CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2017 AND 2016

For the convenience of readers and for information purpose only, the auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language auditors' report and financial statements shall prevail.

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(17)PWCR17003496

To the Board of Directors and Stockholders of Chenbro Micom Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd. and subsidiaries (the "Group") as at December 31, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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

Basis for opinion

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

Key audit matters

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

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

Valuation of accounts receivable

Description

Refer to Note 4(9) for accounting policy on allowance for uncollectible accounts, Note 5 for key estimates and assumptions, and Note 6(3) for details of allowance for uncollectible accounts. As of December 31, 2017, the balances of accounts receivable and allowance for uncollectible accounts are NT$1,495,199 thousand and NT$23,751 thousand, respectively.

The Group assesses bad debts based on historical experience, known reason or existing objective evidences. A provision for impairment is recognised for those accounts which are considered uncollectible. As the estimation of allowance for uncollectible accounts is subject to management's judgement, the amount of provision is based on the collectability of accounts receivable, and considering that accounts receivable and allowance for uncollectible accounts are material to the financial statements, we consider the allowance for uncollectible accounts a key audit matter.

How our audit addressed the matter

Our procedures in relation to management's valuation of accounts receivable included:

1. Assessing the reasonableness of policies and procedures on allowance for uncollectible accounts, including the reasonableness of classification of customer's credit quality and ageing analysis, based on accounting principles and credit quality of customer.
2. Comparing the provision policy on allowance for uncollectible accounts whether it has been consistently applied in the comparative periods of financial statements.
3. Testing collections after the balance sheet date to check the adequacy of allowance for uncollectible accounts.

Valuation of inventories

Description

Refer to Note 4(11) for accounting policy on inventory valuation, Note 5 for accounting estimates and assumption uncertainty in relation to inventory valuation, and Note 6(5) for description of allowance for inventory valuation losses. As of December 31, 2017, the Group's inventory and allowance for market value decline and obsolete and slow-moving inventories amounted to NT$737,243 thousand and NT$120,137 thousand, respectively.

The Group is primarily engaged in manufacturing and sales of computer peripheral equipment. As technology changes rapidly and the life cycle of electronic products is short, inventories may become obsolete within a short period. The Group measures inventories at the lower of cost and net realisable value, and assesses whether the value of inventories has declined. Any losses incurred due to obsolescence based on inventory aging and closeout inventory are examined by management periodically.

As the value of inventory is significant, the inventory items are numerous, and the accounting estimates are subject to management's judgement, we consider valuation of inventories a key audit matter.

How our audit addressed the matter

Our procedures in relation to valuation of inventories included:

1. Obtaining the provision policies on allowance for inventory valuation losses and comparing whether the policies applied on allowance for inventory valuation losses are consistent for all periods. Assessed the estimation determined by the management and relevant assumptions of allowance for inventory loss.
2. Matching information obtained in physical counts of disposed and obsolete inventory list prepared by management and interviewing management and employees to examine the obsolete, slow-moving or damaged inventories that were included in the list.
3. Assessing the reasonableness of obsolete loss based on the inventory aging and clearance of inventory individually identified by management, and obtaining evidences.
4. Verifying details of net realisable value of inventory and amount of obsolescence loss, recalculating the accuracy and comparing against historical data.

Other matter – Scope of the Audit

We did not audit the financial statements of certain consolidated subsidiaries, which statements reflect total assets amounting to NT$252,449 thousand and NT$359,305 thousand, representing 5% and 7% of the consolidated total assets as of December 31, 2017 and 2016, respectively, and total operating revenue amounting to NT$0 and NT$205,204 thousand, representing 0% and 4% of the consolidated total operating revenue for the years then ended, respectively. Those statements were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein, insofar as it relates to the amounts included in these financial statements and the information disclosed in Note 13 are based solely on the audits of the other independent accountants.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Chenbro Micom Co., Ltd. as at and for the years ended December 31, 2017 and 2016.

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 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 supervisors, are responsible for overseeing the Group's financial reporting process.

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

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

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

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 auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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

Audrey Tseng　　　　　　　　　　Chih, Ping-Chiun

For and on behalf of PricewaterhouseCoopers, Taiwan

March 20, 2018

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

As the financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Assets	Notes	2017 AMOUNT	2017 %	2016 AMOUNT	2016 %
	Current assets					
1100	Cash and cash equivalents	6(1)	$ 1,127,353	21	$ 1,298,218	26
1147	Investments in debt instrument without active market - current	6(2)	144,097	3	-	-
1150	Notes receivable, net		-	-	1,355	-
1170	Accounts receivable, net	6(3)	1,471,448	27	1,138,981	23
1180	Accounts receivable - related parties	7	1,094	-	1,449	-
1200	Other receivables	6(4) and 7	52,996	1	55,973	1
1220	Current income tax assets		5,499	-	4,865	-
130X	Inventories	6(5)	617,106	12	647,505	13
1410	Prepayments		73,205	1	60,684	1
1470	Other current assets	8	11,551	-	12,278	1
11XX	**Total current assets**		3,504,349	65	3,221,308	65
	Non-current assets					
1543	Non-current financial assets mesured at cost	6(6)	31,625	1	31,625	1
1600	Property, plant and equipment	6(7) and 8	1,675,691	31	1,569,099	31
1780	Intangible assets	6(8)	7,732	-	10,002	-
1840	Deferred income tax assets	6(21)	56,693	1	76,726	1
1900	Other non-current assets	6(7)(9) and 8	99,903	2	79,386	2
15XX	**Total non-current assets**		1,871,644	35	1,766,838	35
1XXX	**Total assets**		$ 5,375,993	100	$ 4,988,146	100

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CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Liabilities and Equity	Notes	2017 AMOUNT	2017 %	2016 AMOUNT	2016 %
	Current liabilities					
2100	Short-term borrowings	6(10)	$ 296,883	6	$ 94,500	2
2170	Accounts payable		1,242,231	23	1,122,894	22
2180	Accounts payable - related parties	7	8,779	-	6,769	-
2200	Other payables	6(12) and 7	594,740	11	532,453	11
2230	Current income tax liabilities		72,589	1	105,528	2
2300	Other current liabilities	6(11)	22,348	1	30,751	1
21XX	**Total current liabilities**		2,237,570	42	1,892,895	38
	Non-current liabilities					
2540	Long-term borrowings	6(11)	132,190	2	150,318	3
2570	Deferred income tax liabilities	6(21)	58,767	1	60,147	1
2600	Other non-current liabilities	6(13)	28,113	1	27,992	1
25XX	**Total non-current liabilities**		219,070	4	238,457	5
2XXX	**Total liabilities**		2,456,640	46	2,131,352	43
	Equity					
	Share capital	6(14)				
3110	Share capital - common stock		1,197,260	22	1,197,260	24
	Capital surplus	6(15)				
3200	Capital surplus		48,209	1	48,209	1
	Retained earnings	6(16)(21)				
3310	Legal reserve		518,907	9	458,888	9
3320	Special reserve		142,624	3	65,573	1
3350	Unappropriated retained earnings		1,121,934	21	1,163,915	23
	Other equity interest	6(17)				
3400	Other equity interest		(109,581)	(2)	(77,051)	(1)
3XXX	**Total equity**		2,919,353	54	2,856,794	57
	Significant contingent liabilities and unrecorded contract commitments	9				
	Significant events after the balance sheet date	6(16) and 11				
3X2X	**Total liabilities and equity**		$ 5,375,993	100	$ 4,988,146	100

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except for earnings per share amounts)

			2017		2016	
	Items	Notes	AMOUNT	%	AMOUNT	%
4000	**Operating revenue**	7	$ 5,513,754	100	$ 5,209,967	100
5000	**Operating costs**	6(5)(20) and 7	(4,044,435)	(74)	(3,659,785)	(70)
5950	**Net operating margin**		1,469,319	26	1,550,182	30
	Operating expenses	6(20) and 7				
6100	Selling expenses		(295,153)	(5)	(309,354)	(6)
6200	General and administrative expenses		(312,851)	(6)	(284,557)	(6)
6300	Research and development expenses		(178,125)	(3)	(177,815)	(3)
6000	**Total operating expenses**		(786,129)	(14)	(771,726)	(15)
6900	**Operating profit**		683,190	12	778,456	15
	Non-operating income and expenses					
7010	Other income	6(18)	21,729	-	22,320	-
7020	Other gains and losses	6(19)	(81,629)	(1)	23,362	1
7050	Finance costs		(8,053)	-	(7,863)	-
7000	**Total non-operating income and expenses**		(67,953)	(1)	37,819	1
7900	**Profit before income tax**		615,237	11	816,275	16
7950	Income tax expense	6(21)	(159,795)	(3)	(216,087)	(4)
8200	**Profit for the year**		$ 455,442	8	$ 600,188	12
	Other comprehensive income					
	Components of other comprehensive loss that will not be reclassified to profit or loss					
8311	Loss on remesurement of defined benefit plan	6(13)	($ 1,415)	-	($ 9,896)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(21)	240	-	1,682	-
8310	**Components of other comprehensive loss that will not be reclassified to profit or loss**		(1,175)	-	(8,214)	-
	Components of other comprehensive income that will be reclassified to profit or loss					
8361	Financial statements translation differences of foreign operations	6(17)	(36,095)	-	(157,552)	(3)
8399	Income tax relating to the components of other comprehensive income	6(17)(21)	3,565	-	25,644	-
8360	**Components of other comprehensive loss that will be reclassified to profit or loss**		(32,530)	-	(131,908)	(3)
8300	**Other comprehensive loss for the year**		($ 33,705)	-	($ 140,122)	(3)
8500	**Total comprehensive income for the year**		$ 421,737	8	$ 460,066	9
	Profit attributable to:					
8610	Owners of the parent		$ 455,442	8	$ 600,188	12
	Comprehensive income attributable to:					
8710	Owners of the parent		$ 421,737	8	$ 460,066	9
	Earnings per share (in dollars)	6(22)				
9750	**Basic earnings per share**		$ 3.80		$ 5.01	
9850	**Diluted earnings per share**		$ 3.77		$ 4.95	

