint Precision Tools Co., Ltd.	b.	1,679,384 (Note 3)	29,754 (US\$ 690 thousand and RMB 2,110 thousand)	-	-	-	-	2,798,973 (Note 3)	-	-	Y	Note 8

Note 1: Relationships between the endorsement/guarantee provider and the guaranteed party:

- The Company in relation to business.
- A company in which endorsement/guarantee provider holds directly and indirectly over 50% of voting shares.
- A company holds directly and indirectly over 50% voting shares of endorsement/guarantee provider.
- A company directly and indirectly holds more than 90% voting shares of endorsement/guarantee provider.
- Based on contract projects among their peers in accordance with contract provisions which need mutual insurance company.
- Owing to the joint venture funded by the shareholders on its endorsement of its holding company.
- Companies in the same industry provide among themselves joint and several security for a performance guarantee of a sales contract for pre-construction homes pursuant to the Consumer Protection Act for each other.

Note 2: The maximum of total endorsement/guarantee provided is limited to the net value of the Company as of December 31, 2019. The maximum endorsement/guarantee provided for a single party is limited to 60% of the net value of the Company as of December 31, 2019.

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, 2019. 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, 2019.

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.

Note 7: Topoint Technology Co., Ltd. provides endorsement guarantee to Topoint Technology Co., Ltd. (B.V.I.) and Chengdu Raypoint Precision Tools Co., Ltd. for short-term operating turnover purpose.

Note 8: Shanghai Topoint Precision Technology Co., Ltd. provides endorsement guarantee to Sharpoint Technology (Shenzhen) Co., Ltd. and Chengdu Raypoint Precision Tools Co., Ltd. for short-term operating turnover purpose.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 31, 2019

(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, 2019			
				Number of Shares	Carrying Amount	Percentage of Ownership (%)	Fair Value
Topoint Technology Co., Ltd. (the "Company")	Share certificates Cooperative Money Market Fund	-	Financial assets at fair value through profit or loss (FVTPL)	980,633	\$ 10,001	-	\$ 10,001
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	1,640,076	26,102	-	26,102
	Allianz Global Investors All Seasons Harvest Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	2,031,480	26,357	-	26,357
	Shares Zhen Ding Technology Holding Limited	-	Financial assets at fair value through other comprehensive income (FVTOCI)	363,000	51,679	0.04	51,679
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	26,447	-	26,447
	Allianz Global Investors All Seasons Return Fund of Bond Funds	-	Financial assets at fair value through profit or loss (FVTPL)	1,645,614	26,191	-	26,191

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, 2019.

Note 2: The fair value of listed shares of the financial assets at FVTOCI was calculated on the closing price of the shares as of December 31, 2019.

Note 3: For the information of the investment in subsidiaries and associates, 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, 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Company Name	Related Party	Relationship	Transaction Details			Abnormal Transaction		Notes/Accounts Payable or Receivable		Note	
			Purchase/Sale	Amount	% to Total (Note 1)	Payment Terms	Unit Price	Payment Terms	Ending Balance		% to Total (Note 1)
Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary	Sales	\$ 256,881	25	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	\$ 36,224	15	Note 2
Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	Parent company	Purchase	256,881	31	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(36,224)	22	Note 2
Topoint Technology Co., Ltd.	Warspeed Corporation (B.V.I.)	Subsidiary	Sales	126,618	12	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	Note 2
Warspeed Corporation (B.V.I.)	Topoint Technology Co., Ltd.	Parent company	Purchase	126,618	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	Note 2
Warspeed Corporation (B.V.I.)	Shanghai Topoint Precision Technology Co., Ltd.	Subsidiary of Topoint Technology Co., Ltd.	Sales	177,035	100	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	Note 2
Shanghai Topoint Precision Technology Co., Ltd.	Warspeed Corporation (B.V.I.)	Subsidiary of Topoint Technology Co., Ltd.	Purchase	177,035	20	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	-	-	Note 2
Kunshan Topoint Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	Parent company	Sales	117,577	80	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	9,767	40	Note 2
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	Subsidiary	Purchase	117,577	13	Based on mutual agreement	Based on mutual agreement	Based on mutual agreement	(9,767)	6	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, 2019

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

Company Name	Related Party	Relationship	Accounts Receivable - Related Parties		Turnover Rate	Overdue		Amounts Received in Subsequent Period	Allowance for Impairment Loss
			Account	Ending Balance (Note 2)		Amount	Actions Taken		
Shanghai Topoint Precision Technology Co., Ltd.	Kunshan Topoint Technology Co., Ltd. Chengdu Raypoint Precision Tools Co., Ltd.	Subsidiary Subsidiary	Other receivables Other receivables Accounts receivable	\$ 103,320 339,982 18	Note 1 Note 1 1.77	\$ - - -	- - -	\$ - - -	- - -

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

Note 2: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

**NAMES, LOCATIONS, AND OTHER INFORMATION OF INVESTEEES ON WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 31, 2019**
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Investor Company	Investee Company	Location	Main Businesses and Products	Investment Amount		December 31, 2019		Carrying Amount (Notes 2 and 3)	Net Income (Loss) of the Investee	Share of Profit (Notes 2 and 3)
				December 31, 2019	December 31, 2018	Number of Shares	%			
Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	\$ 1,772,629	\$ 1,755,695	7,194	100.00	\$ 3,397,041	\$ (187)	\$ (1,751) (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	379,504	67,189	41,496
	Wapsped Corporation (B.V.I.)	British Virgin Islands	International trade	1,569	1,569	50,000	100.00	(904)	(1,040)	(1,040)
	Topoint Japan Co., Ltd.	Japan	Selling electronic components	7,667	7,667	600	100.00	(7,960)	(5,269)	(5,269)
Unipoint Technology Co., Ltd.	Unipoint Technology Holdings Co., Ltd. (B.V.I.)	British Virgin Islands	International investment	178,814 (US\$ 5,600 thousand)	178,814 (US\$ 5,600 thousand)	11,200	100.00	29,387	8,072	8,072
	E-point Precision Tools Co., Ltd.	Republic of China	Selling cutting tools	3,500	3,500	350,000	70.00	2,095	(1,152)	(806)
	Raypoint Precision Tools Co., Ltd.	Republic of Seychelles	International trade	1,511	-	50,000	100.00	1,509	(2)	(2)
	Topmicron Investment Ltd.	Independent state of Samoa	International investment	59,944 (US\$ 2,000 thousand)	59,944 (US\$ 2,000 thousand)	2,000,000	100.00	52,638	(6,268)	(6,268)