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

		Equity attributable to owners of the parent								
			Capital Reserves		Retained Earnings					
	Notes	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Treasury stocks	Total equity
2016										
Balance at January 1, 2016		$1,201,260	$ 42,127	$ 14,622	$ 408,404	$ 65,573	$ 933,712	$ 54,857	($ 12,540)	$2,708,015
Distribution of 2015 earnings	6(16)									
Legal reserve		-	-	-	50,484	-	(50,484)	-	-	-
Cash dividends		-	-	-	-	-	(311,287)	-	-	(311,287)
Retirement of treasury shares	6(14)	(4,000)	(140)	(8,400)	-	-	-	-	12,540	-
Profit for the year		-	-	-	-	-	600,188	-	-	600,188
Other comprehensive loss for the year	6(17)	-	-	-	-	-	(8,214)	(131,908)	-	(140,122)
Balance at December 31, 2016		$1,197,260	$ 41,987	$ 6,222	$ 458,888	$ 65,573	$ 1,163,915	($ 77,051)	$ -	$2,856,794
2017										
Balance at January 1, 2017		$1,197,260	$ 41,987	$ 6,222	$ 458,888	$ 65,573	$ 1,163,915	($ 77,051)	$ -	$2,856,794
Distribution of 2016 earnings	6(16)									
Legal reserve		-	-	-	60,019	-	(60,019)	-	-	-
Special dividends		-	-	-	-	77,051	(77,051)	-	-	-
Cash dividends		-	-	-	-	-	(359,178)	-	-	(359,178)
Profit for the year		-	-	-	-	-	455,442	-	-	455,442
Other comprehensive loss for the year	6(17)	-	-	-	-	-	(1,175)	(32,530)	-	(33,705)
Balance at December 31, 2017		$1,197,260	$ 41,987	$ 6,222	$ 518,907	$ 142,624	$ 1,121,934	($ 109,581)	$ -	$2,919,353

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Profit before tax		$ 615,237	$ 816,275
Adjustments			
Adjustments to reconcile profit (loss)			
Provision for doubtful accounts	6(3)	3,406	2,003
Depreciation	6(7)(20)	135,169	110,059
Amortisation	6(8)(20)	5,042	5,228
Interest expense		8,053	7,863
Interest income	6(18)	(10,109)	(10,163)
Loss on disposal of property, plant and equipment	6(19)	1,225	660
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		1,355	2,315
Accounts receivable		(335,916)	(127,861)
Accounts receivable - related parties		355	68
Other receivables		3,418	(14,514)
Inventories		30,399	(127,760)
Prepayments		(12,521)	638
Other current assets		727	(4,633)
Changes in operating liabilities			
Notes payable		-	(656)
Accounts payable		119,337	171,382
Accounts payable - related parties		2,010	(6,108)
Other payables		68,490	50,264
Other current liabilities		(6,933)	(3,643)
Other non-current liabilities		(1,294)	(20,874)
Cash inflow generated from operations		627,450	850,543
Interest received		9,668	12,447
Interest paid		(8,014)	(8,079)
Income tax paid		(171,577)	(129,741)
Net cash flows from operating activities		457,527	725,170

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CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars)

	Notes	2017	2016
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of financial assets measured at cost	6(6)	$ -	($ 31,625)
Acquisition of property, plant and equipment	6(7)(23)	(311,002)	(380,574)
Proceeds from disposal of property, plant and equipment	6(7)	2,505	1,034
Acquisition of intangible assets	6(8)	(2,795)	(4,710)
Acquisition of investments in debt instrument without active market-current	6(2)	(144,097)	-
Decrease in other non-current assets	6(9)	8,644	7,930
Net cash flows used in investing activities		(446,745)	(407,945)
CASH FLOWS FROM FINANCING ACTIVITIES			
Increase (decrease) in short-term borrowings		202,383	(36,850)
Decrease in guarantee deposits received		(1,178)	(13,293)
Repayment of long-term borrowings (including current portion)		(6,441)	(6,552)
Payment of cash dividends	6(16)	(359,178)	(311,287)
Net cash flows used in financing activities		(164,414)	(367,982)
Effect on foreign exchange difference		(17,233)	(85,102)
Net decrease in cash and cash equivalents		(170,865)	(135,859)
Cash and cash equivalents at beginning of year	6(1)	1,298,218	1,434,077
Cash and cash equivalents at end of year	6(1)	$ 1,127,353	$ 1,298,218

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

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2017 AND 2016
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

1. HISTORY AND ORGANISATION

Chenbro Micom Co., Ltd. was incorporated as a company limited by shares under the provisions of the Company Act of the Republic of China (R.O.C.) in December 1983. The Company and its subsidiaries (collectively referred herein as the "Group") are primarily engaged in computer software design, export and import of computer products and peripherals, and design, manufacturing, processing and trading of computer peripherals and system of expendables.

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

These consolidated financial statements were authorised for issuance by the Board of Directors on March 20, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

New standards, interpretations and amendments to the IFRSs as endorsed by the FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, 'Investment entities: applying the consolidation exception'	January 1, 2016
Amendments to IFRS 11, 'Accounting for acquisition of interests in joint operations'	January 1, 2016
IFRS 14,'Regulatory deferral accounts'	January 1, 2016
Amendments to IAS 1, 'Disclosure initiative'	January 1, 2016
Amendments to IAS 16 and IAS 38, 'Clarification of acceptable methods of depreciation and amortisation'	January 1, 2016
Amendments to IAS 16 and IAS 41, 'Agriculture: bearer plants'	January 1, 2016
Amendments to IAS 19, 'Defined benefit plans: employee contributions'	July 1, 2014
Amendments to IAS 27, 'Equity method in separate financial statements'	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 36, 'Recoverable amount disclosures for non-financial assets'	January 1, 2014
Amendments to IAS 39, 'Novation of derivatives and continuation of hedge accounting'	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, 'Classification and measurement of share-based payment transactions'	January 1, 2018
Amendments to IFRS 4, 'Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts'	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Amendments to IFRS 15, 'Clarifications to IFRS 15 Revenue from contracts with customers'	January 1, 2018
Amendments to IAS 7, 'Disclosure initiative'	January 1, 2017
Amendments to IAS 12, 'Recognition of deferred tax assets for unrealised losses'	January 1, 2017
Amendments to IAS 40, 'Transfers of investment property'	January 1, 2018
IFRIC 22, 'Foreign currency transactions and advance consideration'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 1, 'First-time adoption of International Financial Reporting Standards'	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle-Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

When adopting the new standards endorsed by the FSC effective from 2018, the Group will apply the new rules under IFRS 9 retrospectively from January 1, 2018, with the practical expedients permitted under the statement. The significant effects of applying the new standards as of January 1, 2018 are summarized below:

A. In accordance with IFRS 9, the Group expects to reclassify investment in debt instruments without active market as financial assets at amortised cost.

B. In accordance with IFRS 9, the Group expects to reclassify financial assets at cost as financial assets at fair value through other comprehensive income and make an irrevocable election at initial recognition on equity instruments not held for dealing or trading purpose.

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, 'Prepayment features with negative compensation'	January 1, 2019
Amendments to IFRS 10 and IAS 28, 'Sale or contribution of assets between an investor and its associate or joint venture'	To be determined by International Accounting Standards Board
IFRS 16, 'Leases'	January 1, 2019
IFRS 17, 'Insurance contracts'	January 1, 2021
Amendments to IAS 19, 'Plan amendment, curtailment or settlement'	January 1, 2019
Amendments to IAS 28, 'Long-term interests in associates and joint ventures'	January 1, 2019
IFRIC 23, 'Uncertainty over income tax treatments'	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for IFRS 16, 'Leases', the above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessment.

IFRS 16, 'Leases', replaces IAS 17, 'Leases' and related interpretations and SICs. The standard requires lessees to recognise a 'right-of-use asset' and a lease liability (except for those leases with terms of 12 months or less and leases of low-value assets). The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. The Group has assessed the contract for the year ended December 31, 2017 in accordance with the standard. The Group expects to reognise right-of-use asset of $71,037 and lease liabilities of $12,158, by decreasing retained earnings by $324 and other non-current assets by

$59,203.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

A. Except for the defined benefit liabilities recognised based on the net amount of pension fund assets less present value of defined benefit obligation, the consolidated financial statements have been prepared under the historical cost convention.

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

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements:

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

(b) Inter-company transactions, balances and unrealised gains or losses on transactions between companies within the Group are eliminated.

B. Subsidiaries included in the consolidated financial statements:

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Chenbro Micom Co., Ltd.	Micom Source Holding Company	Holding company	100	100	
Chenbro Micom Co., Ltd.	Chenbro Micom (USA) Incorporation	General trading company	100	100	
Chenbro Micom Co., Ltd.	Chenbro Europe B.V.	General trading company	100	100	Notes 2 and 4
Chenbro Micom Co., Ltd.	CLOUDWELL HOLDINGS, LLC.	Real estate leasing company	100	100	Note 2
Chenbro Micom Co., Ltd.	Chenbro GmbH	General trading company	100	100	
Chenbro Micom Co., Ltd.	Chenbro UK Limited	Marketing services	100	-	Notes 2 and 5
Micom Source Holding Company	Cloud International Company Limited	Holding company	100	100	
Micom Source Holding Company	AMAC International Company	Holding company	100	100	
Micom Source Holding Company	AMBER International Company	Holding company	100	100	
Micom Source Holding Company	ADEPT International Company	Holding company	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31, 2017	Ownership (%) December 31, 2016	Description
Chenbro Europe B.V.	Chenbro UK Limited	Marketing services	-	100	Notes 2 and 5
Cloud International Company Limited	Chenbro Micom (Shenzhen) Co., Ltd.	General trading company	100	100	Note 3
AMBER International Company	Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing of computer cases	100	100	
AMBER International Company	ChenPower Information Technology (Shanghai) Co., Ltd.	General trading company	100	100	Note 1
Chenbro Technology (Kunshan) Co., Ltd.	Chenbro Micom (Beijing) Co., Ltd.	Research and development of technical skills	100	100	Note 3
ADEPT International Company	PROCASE & MOREX Corporation	Trading / Order taking company	100	100	
PROCASE & MOREX Corporation	Dongguan Procase Electronic Co., Ltd.	Manufacturing of computer cases	88	88	
AMAC International Company	Dongguan Procase Electronic Co., Ltd.	Manufacturing of computer cases	12	12	

Note 1: The subsidiary was established on October 8, 2016.

Note 2: Except for the 2017 financial statements of Chenbro Europe B.V. which were audited by the Company’s appointed independent accountants, the financial statements of other subsidiaries were audited by its appointed independent accountants. The financial statement of these subsidiaries whose statements reflect total assets of $252,449 and $359,305, constituting 5% and 7% of the consolidated total assets as of December 31, 2017 and 2016, respectively, and net operating revenues of $0 and $205,204, constituting 0% and 4% of the consolidated total net operating revenue for the years then ended, respectively.

Note 3: On January 19, 2017, Chenbro Micom (Shenzhen) Co., Ltd. and Chenbro Micom

(Beijing) Co., Ltd. were dissolved under the resolution of the Board of Directors.

Note 4: On May 9, 2017, Chenbro Europe B. V. was dissolved under the resolution of the Board of Directors.

Note 5: In accordance with the resolution made by the Board of Directors on May 9, 2017, the Company directly held the shares of Chenbro UK Limited. The registration of such share transfer was completed in August 2017.

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

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

E. Significant restrictions: None.

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

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in New Taiwan Dollars., which is the Company's functional and the Group's presentation currency.

A. Foreign currency transactions and balances

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

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

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

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

B. Translation of foreign operations

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

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

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

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

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

(5) Classification of current and non-current items

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

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

(b) Assets held mainly for trading purposes;

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

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

B. Liabilities that meet one of the following criteria are classified as current liabilities; otherwise they are classified as non-current liabilities:

(a) Liabilities that are expected to be paid off within the normal operating cycle;

(b) Liabilities arising mainly from trading activities;

(c) Liabilities that are to be paid off within twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

(6) Cash equivalents

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

(7) Accounts receivable

Accounts receivable are accounts receivable originated by the entity. They are created by the entity by selling goods or providing services to customers in the ordinary course of business. Accounts receivable are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. However, short-term accounts receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(8) Investments in debt instruments without active market

Investments in debt instruments without active market held by the Group are those time deposits with a short maturity period but do not qualify as cash equivalents, and they are measured at initial investment amount as the effect of discounting is immaterial.

(9) Impairment of financial assets

A. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset and that loss event (or events) has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

B. The criteria that the Group uses to determine whether there is objective evidence of an impairment loss is as follows:

(a) Significant financial difficulty of the debtor;

(b) A breach of contract, such as a default or delinguency in interest or principal payments;

(c) The Group, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;

(d) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;

(e) Observable data indicating the there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local economic conditions that correlate with defaults on the assets in the group.

C. When the Group assesses that financial assets measured at amortised cost has been objective evidence of impairment and an impairment loss has occurred, the amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognised in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognised, the previously recognised impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognised previously.

Impairment loss is recognised and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

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

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

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

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

(11) Inventories

Inventories are stated at the lower of cost and net realisable value. Inventories are recorded at standard cost and variances are allocated to inventories and cost of goods sold at the balance sheet date. The cost of finished goods and work in process comprises raw materials, direct labour, other direct costs and related production overheads allocated based on normal operating capacity. The item by item approach is used in applying the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(12) Financial assets measured at cost

A. On a regular way purchase or sale basis, financial assets measured at cost are recognised and derecognised using trade date accounting.

B. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured is presented in ‘financial assets measured at cost’.

(13) Property, plant and equipment

A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalised.

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

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

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

Buildings and structures	5～50 years
Machinery and equipment	3～12 years
Mold equipment	2～ 5 years
Computer communication equipment	3～ 5 years
Testing equipment	2～10 years
Transportation equipment	5～ 7 years
Office equipment	3～10 years
Other equipment	3～ 5 years

(14) Intangible assets

A. Trademarks

Separately acquired trademarks are stated at historical cost. Trademarks have a finite useful life and are amortised on a straight-line basis over their estimated useful life of 10 years.

B. Computer software

Computer software is stated at cost and amortised on a straight-line basis over its estimated useful life of 1 to 5 years.

(15) Impairment of non-financial assets

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

(16) Borrowings

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

(17) Notes and accounts payable

Notes and accounts payable are obligations to pay for goods or services that have been acquired in the ordinary course of business from suppliers. They are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method. However, short-term accounts payable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

(18) Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability specified in the contract is discharged or cancelled or expires.

(19) Offsetting financial instruments

Financial assets and liabilities are offset and reported in the net amount in the balance sheet when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously.

(20) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(a) Defined contribution plans

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

(b) Defined benefit plans

i. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognised in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date).

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

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

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

(21) <u>Income tax</u>

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

B. The current income tax expense is calculated on the basis of the tax laws enacted or substantively enacted at the balance sheet date in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the stockholders resolve to retain the earnings.

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

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

(22) <u>Share capital</u>

A. Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or stock options are shown in equity as a deduction, net of tax, from the proceeds.

B. Where the Company repurchases the Company's equity share capital that has been issued, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders. Where such shares are subsequently reissued, the difference between their book value and any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders.

(23) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are resolved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(24) Revenue recognition

The Group manufactures and sells computer cases and related products. Revenue is measured at the fair value of the consideration received or receivable taking into account business tax, returns, rebates and discounts for the sale of goods to external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognised when the Group has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and when the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(25) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The Group's chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors that makes strategic decisions.

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

The preparation of these consolidated financial statements does not require management to make critical judgements in applying the Group's accounting policies. The management makes critical assumptions and estimates concerning future events. Assumptions and estimates may differ from the actual results and are continually evaluated and adjusted based on historical experience and other factors. Such assumptions and estimates have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year; and the related information is addressed below:

A. Evaluation of accounts receivable

The Group assesses bad debts based on historical experience, known reason or existing objective evidences. A provision for impairment is recognised for those accounts which are considered uncollectible. As the estimation of allowance for uncollectible accounts was based on the possibility of accounts recovery, the change in estimates may be material.

As of December 31, 2017, the carrying amount of accounts receivable was $1,471,448.

B. Evaluation of inventories

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

As of December 31, 2017, the carrying amount of inventories was $617,106.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	December 31, 2017	December 31, 2016
Petty cash and cash on hand	$ 437	$ 600
Demand deposits	24,052	38,614
Checking account deposits	73,639	71,096
Time deposits (including foreign currencies)	306,306	763,891
Foreign currency deposits	722,919	424,017
	$ 1,127,353	$ 1,298,218

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

B. The Group has reclassified cash and cash equivalents pledged to ‘other current assets’ and ‘other non-current assets’. Details are provided in Note 8.