Note 1: Investment loss is the investee's net loss of \$187 thousand minus unrealized profits of \$1,564 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.

TABLE 7

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2019
(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, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	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, 2019 (Notes 7 and 12)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
						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\$ 442,000 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)	\$ (9,547)	100.00	\$ (9,547)	\$ 2,798,973	\$ -	Notes 9 and 16
	Sharpont Technology (Qinhuangdao) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 250,222 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	(US\$ 250,222 thousand)	-	-	(US\$ 250,222 thousand)	14,006	100.00	14,006	280,041	-	Notes 9 and 16
	Sharpont Technology (Shenzhen) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 147,583 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	(US\$ 147,583 thousand)	-	-	(US\$ 147,583 thousand)	(3,582)	100.00	(3,582)	80,908	-	Notes 9 and 16
	Sharpont Technology (Suzhou) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 177,872 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	(US\$ 177,872 thousand)	-	-	(US\$ 177,872 thousand)	11,886	100.00	11,886	192,772	-	Notes 9 and 16
	Sharpont Electronics (Huanan) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 308,875 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	(US\$ 259,808 thousand)	-	-	(US\$ 259,808 thousand)	(1,043)	100.00 (Note 12)	(1,043)	286,153 (Note 12)	-	Notes 9 and 16
	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	(RMB 292,145 thousand)	Indirect: Through an investment company registered in a third region (Note 2)	(US\$ 13,071 thousand)	(US\$ 13,071 thousand)	-	(US\$ 13,071 thousand)	(69,050)	100.00 (Note 13)	(67,369)	243,950	-	Notes 9 and 16
	Unipoint Technology Shenzhen Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 178,814 thousand)	Indirect: Through an investment company registered in a third region (Note 3)	(US\$ 178,814 thousand)	-	-	(US\$ 178,814 thousand)	8,069	100.00	8,069	28,773	-	Notes 9 and 16
	Kunshan Restek Technology Co., Ltd.	Manufacturing, processing and selling print circuit board	(US\$ 30,480 thousand)	Other (Note 4)	(Note 4)	-	-	(Note 4)	(301)	75.00	(226)	(6,407)	-	Notes 9 and 16
	Kunshan Topoint Technology Co., Ltd.	Drilling bits	(RMB 97,228 thousand)	Other (Note 4)	(Note 4)	-	-	(Note 4)	5,311	100.00	5,311	110,224	-	Notes 9 and 16
	Sharpont Electronics (Huanan) Co., Ltd.	Testing of drill bits and mounting plate bolt holes	(US\$ 308,875 thousand)	Other (Note 4)	(Note 12)	-	-	(Note 12)	(Note 12)	(Note 12)	(Note 12)	-	-	Notes 9 and 16
Chengdu Raypoint Precision Tools Co., Ltd.	Chengdu Raypoint Precision Tools Co., Ltd.	Cutting equipment	(RMB 292,145 thousand)	Other (Note 4)	(Note 13)	-	-	(Note 13)	(Note 13)	(Note 13)	(Note 13)	-	-	Notes 9 and 16
	Shanghai Hejin Roller Technology Co., Ltd.	Manufacturing and selling machinery parts	(RMB 185,162 thousand)	Other (Note 4)	(Note 4)	-	-	(Note 4)	(98,254)	86.27	(87,837)	(506)	-	Notes 9 and 16
	Shanghai Ringpoint Nano Material Co., Ltd.	Processing metal products	(RMB 54,302 thousand)	Other (Note 4)	(Note 4)	-	-	(Note 4)	27,188	81.83	22,249	61,360	-	Notes 9 and 16
	W.S.G. International Co., Ltd.		(US\$ 16,564 thousand)	Other (Note 5)	(Note 5)	-	-	(Note 5)	714	-	357	-	-	Note 10
	Kunshan Raypoint Precision Tools Co., Ltd.	Cutting equipment	(RMB 28,058 thousand)	Other (Note 6)	(Note 6)	-	-	(Note 6)	(5,391)	100.00	(5,391)	215	-	Notes 9 and 16

(Continued)

Investee Company	Investor Company	Main Businesses and Products	Paid-in Capital	Method of Investment	Accumulated Outward Remittance for Investment from January 1, 2019	Remittance of Funds		Accumulated Outward Remittance for Investment from Taiwan as of December 31, 2019	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, 2019 (Notes 7 and 12)	Accumulated Repatriation of Investment Income as of December 31, 2019	Note
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 7)	\$ - (Note 7)	-	-	-	\$ 716	100.00	\$ 716	\$ 19,916	\$ -	Notes 9 and 16
Unipoint Technology Co., Ltd.	Sharpoint Electronics (Suzhou) Co., Ltd.	Manufacturing, processing and selling print circuit board	\$ 59,944 (US\$ 2,000 thousand)	Indirect: Through an investment company registered in a third region (Note 8)	\$ 59,944 (US\$ 2,000 thousand) (Note 8)	-	-	(US\$ 2,000 thousand) (Note 8)	(6,268)	61.76	(6,268)	52,638	-	Notes 9 and 16

Investor Company Name	Accumulated Outward Remittance for Investment in Mainland China as of December 31, 2019	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on the Amount of Investment Stipulated by Investment Commission, MOEA (Note 15)
Topoint Technology Co., Ltd. (the "Company")	\$ 1,768,766 (US\$ 55,125 thousand)	\$ 2,325,971 (US\$ 72,796 thousand) (Note 11)	\$ 2,566,286
Unipoint Technology Co., Ltd.	\$ 59,944 (US\$ 2,000 thousand)	\$ 236,480 (US\$ 8,000 thousand)	372,252

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 by the owned fund of Shanghai Topoint Precision Technology Co., Ltd.