(2) Investments in debt instruments without active market

	December 31, 2017	December 31, 2016
Current items:		
Time deposits	$ 144,097	$ -

The Group has no investment in debt instruments without active market pledged as collateral. The Group associates with financial institutions all with high credit quality, so it expects that the probability of counterparty default is remote.

(3) Accounts receivable

	December 31, 2017	December 31, 2016
Accounts receivable	$ 1,495,199	$ 1,159,414
Less: Allowance for bad debts	(23,751)	(20,433)
	$ 1,471,448	$ 1,138,981

A. The Group has insured most of its accounts receivable from primary clients and is entitled to 90% of compensation if bad debts occur.

B. The credit quality of accounts receivable that were neither past due nor impaired was in the following categories based on the Group's Credit Quality Control Policy:

	December 31, 2017	December 31, 2016
Level 2	$ 1,214,531	$ 911,233
Level 3	19,856	5,232
	$ 1,234,387	$ 916,465

Level 1: Accounts receivable factored and yet to be sold at the balance sheet date.

Level 2: Accounts receivable are insured so that the Group only bears 10% of the risk of default and insurance companies bear the remaining 90%. Because of the financial transparency, the domestic and foreign listed customers that are not insured are listed in level 2.

Level 3: Accounts receivable that are neither insured nor factored. The Group bears all risks.

C. The ageing analysis of accounts receivable that were past due but not impaired is as follows:

	December 31, 2017	December 31, 2016
Up to 30 days	$ 166,234	$ 137,224
31 to 90 days	68,229	57,335
91 to 180 days	4,723	28,358
Over 181 days	7,332	5,515
	$ 246,518	$ 228,432

The above ageing analysis was based on past due date.

D. Movement analysis of accounts receivable that were impaired is as follows:

(a) As of December 31, 2017 and 2016, all of the Group's accounts receivable that were individually determined to be impaired amounted to $14,294 and $14,517, respectively.

(b) Movements on the Group's provision for impairment of accounts receivable are as follows:

	2017		
	Individual provision	Group provision	Total
At January 1	$ 14,517	$ 5,916	$ 20,433
(Reversal of) Provision for impairment	(92)	3,498	3,406
Write-offs during the year	(131)	-	(131)
Effects of foreign exchange	-	43	43
At December 31	$ 14,294	$ 9,457	$ 23,751

	2016		
	Individual provision	Group provision	Total
At January 1	$ 14,517	$ 4,101	$ 18,618
Provision for impairment	-	2,003	2,003
Effects of foreign exchange	-	(188)	(188)
At December 31	$ 14,517	$ 5,916	$ 20,433

E. The Group does not hold any collateral as security.

(4) Transfer of financial assets

The Group entered into a factoring agreement with banks to sell its accounts receivable. Under the agreement, the Group is not obligated to bear the default risk of the transferred accounts receivable, but is liable for the losses incurred on any business dispute. The Group does not have any continuing involvement in the transferred accounts receivable. The financial assets meet the condition of derecognition. The Group decreased the estimated amount of business dispute and derecognised the transferred accounts receivable. As of December 31, 2017 and 2016, the related information is as follows:

December 31, 2017						
Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Footnote
Chang Hwa Bank	$ 16,136	$ 16,136	$ 30,000	$ -		

December 31, 2016

Purchaser of accounts receivable	Accounts receivable transferred (Note)	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Footnote
Chang Hwa Bank	$ 15,803	$ 15,803	$ 30,000	$ -		

Note: Shown as 'other receivables'.

(5) Inventories

	December 31, 2017		
	Cost	Allowance for valuation loss and obsolete and slow-moving inventories	Book value
Raw materials	$ 234,833	($ 19,670)	$ 215,163
Semi-finished goods	75,669	(14,015)	61,654
Work in process	82,812	(971)	81,841
Finished goods	343,929	(85,481)	258,448
	$ 737,243	($ 120,137)	$ 617,106

	December 31, 2016		
	Cost	Allowance for valuation loss and obsolete and slow-moving inventories	Book value
Raw materials	$ 242,789	($ 33,022)	$ 209,767
Semi-finished goods	49,245	(3,763)	45,482
Work in process	79,585	(586)	78,999
Finished goods	403,970	(90,713)	313,257
	$ 775,589	($ 128,084)	$ 647,505

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2017	2016
Cost of goods sold	$ 4,030,335	$ 3,615,780
Sale of scraps	(10,251)	(8,651)
Loss on decline in market value	24,959	53,386
Gain on physical inventory	(608)	(730)
	$ 4,044,435	$ 3,659,785

(6) Financial assets measured at cost

Items	December 31, 2017	December 31, 2016
Non-current items:		
Unlisted stocks	$ 31,625	$ 31,625

A. According to the Group's intention, its investment in the unlisted stocks should be classified as available-for-sale financial assets. However, as the unlisted stocks are not traded in active market, and no sufficient industry information of companies similar to the unlisted company's financial information can be obtained, the fair value of the investment in the unlisted stocks cannot be measured reliably. Accordingly, the Group classified those stocks as 'financial assets measured at cost'.

B. As of December 31, 2017 and 2016, no financial assets measured at cost held by the Group were pledged to others.

(7) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note)
At January 1, 2017												
Cost	$ 215,971	$ 1,294,693	$ 510,324	$ 262,272	$ 33,270	$ 28,543	$ 20,232	$ 53,113	$ 41,627	$ 240,888	$ 2,700,933	$ 2,069
Accumulated depreciation and impairment	-	(428,607)	(345,735)	(234,127)	(23,981)	(21,196)	(15,003)	(35,534)	(27,651)	-	(1,131,834)	-
	$ 215,971	$ 866,086	$ 164,589	$ 28,145	$ 9,289	$ 7,347	$ 5,229	$ 17,579	$ 13,976	$ 240,888	$ 1,569,099	$ 2,069
2017												
Opening net book amount	$ 215,971	$ 866,086	$ 164,589	$ 28,145	$ 9,289	$ 7,347	$ 5,229	$ 17,579	$ 13,976	$ 240,888	$ 1,569,099	$ 2,069
Additions	-	106,867	77,906	48,095	2,450	2,714	5,053	3,057	5,674	22,312	274,128	30,632
Disposals	-	(76)	(1,078)	(48)	(339)	(26)	(2,021)	(123)	(19)	-	(3,730)	-
Transfers	-	170,733	34,948	-	-	20	1,203	1,598	26	(206,709)	1,819	(2,886)
Effects of foreign exchange	(5,810)	(18,007)	(728)	454	(375)	(68)	(130)	(644)	(88)	(5,060)	(30,456)	347
Depreciation charges	-	(62,021)	(31,778)	(26,543)	(4,316)	(1,603)	(965)	(4,561)	(3,382)	-	(135,169)	-
Closing net book amount	$ 210,161	$ 1,063,582	$ 243,859	$ 50,103	$ 6,709	$ 8,384	$ 8,369	$ 16,906	$ 16,187	$ 51,431	$ 1,675,691	$ 30,162
At December 31, 2017												
Cost	$ 210,161	$ 1,549,720	$ 597,673	$ 309,436	$ 26,943	$ 23,799	$ 22,064	$ 55,015	$ 41,631	$ 51,431	$ 2,887,873	$ 30,162
Accumulated depreciation and impairment	-	(486,138)	(353,814)	(259,333)	(20,234)	(15,415)	(13,695)	(38,109)	(25,444)	-	(1,212,182)	-
	$ 210,161	$ 1,063,582	$ 243,859	$ 50,103	$ 6,709	$ 8,384	$ 8,369	$ 16,906	$ 16,187	$ 51,431	$ 1,675,691	$ 30,162

Note: Pepayments for business facilities are shown as ‘other non-current assets’. Details are provided in Note 6(9).

A. The significant components of the buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

C. The net difference from the transfers for this period resulted from the other current assets of $1,018 and expenses of $49.

	Land	Buildings	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Unfinished construction and equipment under acceptance	Total	Prepayments for business facilities (Note)
At January 1, 2016												
Cost	$ 217,323	$ 1,092,251	$ 537,637	$ 253,656	$ 32,266	$ 25,285	$ 20,070	$ 51,829	$ 33,523	$ 35,170	$ 2,299,010	$ 158,856
Accumulated depreciation and impairment	-	(410,405)	(343,682)	(218,575)	(20,295)	(20,804)	(14,824)	(33,523)	(27,878)	-	(1,089,986)	-
	$ 217,323	$ 681,846	$ 193,955	$ 35,081	$ 11,971	$ 4,481	$ 5,246	$ 18,306	$ 5,645	$ 35,170	$ 1,209,024	$ 158,856
2016												
Opening net book amount	$ 217,323	$ 681,846	$ 193,955	$ 35,081	$ 11,971	$ 4,481	$ 5,246	$ 18,306	$ 5,645	$ 35,170	$ 1,209,024	$ 158,856
Additions	-	15,279	13,685	9,798	2,107	974	1,359	4,641	1,387	228,634	277,864	110,465
Disposals	-	(598)	(732)	-	(265)	-	-	(95)	(4)	-	(1,694)	-
Transfers	-	254,222	3,654	2,277	-	3,489	-	54	9,845	(10,542)	262,999	(262,999)
Effects of foreign exchange	(1,352)	(40,238)	(12,697)	(97)	(143)	(398)	(250)	(818)	(668)	(12,374)	(69,035)	(4,253)
Depreciation charges	-	(44,425)	(33,276)	(18,914)	(4,381)	(1,199)	(1,126)	(4,509)	(2,229)	-	(110,059)	-
Closing net book amount	$ 215,971	$ 866,086	$ 164,589	$ 28,145	$ 9,289	$ 7,347	$ 5,229	$ 17,579	$ 13,976	$ 240,888	$ 1,569,099	$ 2,069
At December 31, 2016												
Cost	$ 215,971	$ 1,294,693	$ 510,324	$ 262,272	$ 33,270	$ 28,543	$ 20,232	$ 53,113	$ 41,627	$ 240,888	$ 2,700,933	$ 2,069
Accumulated depreciation and impairment	-	(428,607)	(345,735)	(234,127)	(23,981)	(21,196)	(15,003)	(35,534)	(27,651)	-	(1,131,834)	-
	$ 215,971	$ 866,086	$ 164,589	$ 28,145	$ 9,289	$ 7,347	$ 5,229	$ 17,579	$ 13,976	$ 240,888	$ 1,569,099	$ 2,069

Note: Prepayments for business facilities are shown as ‘other non-current assets’. Details are provided in Note 6(9)

A. The significant components of the buildings include buildings and accessory equipment of buildings, which are depreciated over 10~50 years and 5~11 years, respectively.

B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(8) Intangible assets

	Trademarks	Computer software	Others	Total
At January 1, 2017				
Cost	$ 532	$ 31,481	$ 600	$ 32,613
Accumulated amortisation	(229)	(22,046)	(336)	(22,611)
	$ 303	$ 9,435	$ 264	$ 10,002
2017				
At January 1	$ 303	$ 9,435	$ 264	$ 10,002
Additions	29	2,766	-	2,795
Amortisation charge	(55)	(4,911)	(76)	(5,042)
Effects of foreign exchange	-	(23)	-	(23)
At December 31	$ 277	$ 7,267	$ 188	$ 7,732
At December 31, 2017				
Cost	$ 561	$ 37,254	$ 600	$ 38,415
Accumulated amortisation	(284)	(29,987)	(412)	(30,683)
	$ 277	$ 7,267	$ 188	$ 7,732

	Trademarks	Computer software	Others	Total
At January 1, 2016				
Cost	$ 501	$ 26,942	$ 460	$ 27,903
Accumulated amortisation	(189)	(16,793)	(259)	(17,241)
	$ 312	$ 10,149	$ 201	$ 10,662
2016				
At January 1	$ 312	$ 10,149	$ 201	$ 10,662
Additions	31	4,539	140	4,710
Amortisation charge	(40)	(5,111)	(77)	(5,228)
Effects of foreign exchange	-	(142)	-	(142)
At December 31	$ 303	$ 9,435	$ 264	$ 10,002
At December 31, 2016				
Cost	$ 532	$ 31,481	$ 600	$ 32,613
Accumulated amortisation	(229)	(22,046)	(336)	(22,611)
	$ 303	$ 9,435	$ 264	$ 10,002

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2017	2016
Manufacturing cost	$ 74	$ -
Selling expenses	448	455
Administrative expenses	1,772	2,265
Research and development expenses	2,748	2,508
	$ 5,042	$ 5,228

(9) Other non-current assets

	December 31, 2017	December 31, 2016
Long-term prepaid rent - land use right (Note)	$ 59,203	$ 61,466
Prepayments for business facilities	30,162	2,069
Others	10,538	15,851
	$ 99,903	$ 79,386

Note: On December 23, 1997, the Group's subsidiary, Dongguan Procase Electronic Co., Ltd. signed a land use right contract with the People's Republic of China for industrial use of the land in Hungyeh Industrial Zone, Tanghsia Town, Dongguan City, Guangdong Province with a term of 50 years; and in June 2004 and November 2006, the subsidiary, Chenbro Technology (Kunshan) Co., Ltd. signed a land use right contract with the People's Republic of China for use of the land in Yushan Town, Kunshan City with a term of 50 years for both contracts. The Group recognised rental expenses of $987 and $1,080 for the years ended December 31, 2017 and 2016, respectively.

(10) Short-term borrowings

Type of borrowings	December 31, 2017	Interest rate range	Collateral
Short-term borrowings	$ 296,883	0.83%~3.75%	A promissory note of the same amount was issued as collateral.

Type of borrowings	December 31, 2016	Interest rate range	Collateral
Short-term borrowings	$ 94,500	0.8%~1.14%	A promissory note of the same amount was issued as collateral.

(11) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2017
Installment payment for secured foreign currency borrowings	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	$ 138,788
Less: Current portion (shown as 'other current liabilities')				(6,598)
				$ 132,190

Type of borrowings	Borrowing period and repayment term	Interest rate	Collateral	December 31, 2016
Installment payment for secured foreign currency borrowings	USD 5,530 thousand; borrowing period is from September 2013 to August 2033; principal and interest are repayable monthly from October 2013	Fixed rate 3.75%	Bank deposits and real estate in the USA	$ 157,208
Less: Current portion (shown as 'other current liabilities')				(6,890)
				$ 150,318

The secured borrowing contract of the subsidiary, CLOUDWELL HOLDINGS, LLC., requires that the interest coverage ratio for each year should not be lower than 1.2. If the requirement is not met, the subsidiary shall repay the outstanding borrowing or provide bank deposits as collateral. As of December 31, 2017, the subsidiary, CLOUDWELL HOLDINGS, LLC., has not violated the requirements of the abovementioned secured borrowing contract.

(12) Other payables

	December 31, 2017	December 31, 2016
Wages and bonus payable	$ 191,763	$ 142,298
Payables for investment	78,120	84,656
Remuneration due to directors and supervisors and employee bonus payable	52,378	67,566
Payables for mold	64,685	44,200
Payables for export freight and customs clearance charges	37,427	29,017
Payables for service fees	18,061	15,486
Payables for machinery and equipment	6,734	12,976
Payables for consumable goods	7,602	3,249
Others	137,970	133,005
	$ 594,740	$ 532,453

(13) Pensions

A. Defined benefit plan

(a) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March.

(b) The amounts recognised in the balance sheet are as follows:

	December 31, 2017	December 31, 2016
Present value of defined benefit obligations	$ 49,425	$ 49,447
Fair value of plan assets	(21,495)	(23,060)
Net liability recognised in the balance sheet (shown as 'other non-current liabilities')	$ 27,930	$ 26,387

(c) Movements in present value of defined benefit obligations are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2017			
Balance at January 1	$ 49,447	($ 23,060)	$ 26,387
Current service cost	362	-	362
Interest expense (income)	692	(323)	369
	50,501	(23,383)	27,118
Remeasurements:			
Return on plan assets	-	112	112
Change in financial assumptions	1,637	-	1,637
Experience adjustments	(334)	-	(334)
	1,303	112	1,415
Pension fund contribution	-	(603)	(603)
Benefits paid	(2,379)	2,379	-
Balance at December 31	$ 49,425	($ 21,495)	$ 27,930

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
Year ended December 31, 2016			
Balance at January 1	$ 41,496	($ 2,676)	$ 38,820
Current service cost	383	-	383
Interest expense (income)	705	(46)	659
	42,584	(2,722)	39,862
Remeasurements:			
Return on plan assets	-	23	23
Change in financial assumptions	1,348	-	1,348
Experience adjustments	8,525	-	8,525
	9,873	23	9,896
Pension fund contribution	-	(23,371)	(23,371)
Benefits paid	(3,010)	3,010	-
Balance at December 31	$ 49,447	($ 23,060)	$ 26,387

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's defined benefit pension plan in accordance with the Fund's annual investment and utilisation plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilisation of the Labor Retirement Fund" (Article 6: The scope of utilisation for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-thecounter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earning is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2017 and 2016 is given in the Annual Labor Retirement Fund Utilisation Report announced by the government.

(e) The principal actuarial assumptions used were as follows:

	Years ended December 31,	
	2017	2016
Discount rate	1.00%	1.40%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience for the years ended December 31, 2017 and 2016 are set based on the 5th Taiwan Standard Ordinary Experience Mortality Table.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases	
	Increase 0.25%	Decrease 0.25%	Increase 0.25%	Decrease 0.25%
December 31, 2017				
Effect on present value of defined benefit obligation	($ 1,034)	$ 1,069	$ 923	($ 898)
December 31, 2016				
Effect on present value of defined benefit obligation	($ 1,127)	$ 1,168	$ 1,024	($ 995)

The sensitivity analysis above was arrived at based on one assumption which changed while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheet are the same.

(f) Expected contributions to the defined benefit pension plan of the Group for the year ending December 31, 2018 are $577.

B. Defined contribution plan

(a) Effective July 1, 2005, the Company has established a defined contribution pension plan (the “New Plan”) under the Labor Pension Act (the “Act”), covering all regular employees with

R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment.