Note 6: Invested and established by the owned fund of Chengdu Raypoint Precision Tools Co., Ltd.

Note 7: Invested and established by the owned fund of Sharpoint Electronics (Huaian) Co., Ltd.

Note 8: The investment company required in third region is Topimicon Investment, Ltd.

Note 9: 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 10: Investment gains (losses) and carrying values were recognized on the basis of the investee's financial statements unaudited by the independent CPA of the Company.

Note 11: 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 12: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co. was US\$8,400 thousand (84%) and US\$1,600 thousand (16%), respectively. The recognition of loss on investment was \$876 thousand and \$167 thousand, respectively, which led to the ending balance of investment account which was \$240,368 thousand and \$45,785 thousand, respectively.

Note 13: The investment from Topoint Technology Co., Ltd. (B.V.I.) and Shanghai Topoint Precision Technology Co. was RMB6,000 thousand (10%) and RMB54,000 thousand (90%), respectively. The recognition of loss on investment was \$1,951 thousand and \$65,418 thousand, respectively, which led to the ending balance of investment account which was \$24,395 thousand and \$219,555 thousand, respectively.

Note 14: 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 15: 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 16: 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, 2019
(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	\$ 400,634	39	Based on mutual agreement	Based on mutual agreement	\$ 50,796	21	\$ (12,486)	Notes 1 and 2
			Purchase	41,377	10	Based on mutual agreement	Based on mutual agreement	(5,756)	9	85	Notes 1 and 2
		Sharpoint Technology (Qinhuangdao) Co., Ltd.	Sales	6,076	1	Based on mutual agreement	Based on mutual agreement	1,194	-	(3,848)	Notes 1 and 2
			Sales	5,943	1	Based on mutual agreement	Based on mutual agreement	512	-	(708)	Notes 1 and 2
		Chengdu Raypoint Precision Tools Co., Ltd.	Sales	343	-	Based on mutual agreement	Based on mutual agreement	145	-	80	Notes 1 and 2
			Purchase	5,180	1	Based on mutual agreement	Based on mutual agreement	(1,876)	3	33	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 Warspeed Corporation (B.V.I.), Shanghai Topoint Precision Technology Co., Ltd. and Sharpoint Technology (Qinhuangdao) Co., Ltd., and were made indirectly through Raypoint Precision Tools Co., Ltd., and Shanghai Topoint Precision Technology Co., Ltd. The prices and payment terms were based on mutual agreement.

Note 2: Eliminated from the consolidated financial statements.

TOPOINT TECHNOLOGY CO., LTD. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2019

(Amounts in Thousands of New Taiwan Dollars)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% to Total Sales or Assets (Note 4)
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	
0	Topoint Technology Co., Ltd.	Warspeed Corporation (B.V.L.) Shanghai Topoint Precision Technology Co., Ltd.	a	Sales	\$ 126,618	-	4
				Accounts receivable - related parties	36,224	-	1
			a	Inventories	443	-	-
				Accounts payable - related parties	5,756	-	-
				Deferred credits	32,301	-	-
				Sales	256,881	-	9
				Unrealized profit	12,486	-	1
				Cost of goods sold	15,725	-	-
			a	Gain on disposal of property, plant and equipment	1,609	-	-
				Accounts receivable - related parties	6,345	-	-
		Topoint Japan Co., Ltd.		Deferred credits	1,551	-	-
				Sales	9,740	-	-
				Unrealized profit	46	-	-
				Cost of goods sold	1,551	-	-
				Rental revenue	7,963	-	-
				Other income	3,389	-	-
			a	Accounts receivable - related parties	5,694	-	-
				Refundable deposits	300	-	-
				Guarantee deposits received	3	-	-
				Deferred credits	331	-	-
		Unipoint Technology Co., Ltd.		Sales	9,238	-	-
				Unrealized profit	101	-	-
				Cost of goods sold	2,070	-	-
				Rental revenue	36	-	-
				Other income	7,200	-	-
				Accounts receivable - related parties	1,194	-	-
			a	Deferred credits	3,987	-	-
				Sales	5,830	-	-
				Unrealized profit	3,848	-	-
				Other income	382	-	-
		Sharpoint Technology (Qinhuangdao) Co., Ltd.		Cost of goods sold	964	-	-
				Accounts receivable - related parties	512	-	-
			a	Sales	5,943	-	-
				Unrealized profit	708	-	-
				Deferred credits	1,658	-	-
				Cost of goods sold	141	-	-
				Other income	190	-	-