(b) Other overseas companies have a defined contribution plan in accordance with the local regulations, and contributions to endowment insurance and pension reserve are based on employees' salaries and wages. Other than the periodic contribution, the overseas companies have no further obligations.

(c) The pension costs under the defined contribution pension plan of the Company for the years ended December 31, 2017 and 2016 were $8,405 and $7,582, respectively.

(d) The pension costs under the defined contribution pension plans of CHENBRO MICOM (USA) INCORPORATION, CHENBRO EUROPE B.V., Chenbro GmbH, Chenbro UK Limited, Chenbro Technology (Kunshan) Co., Ltd., ChenPower Information Technology (Shanghai) Co., Ltd., Dongguan Procase Electronic Co., Ltd. and CHENBRO MICOM (ShenZhen)Co., Ltd. for the years ended December 31, 2017 and 2016 were $32,899 and $22,887, respectively.

(14) Ordinary shares

A. As of December 31, 2017, the Company's authorised capital was $1,500,000, consisting of 150 million shares of ordinary stock (including 1 million shares reserved for employee stock options), and the paid-in capital was $1,197,260 with a par value of $10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Treasury shares

In 2013, the Company repurchased treasury stock to be reissued to employees totaling 400 thousand shares in the amount of $12,540 thousand. The registration of retirement of shares has been completed on October 21, 2016.

(15) Capital surplus

Pursuant to the R.O.C. Company Act, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalised mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

(16) Retained earnings

A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve until the amount of legal reserve reaches total capital.

The remaining shall take into account item D below for the related regulations of setting aside special reserve. The appropriation of the remaining earnings along with the unappropriated earnings of prior years depends on annual financial status and economic development and shall be proposed by the Board of Directors and approved by the shareholders.

B. The Company's dividend policy is based on the current profit and consideration of the Company's growth in the future, capital budget plan and capital needs as well as consideration of shareholders' interest and long-term financial plan, etc. Earnings can be distributed to shareholders as cash dividends or stock dividends. Cash dividends shall account for at least 10% of the total dividends distributed. If cash dividends are lower than $0.20 (in dollars) per share, stock dividends will be issued instead.

C. Except for covering accumulated deficit or issuing new stocks or cash to shareholders in proportion to their share ownership, the legal reserve shall not be used for any other purpose. The use of legal reserve for the issuance of stocks or cash to shareholders in proportion to their share ownership is permitted, provided that the distribution of the reserve is limited to the portion in excess of 25% of the Company's paid-in capital.

D. (a) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

(b) The amount of $65,573 previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. On June 20, 2017 and June 23, 2016, the shareholders resolved the appropriations of 2016 and 2015 earnings as follows:

	Year ended December 31, 2016		Year ended December 31, 2015	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	$ 60,019	$ -	$ 50,483	$ -
Special reserve	77,051	-	-	-
Cash dividends to shareholders	359,178	3.00	311,287	2.60
	$ 496,248	$ 3.00	$ 361,770	$ 2.60

F. On March 20, 2018, the Board of Directors has proposed the appropriation of 2017 earnings as follows:

	Year ended December 31, 2017	
	Amount	Dividend per share (in dollars)
Legal reserve	$ 45,544	$ -
Special reserve	32,530	-
Cash dividends to shareholders	359,178	3.00
	$ 437,252	$ 3.00

As of March 20, 2018, the abovementioned appropriation of 2017 earnings has not yet been resolved by the shareholders.

G. For the information relating to employees' compensation (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(20).

(17) Other equity items

	2017	2016
At January 1	($ 77,051)	$ 54,857
Currency translation differences:		
- Group	(36,095)	(157,552)
- Tax on Group	3,565	25,644
At December 31	($ 109,581)	($ 77,051)

(18) Other income

	Years ended December 31,	
	2017	2016
Interest income	$ 10,109	$ 10,163
Other income	11,620	12,157
	$ 21,729	$ 22,320

(19) Other gains and losses

	Years ended December 31,	
	2017	2016
Net currency exchange (loss) gain	($ 78,137)	$ 26,809
Loss on disposal of property, plant and equipment	(1,225)	(660)
Other expenses	(2,267)	(2,787)
	($ 81,629)	$ 23,362

(20) Employee benefit, depreciation and amortisation expenses

	Years ended December 31,	
	2017	2016
Wages and salaries	$ 784,951	$ 717,432
Labour and health insurance fees	38,711	36,498
Pension costs	42,035	31,511
Other personnel expenses	56,846	56,919
Employee benefit expense	$ 922,543	$ 842,360
Depreciation charges on property, plant and equipment	$ 135,169	$ 110,059
Amortisation charges on intangible assets	$ 5,042	$ 5,228

A. According to the Articles of Incorporation of the Company, a ratio of profit of the current year distributable, shall be distributed as employees' compensation and directors' and supervisors' remuneration. The ratio shall not be lower than 6% for employees' compensation and shall not be higher than 3% for directors' and supervisors' remuneration and will be distributed in the form of stock or cash as resolved by the Board of Directors. Employees who are entitled to receive employees' compensation include employees of subsidiaries of the company meeting certain specific requirements. Related regulations were set by the Board of Directors. The distribution of employees' compensation and directors' and supervisors' remuneration should be reported to the stockholders. However, if the Company has accumulated deficit, the Company should cover accumulated losses first, then distribute employees' compensation and directors' and supervisors' remuneration proportionately as described above.

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at $40,474 and $52,210, respectively; while directors' and supervisors' remuneration was accrued at $11,904 and $15,356, respectively. The aforementioned amounts were recognised in salary expenses.

For the year ended December 31, 2016, employees' compensation and directors' and supervisors' remuneration amounted to $51,972 and $15,286 as resolved by the Board of Directors on February 23, 2017, respectively, and the differences with the amounts recognised in the current year's financial statements amounted to $238 and $70, respectively. The differences had been adjusted in the profit or loss for 2017. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31, 2017	Years ended December 31, 2016
Current tax:		
Current tax on profits for the year	$ 133,129	$ 185,615
Tax on undistributed surplus earnings	9,573	14,306
Prior year income tax over estimation	(5,365)	(1,337)
Total current tax	137,337	198,584
Deferred tax:		
Origination and reversal of temporary differences	22,458	17,503
Income tax expense	$ 159,795	$ 216,087

(b) The income tax (charge)/credit relating to components of other comprehensive income is as follows:

	Years ended December 31, 2017	Years ended December 31, 2016
Currency translation differences	($ 3,565)	($ 25,644)
Remeasurement of defined benefit obligations	($ 240)	($ 1,682)

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31, 2017	Years ended December 31, 2016
Tax calculated based on profit before tax and statutory tax rate (Note)	$ 176,122	$ 226,500
10% tax on undistributed earnings	9,573	14,306
Prior year income tax over estimation	(5,365)	(1,337)
Effect from expenses disallowed by tax regulation	(20,535)	(23,382)
Tax expense	$ 159,795	$ 216,087

Note: The basis for computing the applicable tax rate are the rates applicable in the respective countries where the Group entities operate.

C. Amounts of deferred tax assets or liabilities as a result of temporary differences are as follows:

	2017			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories	$ 23,544	($ 526)	$ -	$ 23,018
Unrealised gain on inter-affiliate accounts	41,171	(21,099)	-	20,072
Amount of allowance for bad debts that exceed the limit for tax purpose	1,634	14	-	1,648
Unused compensated absences	952	515	-	1,467
Pension expense payable	4,897	-	240	5,137
Pension expense that exceeds the limit for tax purpose	1,480	19	-	1,499
Unrealised exchange loss	-	661	-	661
Unrealised warranty provision	1,020	1,115	-	2,135
Others	2,028	(972)	-	1,056
	76,726	(20,273)	240	56,693
-Deferred tax liabilities:				
Investment income	(56,038)	(3,404)	3,565	(55,877)
Unrealised exchange gain	(1,298)	1,298	-	-
Book-tax difference of depreciation charges on fixed assets	(2,751)	(53)	-	(2,804)
Others	(60)	(26)	-	(86)
	(60,147)	(2,185)	3,565	(58,767)
	$ 16,579	($ 22,458)	$ 3,805	($ 2,074)

	2016			
	January 1	Recognised in profit or loss	Recognised in other comprehensive income	December 31
Temporary differences:				
-Deferred tax assets:				
Allowance for inventory valuation loss and loss on obsolete and slow-moving inventories	$ 25,790	($ 2,246)	$ -	$ 23,544
Unrealised gain on inter-affiliate accounts	38,880	2,291	-	41,171
Amount of allowance for bad debts that exceed the limit for tax purpose	3,247	(1,613)	-	1,634
Unused compensated absences	973	(21)	-	952
Pension expense payable	3,215	-	1,682	4,897
Pension expense that exceeds the limit for tax purpose	1,405	75	-	1,480
Unrealised warranty provision	1,020	-	-	1,020
Others	1,757	271	-	2,028
	76,287	(1,243)	1,682	76,726
-Deferred tax liabilities:				
Investment income	(65,319)	(16,363)	25,644	(56,038)
Unrealised exchange gain	(717)	(581)	-	(1,298)
Book-tax difference of depreciation charges on fixed assets	(3,470)	719	-	(2,751)
Others	(25)	(35)	-	(60)
	(69,531)	(16,260)	25,644	(60,147)
	$ 6,756	($ 17,503)	$ 27,326	$ 16,579

D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2017 and 2016, the amounts of temporary differences unrecognised as deferred tax liabilities were $277,150 and $246,234, respectively.

E. The Company’s income tax returns through 2014 have been assessed and approved by the Tax Authority.

F. Unappropriated retained earnings:

	December 31, 2017	December 31, 2016
Earnings generated in and before 1997	$ 12,886	$ 12,886
Earnings generated in and after 1998	1,109,048	1,151,029
	$ 1,121,934	$ 1,163,915

G. The balance of the imputation tax credit account and actual creditable tax rate are as follows:

	December 31, 2017	December 31, 2016
Balance of the imputation tax credit account	$ 134,664	$ 118,674

	2017 (Note)	2016 (actual)
Creditable tax rate	$ -	15.38%

Note: Under the amendments to the Income Tax Act promulgated by the President of the Republic of China on February 7, 2018, the imputation tax system will be abolished and the imputation credit account will be eliminated, along with the recordkeeping, calculations, and penalties associated with such accounts. The amendments are effective January 1, 2018, therefore the creditable tax rate no longer applies to earnings for the year ended December 31, 2017.

(22) Earnings per share

	Year ended December 31, 2017		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 455,442	119,726	$ 3.80
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 455,442		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,156	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 455,442	120,882	$ 3.77

	Year ended December 31, 2016		
	Amount after tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 600,188	119,726	$ 5.01
Diluted earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 600,188		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,423	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 600,188	121,149	$ 4.95

(23) Supplemental cash flow information

Investing activities with partial cash payments:

	Years ended December 31	
	2017	2016
Purchase of property, plant and equipment	$ 304,760	$ 388,329
Add: Opening balance of payable on equipment	12,976	5,221
Less: Ending balance of payable on equipment	(6,734)	(12,976)
Cash paid during the year	$ 311,002	$ 380,574

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are held by the public, thus, there is no parent company or ultimate parent.

(2) Names of related parties and relationship

Name of related parties	Relationship with the Group
Chen-Source Inc.	Other related parties

(3) Significant related party transactions

A. Operating revenue

	Years ended December 31, 2017	Years ended December 31, 2016
Sales of goods:		
Other related parties	$ 2,168	$ 3,204

Goods are sold based on normal prices and terms. Payment term is 60 days after monthly billings.

B. Purchases and other expenses

	Years ended December 31, 2017	Years ended December 31, 2016
Purchase of goods:		
Other related parties	$ 25,918	$ 52,145
Other expenses:		
Other related parties (management service expense)	1,860	1,863
	$ 27,778	$ 54,008

(a) Purchases of goods: No similar transaction can be compared with. Prices and terms are determined based on mutual agreements and payment term is 60 days after monthly billings.

(b) Management service expense: Management service expense arises from management of warehouse by other related parties on behalf of the Company. Prices and terms are determined based on mutual agreements, and the collection term is 60 days after monthly billings.

C. Receivables from related parties

	December 31, 2017	December 31, 2016
Accounts receivable:		
Other related parties	$ 1,094	$ 1,449
Other receivables-payment on behalf of others: (shown as 'other receivables')		
Other related parties	182	490
	$ 1,276	$ 1,939

The receivables from related parties are unsecured in nature and bear no interest.

D. Payables to related parties

	December 31, 2017		December 31, 2016	
Accounts payable:				
Other related parties	$	8,779	$	6,769
Other payables-management service:				
(shown as 'other payables')				
Other related parties		570		545
	$	9,349	$	7,314

Accounts payable bear no interest.

(4) Key management compensation

	Years ended December 31,			
	2017		2016	
Short-term employee benefits	$	41,351	$	41,393
Post-employment benefits		345		345
Other long-term benefits		888		1,287
	$	42,584	$	43,025

8. PLEDGED ASSETS

The Group's assets pledged as collateral are as follows:

	Book value				
Pledged asset	December 31, 2017		December 31, 2016		Purpose
Time deposits (shown as 'other current assets')	$	1,338	$	1,322	Customs duty guarantee
Cash in banks (shown as 'other non-current assets')	$	3,018	$	3,252	Long-term borrowings (Note)
Land and buildings	$	218,261	$	241,045	Long-term borrowings (Note)

Note: In August 2013, the subsidiary, CLOUDWELL HOLDINGS, LLC., signed a long-term borrowing contract for a credit line of USD 5.53 million with banks. The contract requires the subsidiary to pledge land and buildings as mortgage and USD 100 thousand as collateral.

9. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNISED CONTRACT COMMITMENTS

(1) The subsidiaries have signed land use contracts with local economic development authorities. The present values of estimated future lease payments for land management during the assignment of use period are as follows:

	December 31, 2017	December 31, 2016
Not later than one year	$ 2,503	$ 2,458
Later than one year but not later than three years	5,042	5,014
Over three years	77,519	80,851
	$ 85,064	$ 88,323

(2) The Group entered into equipment agreement, lease agreement and ERP maintenance agreement. Future lease payments and their present values are as follows:

	December 31, 2017	December 31, 2016
Not later than one year	$ 13,989	$ 3,782
Later than one year but not later than three years	2,565	3,918
Over three years	-	920
	$ 16,554	$ 8,620

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

A. Please refer to Note 6(16)F for the distribution of retained earnings.

B. Under the amendments to the Income Tax Act which was promulgated by the President of the Republic of China in February, 2018, the Company's applicable income tax rate will be raised from 17% to 20% effective from January 1, 2018. This will increase the Company's deferred tax assets and deferred tax liabilities by $4,254 and $6,135, respectively, which will be adjusted in the first quarter of 2018.

12. OTHERS

(1) Capital management

The Group's objectives when managing capital are to maintain an optimal financial structure and capital ratio in order to support operations and maximize interests for shareholders.

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of the Group's financial instruments not measured at fair value (including cash and cash equivalents, notes receivable, accounts receivable (including related parties), other receivables, other current financial assets, other non-current financial assets, guarantee deposits paid, short-term loans, accounts payable (including related parties) and other payables) approximate to their fair values.

The fair value information of financial instruments measured at fair value is provided in Note 12(3).

Financial liabilities: Long-term borrowings (including current portion)

	December 31, 2017	December 31, 2016
Book value	$ 138,788	$ 157,208
Fair value risk	$ 142,277	$ 161,276

B. Financial risk management policies

(a) The Group's activities expose it to a variety of financial risks: market risk (including foreign exchange risk, interest rate risk and price risk), credit risk and liquidity risk. The Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance.

(b) Risk management is carried out by a central treasury department (Group treasury) under policies approved by the Board of Directors. Group treasury identifies, evaluates and hedges financial risks in close cooperation with the Group's operating units. The Board provides written principles for overall risk management, as well as written policies covering specific areas and matters, such as foreign exchange risk, interest rate risk, credit risk, use of derivative financial instruments and non-derivative financial instruments, and investment of excess liquidity.

C. Significant financial risks and degrees of financial risks

(a) Market risk

Foreign exchange risk

i. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognised assets and liabilities and net investments in foreign operations.

ii. Management has set up a policy to require group companies to manage their foreign exchange risk against their functional currency. The group companies are required to hedge their entire foreign exchange risk exposure with the Company treasury, and primarily hedge using natural hedge.

iii. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency: NTD; other certain subsidiaries' functional currency: USD and RMB). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	December 31, 2017		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 40,101	29.76	$ 1,193,406
USD:RMB	33,701	6.52	1,004,168
Non-monetary items			
USD:NTD	7,573	29.76	225,359
EUR:NTD	2,117	35.57	75,313
GBP:NTD	49	40.11	1,962
RMB:NTD	495,176	4.57	2,262,955
Financial liabilities			
Monetary items			
USD:NTD	$ 26,032	29.76	$ 774,712
USD:RMB	11,090	6.52	330,442

	December 31, 2016		
	Foreign currency amount (in thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ 45,599	32.25	$ 1,470,568
USD:RMB	30,237	6.99	976,467
Non-monetary items			
USD:NTD	5,567	32.25	179,545
EUR:NTD	1,941	33.90	65,797
RMB:NTD	445,866	4.62	2,059,902
Financial liabilities			
Monetary items			
USD:NTD	$ 33,532	32.25	$ 1,081,407
USD:RMB	14,991	6.99	484,116

iv. Please refer to the following table for the details of unrealised exchange gain (loss) arising from significant foreign exchange variation on the monetary items held by the Group:

	Year ended December 31, 2017		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	29.76	($ 10,699)
USD:RMB	(3,491)	6.52	(15,956)
Financial liabilities			
Monetary items			
USD:NTD	$ -	29.76	$ 6,403
USD:RMB	1,263	6.52	5,770

	Year ended December 31, 2016		
	Exchange gain (loss)		
	Foreign currency amount (in thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	$ -	32.25	$ 24,456
USD:RMB	2,674	6.99	12,352
Financial liabilities			
Monetary items			
USD:NTD	$ -	32.25	($ 15,944)
USD:RMB	656	6.99	3,031

v. Analysis of foreign currency market risk arising from significant foreign exchange variation:

	Year ended December 31, 2017		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 11,934	-
USD:RMB	1%	10,042	-
Financial liabilities			
Monetary items			
USD:NTD	1%	7,747	-
USD:RMB	1%	3,304	-

	Year ended December 31, 2016		
	Sensitivity analysis		
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
Financial assets			
Monetary items			
USD:NTD	1%	$ 14,706	-
USD:RMB	1%	9,765	-
Financial liabilities			
Monetary items			
USD:NTD	1%	10,814	-
USD:RMB	1%	4,841	-

Interest rate risk

The Group's interest rate risk arises from short-term borrowings and long-term borrowings (including current portion). Borrowings issued at fixed rates expose the Group to fair value interest rate risk. The Group's borrowings are issued at fixed rates. During the years ended December 31, 2017 and 2016, the Group's borrowings were denominated in the USD and NTD.