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details				% to Total Sales or Assets (Note 4)
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)		
		Kunshan Topoint Technology Co., Ltd. Chengdu Raypoint Precision Tools Co., Ltd. E-point Precision Tools Co., Ltd. Shanghai Ringpoint Nano Material Co., Ltd. Raypoint Precision Tools Co., Ltd.	a a a a a	Deferred credits	\$ 19,910	-	-	-
				Gain on disposal of property, plant and equipment	735	-	-	-
				Other income	4,549	-	-	-
				Accounts receivable - related parties	145	-	-	-
				Accounts payable - related parties	1,876	-	-	-
				Inventories	33	-	-	-
				Unrealized profit	80	-	-	-
				Deferred credits	446	-	-	-
				Sales	343	-	-	-
				Cost of goods sold	4,734	-	-	-
		Topoint Japan Co., Ltd.	c	Accounts receivable - related parties	803	-	-	-
				Sales	2,051	-	-	-
				Rental revenue	36	-	-	-
				Machinery and equipment	5,459	-	-	-
				Accounts receivable - related parties	14,572	-	-	-
				Sales	17,381	-	-	1
				Accounts receivable - related parties	6,900	-	-	-
				Cost of goods sold	126,618	-	-	4
				Sales	177,035	-	-	6
				Sales	246	-	-	-
	Shanghai Topoint Precision Technology Co., Ltd.	Topoint Technology Co., Ltd.	b c c	Accounts receivable - related parties	5,756	-	-	-
				Inventories	25,653	-	-	1
				Machinery and equipment	246,990	-	-	4
				Accumulated depreciation	253,638	-	-	4
				Accounts payable - related parties	36,224	-	-	1
				Sales	41,377	-	-	1
				Cost of goods sold	296,185	-	-	10
				Cost of goods sold	177,035	-	-	6
				Accounts receivable - related parties	6,901	-	-	-
				Accounts payable - related parties	557	-	-	-
	Warspeed Corporation (B.V.I.) Sharpoint Technology (Qinhuangdao) Co., Ltd.	Topoint Technology Co., Ltd.	c c	Sales	30,703	-	-	1
				Rental revenue	269	-	-	-
				Cost of goods sold	3,457	-	-	-
				Interest income	611	-	-	-
				Accounts receivable - related parties	51,023	-	-	1
				Accounts payable - related parties	345	-	-	-
				Sales	15,038	-	-	1
				Cost of goods sold	2,910	-	-	-
				Interest income	2,746	-	-	-
				Rental revenue	2,303	-	-	-
	Unipoint Technology Shenzhen Co., Ltd.	Sharpoint Technology (Shenzhen) Co., Ltd.	c	Accounts receivable - related parties	2,650	-	-	-
				Sales	23,290	-	-	1
				Cost of goods sold	2,241	-	-	-
				Accounts payable - related parties	2,278	-	-	-
				Accounts receivable - related parties	2,278	-	-	-
				Cost of goods sold	2,278	-	-	-
				Accounts payable - related parties	2,278	-	-	-
				Accounts receivable - related parties	2,278	-	-	-
				Cost of goods sold	2,278	-	-	-
				Accounts payable - related parties	2,278	-	-	-

(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.	c	Accounts receivable - related parties	\$ 473	-	-
				Accounts payable - related parties	104	-	-
				Sales	1,598	-	-
				Cost of goods sold	13	-	-
		Kunshan Restek Technology Co., Ltd.	c	Accounts receivable - related parties	10,314	-	-
				Accounts receivable - related parties	103,320	-	2
		Kunshan Topoint Technology Co., Ltd.	c	Accounts payable - related parties	9,767	-	-
				Rental revenue	335	-	-
		Chengdu Raypoint Precision Tools Co., Ltd.	c	Interest income	4,887	-	-
				Cost of goods sold	117,577	-	4
				Accounts receivable - related parties	340,000	-	6
				Accounts payable - related parties	765	-	-
		Kunshan Raypoint Precision Tools Co., Ltd.	c	Cost of goods sold	58	-	-
				Interest income	14,115	-	-
				Sales	16	-	-
				Cost of goods sold	3	-	-
		Sharpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	40,451	-	1
				Sales	109,524	-	4
		Winpoint Electronics (Huaian) Co., Ltd.	c	Cost of goods sold	2,323	-	-
				Sales	5,006	-	-
	Shanghai Hejin Roller Technology Co., Ltd.	c	Accounts receivable - related parties	2,351	-	-	
			Rental revenue	231	-	-	
			Cost of goods sold	408	-	-	
			Accounts receivable - related parties	35,533	-	1	
	Shanghai Ringpoint Nano Material Co., Ltd.	c	Rental revenue	924	-	-	
			Sales	1,877	-	-	
			Interest income	505	-	-	
			Accounts receivable - related parties	16,769	-	-	
Raypoint Precision Tools Co., Ltd.	c	Rental revenue	354	-	-		
		Sales	2,354	-	-		
4		Topoint Technology Co., Ltd.	b	Cost of goods sold	57,232	-	2
				Interest income	89	-	-
				Accounts payable - related parties	20,399	-	-
				Cost of goods sold	24,332	-	1
		Topoint Technology Co., Ltd.	c	Inventories	1,551	-	-
				Accounts payable - related parties	6,345	-	-
		Topoint Technology Co., Ltd. (B.V.I.)	c	Cost of goods sold	22,597	-	1
				Accounts payable - related parties	6,900	-	-
		Unipoint Technology Co., Ltd.	b	Refundable deposits	3	-	-
				Inventories	331	-	-
				Accounts payable - related parties	5,694	-	-
				Guarantee deposits received	300	-	-
			Cost of goods sold	16,869	-	1	
			Rental revenue	2,400	-	-	
			Rental expenses	36	-	-	

(Continued)

(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)
6	Unipoint Technology Shenzhen Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Inventories	\$ 192	-	-
				Accounts payable - related parties	51,023	-	1
				Cost of goods sold	17,341	-	1
				Interest expenses	2,746	-	-
				Accounts receivable - related parties	345	-	-
				Rental revenue	2,275	-	-
				Sales	827	-	-
				Rental revenue	199	-	-
				Sales	21	-	-
				Accounts receivable - related parties	49	-	-
				Rental revenue	537	-	-
				Accounts payable - related parties	21,487	-	-
				Interest expenses	1,079	-	-
				Sales	377	-	-
7	Sharp Technology (Qinhuangdao) Co., Ltd.	Kunshan Topoint Technology Co., Ltd.	c	Accounts payable - related parties	11,475	-	-
				Cost of goods sold	23,956	-	1
				Accounts receivable - related parties	1,141	-	-
				Cost of goods sold	16	-	-
				Rental revenue	1,937	-	-
				Inventories	964	-	-
				Accounts payable - related parties	1,194	-	-
				Cost of goods sold	11,023	-	-
				Machinery and equipment	3,818	-	-
				Accumulated depreciation	795	-	-
				Cost of goods sold	246	-	-
				Inventories	902	-	-
				Interest expenses	611	-	-
				Accounts payable - related parties	6,901	-	-
				Sales	1,696	-	-
	Warpspeed Corporation (B.V.I.) Shanghai Topoint Precision Technology Co., Ltd.	Sharp Electronics (Huaian) Co., Ltd.	c	Cost of goods sold	30,972	-	1
				Accounts receivable - related parties	557	-	-
				Rental revenue	2,663	-	-
				Sales	13	-	-
				Interest expenses	65	-	-
				Accounts receivable - related parties	681	-	-
				Rental revenue	1,884	-	-
				Cost of goods sold	28	-	-
				Rental revenue	595	-	-
				Cost of goods sold	413	-	-
				Accounts receivable - related parties	2	-	-
				Sales	2	-	-
				Accounts payable - related parties	1,141	-	-
				Rental revenue	16	-	-
				Cost of goods sold	1,937	-	-
	Sharp Technology (Qinhuangdao) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	c	Inventories	964	-	-
				Accounts payable - related parties	1,194	-	-
				Cost of goods sold	11,023	-	-
				Machinery and equipment	3,818	-	-
				Accumulated depreciation	795	-	-
				Cost of goods sold	246	-	-
				Inventories	902	-	-
				Interest expenses	611	-	-
				Accounts payable - related parties	6,901	-	-
				Sales	1,696	-	-
				Cost of goods sold	30,972	-	1
				Accounts receivable - related parties	557	-	-
				Rental revenue	2,663	-	-
				Sales	13	-	-
				Interest expenses	65	-	-
	Sharp Technology (Qinhuangdao) Co., Ltd.	Winpoint Electronics (Huaian) Co., Ltd.	c	Accounts receivable - related parties	681	-	-
				Rental revenue	1,884	-	-
				Cost of goods sold	28	-	-
				Rental revenue	595	-	-
				Cost of goods sold	413	-	-
				Accounts receivable - related parties	2	-	-
				Sales	2	-	-
				Accounts payable - related parties	1,141	-	-
				Rental revenue	16	-	-
				Cost of goods sold	1,937	-	-
				Inventories	964	-	-
				Accounts payable - related parties	1,194	-	-
				Cost of goods sold	11,023	-	-
				Machinery and equipment	3,818	-	-
				Accumulated depreciation	795	-	-

(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)
8	Sharpoint Technology (Shenzhen) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Cost of goods sold	\$ 23,290	-	1
				Accounts payable - related parties	2,650	-	-
				Sales	2,241	-	-
				Accounts receivable - related parties	2,278	-	-
				Cost of goods sold	220	-	-
9	Sharpoint Technology (Suzhou) Co., Ltd.	Topoint Technology Co., Ltd.	b	Sales	28	-	-
				Sales	3	-	-
				Inventories	141	-	-
				Accounts payable - related parties	512	-	-
				Machinery and equipment	3,355	-	-
				Accumulated depreciation	1,838	-	-
				Cost of goods sold	6,982	-	-
				Accounts payable - related parties	147	-	-
				Cost of goods sold	407	-	-
				Inventories	122	-	-
	Kunshan Topoint Precision Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts receivable - related parties	104	-	-
				Sales	109	-	-
				Accounts payable - related parties	473	-	-
				Cost of goods sold	1,598	-	-
				Accounts payable - related parties	49	-	-
				Cost of goods sold	537	-	-
				Accounts receivable - related parties	21,487	-	-
				Interest income	1,079	-	-
				Accounts payable - related parties	2	-	-
				Cost of goods sold	2	-	-
10	Kunshan Restek Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Cost of goods sold	3	-	-
				Accounts payable - related parties	10,314	-	-
11	Kunshan Topoint Technology Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts payable - related parties	52,211	-	1
				Machinery and equipment	32,301	-	1
				Accumulated depreciation	5,284	-	-
				Cost of goods sold	9,767	-	-
				Accounts receivable - related parties	103,320	-	2
				Accounts payable - related parties	117,577	-	4
				Sales	335	-	-
				Cost of goods sold	4,887	-	-
				Interest expenses	147	-	-
				Accounts receivable - related parties	407	-	-
				Rental revenue	377	-	-
				Cost of goods sold	11,475	-	-
				Accounts receivable - related parties	23,956	-	1
				Sales	413	-	-
				Rental revenue	595	-	-
				Cost of goods sold			

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% to Total Sales or Assets (Note 4)
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	
		Sharpoint Electronics (Huaian) Co., Ltd. Chengdu Raypoint Precision Tools Co., Ltd.	c c	Accounts receivable - related parties Sales Rental revenue	\$ 29 53 39	- - -	- - -
12	Sharpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd. Sharpoint Technology (Qinhuangdao) Co., Ltd. Kunshan Topoint Technology Co., Ltd. Winpoint Electronics (Huaian) Co., Ltd.	c c c c	Inventories Accounts payable - related parties Cost of goods sold Sales Cost of goods sold Interest income Accounts payable - related parties Cost of goods sold Interest income	2,985 40,451 109,524 662 13 65 29 53 373	- - - - - - - - -	- 1 4 - - - - - -
13	Chengdu Raypoint Precision Tools Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd. Kunshan Raypoint Precision Tools Co., Ltd. Shanghai Ringpoint Nano Material Co., Ltd. Kunshan Topoint Technology Co., Ltd.	b c c c c	Accounts payable - related parties Accounts receivable - related parties Sales Inventories Cost of goods sold Accounts payable - related parties Accounts receivable - related parties Sales Interest expenses Cost of goods sold Rental revenue Cost of goods sold Sales Accounts receivable - related parties Sales	145 1,876 5,180 446 676 340,000 765 58 14,115 16 664 3,653 880 74 39	- - - - - - - - - - - - - - -	- - - - - 6 - - - - - - - -
14	Kunshan Raypoint Precision Tools Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd. Chengdu Raypoint Precision Tools Co., Ltd.	c c	Sales Sales Cost of goods sold Rental expenses	3 3,653 658 6	- - - -	- - - -
15	Winpoint Electronics (Huaian) Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd. Sharpoint Technology (Qinhuangdao) Co., Ltd. Sharpoint Electronics (Huaian) Co., Ltd.	c c c	Inventories Sales Accounts payable - related parties Cost of goods sold Accounts payable - related parties Cost of goods sold Interest expenses	497 89 2,351 5,237 681 1,884 373	- - - - - - -	- - - - - - -

(Continued)

No. (Note 1)	Company	Counterparty	Flow of Transactions (Note 2)	Transaction Details			% to Total Sales or Assets (Note 4)
				Financial Statement Account	Amount (Note 5)	Payment Terms (Note 3)	
16	Shanghai Ringpoint Nano Material Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd.	b c	Loss on disposal of property, plant and equipment	\$ 5,459	-	-
				Accounts payable - related parties	16,769	-	-
				Cost of goods sold	2,708	-	-
				Sales	57,232	-	2
				Interest expenses	89	-	-
	Chengdu Raypoint Precision Tools Co., Ltd.		c	Cost of goods sold	880	-	-
				Accounts payable - related parties	74	-	-
17	Shanghai Hejin Roller Technology Co., Ltd.	Shanghai Topoint Precision Technology Co., Ltd.	c	Accounts payable - related parties	35,533	-	1
				Cost of goods sold	2,570	-	-
				Rental expenses	231	-	-
				Interest expenses	505	-	-
18	E-point Precision Tools Co., Ltd.	Topoint Technology Co., Ltd.	b	Accounts payable - related parties	803	-	-
				Cost of goods sold	2,051	-	-
				Rental expenses	36	-	-
19	Raypoint Precision Tools Co., Ltd.	Topoint Technology Co., Ltd. Shanghai Topoint Precision Technology Co., Ltd.	b c	Accounts payable - related parties	14,572	-	-
				Cost of goods sold	17,381	-	1
				Accounts receivable - related parties	20,399	-	-
				Sales	24,332	-	1

Note 1: Companies are numbered as follows:

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

Note 2: The flow of transactions is as follows:

- From Topoint to the subsidiary.
- From the subsidiary to Topoint.
- 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)

(Concluded)

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

1. Financial position

A. Financial status comparison analysis

Unit:NT\$1,000

Item \ Year	2019	2018	Difference	
			Amount	%
Current assets	\$3,998,337	\$3,982,776	15,561	0.39
Property, plant and equipment	1,751,469	2,071,314	(319,845)	(15.44)
Intangible assets	12,958	20,864	(7,906)	(37.89)
Other noncurrent assets	233,170	273,003	(39,833)	(14.59)
Total assets	5,995,934	6,347,957	(352,023)	(5.55)
Current liabilities	882,697	1,090,740	(208,043)	(19.07)
Noncurrent liabilities	587,497	633,590	(46,093)	(7.27)
Total liabilities	1,470,194	1,724,330	(254,136)	(14.74)
Total equity attributable to owners of the Company	4,277,144	4,369,192	(92,048)	(2.11)
Common stock	1,421,805	1,435,305	(13,500)	(0.94)
Capital surplus	1,230,872	1,228,597	2,275	0.19
Retained earnings	2,028,936	2,014,663	14,273	0.71
Other equity	(404,469)	(279,177)	(125,292)	(44.88)
Treasury shares	-	(30,196)	30,196	100
NON-CONTROLLING INTERESTS	248,596	254,435	(5,839)	(2.29)
Total shareholders' equity	4,525,740	4,623,627	(97,887)	(2.12)

Note:

- (1) The decrease in intangible assets was mainly due to the completion of amortization in the current period.
- (2) The decrease in other equity was mainly due to the decrease in conversion differences in the financial statements of foreign operating agencies.

2. Management performance

A. Comparison of business performance

Unit: NT\$ 1,000

Item \ Year	2019	2018	Amount change	Ratio change (%)
Net operating income	\$3,006,253	\$3,282,444	(276,191)	(8.41)
Operating cost	2,147,058	2,372,599	(225,541)	(9.51)
Gross profit	859,195	909,845	(50,650)	(5.57)
Operating expense	579,421	585,442	(6,021)	(1.03)
Operating income	307,102	328,983	(21,881)	(6.65)
Non-operating income and expenses	23,859	10,224	13,635	133.36
Net income before tax	330,961	339,207	(8,246)	(2.43)
Income tax expense(gain)	127,954	84,531	43,423	51.37
Net income	203,007	254,676	(51,669)	(20.29)
Net profit attributed to: Owner of the Company	190,275	253,641	(63,366)	(24.98)
Analysis of financial ratio change:				
(1) The increase in non-operating income and (expenditure) was mainly due to the increase in other income and financial product benefits.				
(2) The increase in income tax expenses was mainly due to deferred income tax adjustments.				
(3) The decrease in net profit attributed to: Owner of the Company due to increased income tax expenses.				

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 2019 are as follows (consolidated number):

Market Share (%)	20.0%
Quality Yield Rate (%)	98.9%
Production Utilization (%)	93.6%

3. Analysis of Cash Flows

A. Liquidity analysis of the last two years

Item \ Year	2019	2018	Fluctuation ratio %
Cash flow ratio	107.63	50.92	111.37
Cash adequacy ratio	170.91	147.46	15.90
Cash reinvestment ratio	7.49	4.69	59.70
Analysis of financial ratio change:			
(1) Increase in cash flow ratio: Mainly due to the decrease in current liabilities and the increase in net cash flow from operating activities.			
(2) Increase in cash reinvestment ratio: Mainly due to the increase in net cash flow from operating activities.			

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
1,762,897	782,411	754,307	1,791,001	-	-
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 2019 under the equity method Investment income is NT\$ 40,700,000, 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

Effects of Changes in Interest Rates, Foreign Exchange Rates and Inflation on Corporate Finance, and Future Response Measures

A. Interest Rates

Topoint obtains more favorable borrowing interest rates and financing channels in the market based on the timing of capital needs, and uses the funds for the most effective dispatch to reduce interest expenses. As of December 31, 2019, the short-term and long-term loans amounted to NT \$ 481,213 thousand. Had interest rates been 25 basis points higher/lower and all other variables been held constant, the Group's pretax profits for the year ended December 31, 2019 would have increased/decreased by \$411 thousand.

B. Foreign Exchange Rates

Topoint uses the natural hedging method of balancing foreign currency assets and liabilities, combined with the actual hedging of forward foreign exchange transactions, to continuously control foreign currency positions to reduce the impact of exchange rate fluctuations on the company's profit and loss.

C. Inflation

The impact of inflation does not currently have a significant impact on the Company's profits and business operations.

Management of Finance Risk: transactions of high risk, high leverage investment, loan funds to others, endorsement, and derivatives commodity

The Company did not engage in any high-risk or high-leveraged investments and procedures related to lending during the most recent fiscal year. The balance of endorsement for subsidiaries, due to business relations is See pages 132 of the annual report till the end of December 31, 2019. The Company has promulgated its “Procedures for Acquisition or Disposal of Assets”, “Procedure of External Lending” and “Procedures for Endorsement & Guarantee”, Therefore, there is no significant adverse impact on the company's profit and loss.

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.

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.

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.

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 appointing relevant experts to provide timely advice to reduce the occurrence of risks and the impact of risks to the company.

Expected Benefits from, Risks Relating to and Response to Merger and Acquisition Plans: N/A

Expected Benefits from, Risks Relating to and Response to Facility Expansion Plans: N/A

Risks Relating to and Response to Excessive Concentration of Purchasing Sources and Excessive Customer Concentration

The company strives to diversify its purchase suppliers or sales customers in order to reduce the risk of excessive concentration.

Effects of, Risks Relating to and Response to Large Share Transfers or Changes in Shareholdings by Directors or Shareholders with Shareholdings of over 10%: N/A

Effects of, Risks Relating to and Response to Changes in Control over the Company: N/A

Litigation and non-litigation matters

(1) Major ongoing lawsuits, non-lawsuits or administrative lawsuit: N/A.

(2) Major ongoing lawsuits, non-lawsuits or administrative lawsuits caused by directors or shareholders with over 10% shareholdings: N/A

Other major risks and countermeasures:

Group	Risk Items	Countermeasures
Climate change Risk	Water Resource	-Continuous operation of continuous measurement and monitoring, The use of water resources. -Improve operational water efficiency and reduction Low pollution. -Pay close attention to international environmental protection trends, Formulate relevant measures according to operational needs Shi. - Establish medium and long-term targets, and the water intensity will decrease by 0.5% annually from 2020 to 2022.
	Carbon Management	The major carbon sources come from the facility for manufacture based on the investigation results. To save the energy is the main actions to reduce carbon, This improvement plans will include. Renew the facility of air conditioner refit lighting lamps. Energy saving policy and efficient transportation project, to reduce the manufacture operation impact on the environment.
Info com Security Risk	Info com Issues Caused by Man-made or natural disaster	In order to keep the smooth operation of Info com system, the company had defined the S.O.P. including the management of engine room. Account authority · information backup and restore · The authority had been defined for the access of data read and write. Fire wall setting and system management, to prevent the undesired system revision and modification to ensure the security of intellectual property (IP).

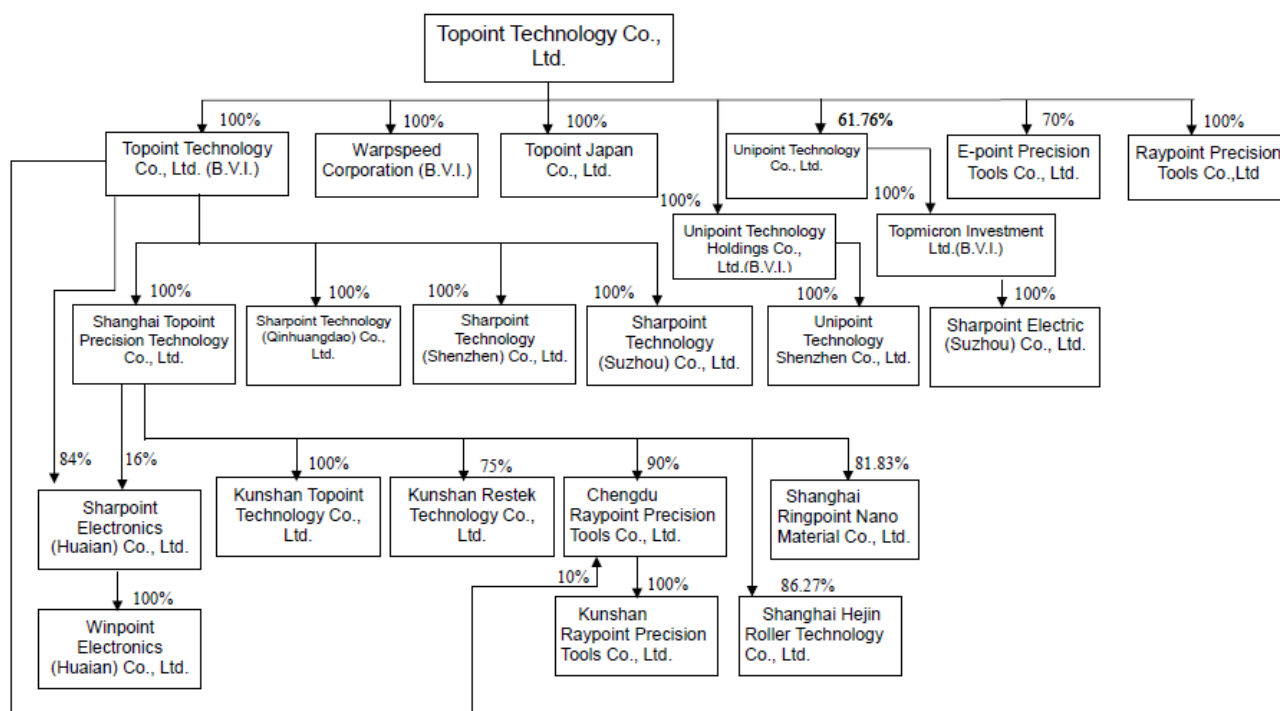
7. Other important matters: N/A

VIII. Special Disclosures

1. Information of Affiliated Firms

A. Affiliates Consolidated Business Report

(1) Organization chart



(2) Basic information

Name of the invested company	Area	Major business	Paid-up capital Unit: NT\$ 1,000
Topoint Technology Co., Ltd.(B.V.I.)	British Virgin Islands	International investment	1,772,629
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
Topmicron Investment Ltd.(B.V.I.)	British Virgin Islands	International investment	59,944
E-point Precision Tools Co., Ltd.	Republic of China	Selling Cutting equipment	5,000
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

Name of the invested company	Area	Major business	Paid-up capital Unit: NT\$ 1,000
Unipoint Technology Holdings Co., Ltd.(B.V.I)	British Virgin Islands	International investment	178,814
Raypoint Precision Tools Co.,Ltd.	Republic of Seychelles	International investment	1,511
Unipoint Technology Shenzhen Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	178,814
Sharpont Technology (Shenzhen) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	147,583
Sharpont 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
Sharpont 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	292,145
Kunshan Raypoint Precision Tools Co., Ltd.	China	Cutting equipment	28,058
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	185,162
Shanghai Ringpoint Nano Material Co., Ltd.	China	Processing metal products	54,302
Sharpont Electric (Suzhou) Co., Ltd.	China	Testing of drill bits and mounting plate bolt holes	59,944

(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	7,194	100%
Unipont Technology Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	30,696,297	61.76%
Warspeed Corporation (B.V.I.)	Major Shareholder	Topoint Technology Hsu-Ting, Lin	50,000	100%
Topoint Japan Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	600	100%
Topmicron Investment Ltd.(B.V.I.)	Major Shareholder	Topoint Technology Hsu-Ting, Lin	1,235,200	61.76%
E-point Precision Tools Co., Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	350,000	70%
Shanghai Topoint Precision Technology Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Chia-Hung, Wang	-	-
	Director	Xiu-Tao, Chen	-	-
	Supervisor	Ching-Wen, Chen	-	-
Sharpoint Technology (Qinhuangdao) Co., Ltd.	Director	Chia-Hung, 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%
Raypoint Precision Tools Co.,Ltd.	Major Shareholder	Topoint Technology Hsu-Ting, Lin	50,000	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	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ying-Ming, Huang	-	-
	Supervisor	Sheng-Chou, Weng	-	-
Sharpoint Technology (Suzhou) Co., Ltd.	Director	Hsu-Ting, Lin	-	-
	Director	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Ying-Ming, Huang	-	-
Kunshan Restek Technology Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Hsu-Ting, Lin	-	-
	Director	Xiu-Tao, Chen	-	-
	Supervisor	Chang-Long, Yan	-	-
Kunshan Topoint Technology Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-

	Director	Sheng-Chou, Weng	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Company Name	Position	Name/Representative	Share holding	
			Amount	%
Sharpoint Electronics (Huaian) Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Yin-Min, Huang	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Chengdu Raypoint Precision Tools Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Zhan-Yang, Chen	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Kunshan Raypoint Precision Tools Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Zhan-Yang, Chen	-	-
	Director	Chang-Long, Yan	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Winpoint Electronics (Huaian) Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ying-Ming, Huang	-	-
	Supervisor	Xiu-Tao, Chen	-	-
Shanghai Hejin Roller Technology Co., Ltd.	Director	Chia-Hung, Wang	-	-
	Director	Chang-Long, Yan	-	-
	Director	Ci-Fong, Hong	-	-
	Supervisor	Sheng-Chou, Weng	-	-
Shanghai Ringpoint Nano Material Co., Ltd.	Director	Chia-Hung, 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	-	-
Sharpoint Electric (Suzhou) Co., Ltd.	Director	Chia-Hung, Wang		
	Director	Chang-Long, Yan		
	Director	Ying-Ming, Huang		
	Supervisor	Xiu-Tao, Chen		

B. Affiliates Consolidated Financial Statements: See P62~P146

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 2019 (from January 1, 2019 to December 31, 2019), 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 2019, 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