(b) Credit risk

i. Credit risk refers to the risk of financial loss to the Group arising from default by the clients or counterparties of financial instruments on the contract obligations. According to the Group’s credit policy, each local entity in the Group is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set based on internal or external ratings in accordance with limits set by the Board of Directors. The utilisation of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to customers, including outstanding receivables. For banks and financial institutions, only parties with optimal ratings are accepted.

ii. For the years ended December 31, 2017 and 2016, no credit limits were exceeded during the reporting periods, and management does not expect any significant losses from non-performance by these counterparties.

iii. The credit quality information of significant financial assets that are neither past due nor impaired is provided in Note 6(3) B.

iv. The ageing analysis of financial assets that were past due is provided in Note 6(3) C.

v. The group analysis of financial assets that had been impaired is provided in Note 6(3) D.

(c) Liquidity risk

i. Cash flow forecasting is performed in the operating entities of the Group and aggregated by Group treasury. Group treasury monitors rolling forecasts of the Group’s liquidity requirements to ensure it has sufficient cash to meet operational needs.

ii. The table below analyses the Group’s non-derivative financial liabilities and net-settled or gross-settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the balance sheet date to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The analysis is as follows:

Non-derivative financial liabilities:

December 31, 2017	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 297,883	$ -	$ -	$ -
Accounts payable	1,242,231	-	-	-
Accounts payable - related party	8,779	-	-	-
Other payables	594,740	-	-	-
Other current liabilities	15,312	-	-	-
Long-term borrowings (including current portion)	11,689	23,379	23,379	125,662
Guarantee deposits received	438	183	-	-

December 31, 2016	Less than 1 year	Between 1 and 3 years	Between 3 and 5 years	Over 5 years
Short-term borrowings	$ 94,552	$ -	$ -	$ -
Accounts payable	1,122,894	-	-	-
Accounts payable - related party	6,769	-	-	-
Other payables	532,453	-	-	-
Other current liabilities	22,244	-	-	-
Long-term borrowings (including current portion)	12,668	25,335	25,335	148,843
Guarantee deposits received	1,617	1,605	-	-

iii. The Group does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis will be significantly earlier, nor expect the actual cash flow amount will be significantly different.

(3) Fair value information

As of December 31, 2017 and 2016, the Group did not hold any financial assets that requires valuation technique to measure its fair value.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: Please refer to table 1.

B. Provision of endorsements and guarantees to others: Please refer to table 2.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): Please refer to table 3.

D. Acquisition or sale of the same security with the accumulated cost exceeding $300 million or 20% of the Company's paid-in capital: None.

E. Acquisition of real estate reaching $300 million or 20% of paid-in capital or more: None.

F. Disposal of real estate reaching $300 million or 20% of paid-in capital or more: None.

G. Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 4.

H. Receivables from related parties reaching $100 million or 20% of paid-in capital or more: Please refer to table 5.

I. Trading in derivative instruments undertaken during the reporting periods: None.

J. Significant inter-company transactions during the reporting periods: Please refer to table 6.

(2) Information on investees

Counterparties' information are disclosed based on subsidiaries' audited financial statements. However, the information on investments between companies was eliminated when preparing the consolidated financial statements. The following disclosures are for reference only.

Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 7.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 8.

B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area:

Name of company	Counterparty	Accounts	Amount of 2017	Percentage representing the account of the company (%)	Note
PROCASE & MOREX Corporation	Dongguan Procase Electronic Co., Ltd.	Purchases	$ 545,714	60	Note 1
PROCASE & MOREX Corporation	Dongguan Procase Electronic Co., Ltd.	Accounts payable	86,611	46	Note 1
Chenbro Micom Co., Ltd.	PROCASE & MOREX Corporation	Purchases	667,130	32	
Chenbro Micom Co., Ltd.	PROCASE & MOREX Corporation	Accounts payable	139,701	28	
Chenbro Micom Co., Ltd.	Dongguan Procase Electronic Co., Ltd.	Royalty revenue	29,531	100	Note 2
Chenbro Micom Co., Ltd.	Dongguan Procase Electronic Co., Ltd.	Other receivables	29,531	19	Note 2
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Purchases	1,111,269	53	
Chenbro Micom Co., Ltd.	Chenbro Technology (Kunshan) Co., Ltd.	Accounts payable	105,305	21	

Note 1: The Company purchased raw materials of iron pieces form the Company's fourth-tier subsidiary in Mainland China, Dongguan Procase Electronic Co., Ltd. through the third-tier subsidiary, PROCASE & MOREX Corporation (Procase) for manufacturing computer cases.

Note 2: The Company provided development technology to Dongguan Procase Electronic Co., Ltd., and charged the related royalties.

14. OPERATING SEGMENT INFORMATION

(1) General information

Because each plant possesses similar economic characteristics, produces similar products under similar production process, uses the same machinery equipment, as well as the selling methods and customer categories are alike, the Company's and subsidiaries' chief operating decision-maker has assessed that the Company and its subsidiaries only have one reportable operating segment. Furthermore, the measurement basis for the Company is in agreement with the basis stated in the reports reviewed by the chief operating decision-maker.

(2) Measurement of segment information

The accounting policies of the operating segments are in agreement with the significant accounting policies summarised in Note 4. The Group's segment profit (loss) is measured with the operating income (loss), which is used as a basis for the Group in assessing the performance of the operating segments.

(3) Information about segment profit or loss, assets and liabilities

The Company and subsidiaries have only one reportable operating segment, thus, the reportable information is in agreement with those in the consolidated financial statements.

(4) Reconciliation for segment income (loss)

The segment operating profit provided to the chief operating decision-maker is measured in a manner consistent with that used for the statement of comprehensive income. Amounts of total assets and total liabilities of segments are not provided to the chief operating decision–maker to make strategic decisions. There is no difference between the presentation of segment report and income statement and accordingly, no reconciliation is required to be disclosed.

(5) Information on product

Details of revenue balance is as follows:

	Years ended December 31,	
	2017	2016
Computer server cases	$ 3,776,221	$ 3,480,444
Peripheral products and components	1,434,591	1,371,021
Personal computer cases	243,390	302,432
Molds	59,552	56,070
	$ 5,513,754	$ 5,209,967

(6) Geographical information

Geographical information for the years ended December 31, 2017 and 2016 is as follows:

	Years ended December 31,			
	2017		2016	
	Sales revenue	Non-current assets	Sales revenue	Non-current assets
US	$ 1,924,118	$ 254,590	$ 1,981,137	$ 285,560
China	2,667,940	1,266,845	2,107,549	1,090,933
Taiwan	333,584	254,489	521,372	273,953
Others	588,112	2,317	599,909	621
	$ 5,513,754	$ 1,778,241	$ 5,209,967	$ 1,651,067

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2017 and 2016 is as follows:

	Years ended December 31,					
	2017			2016		
	Sales revenue		Percentage in the consolidated net operating income	Sales revenue		Percentage in the consolidated net operating income
Company A	$	1,475,380	27%	$	1,486,109	29%
Company B		1,007,998	18%		675,400	13%
Company C		862,772	16%		898,885	17%

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Loans to others

Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 1

No. (Note 1)	Creditor	Borrower	General ledger account	Is a related party	Maximum outstanding balance during the year ended December 31, 2017 (Note 2)	Balance at December 31, 2017 (Note 3)	Actual amount drawn down	Interest rate	Nature of loan	Amount of transactions with the borrower	Reason for short-term financing	Allowance for doubtful accounts	Collateral Item	Collateral Value	Limit on loans granted to a single party	Ceiling on total loans granted	Footnote
0	CHENBRO MICOM CO., LTD.	Chenbro GmbH	Other receivables due from related parties	Yes	$ 35,700	$ 35,700	$ -	Based on market interest rate	Short-term financing	$ -	Operating Capital	$ -	None	$ -	$ 291,935	$ 583,871	Note 4
0	CHENBRO MICOM CO., LTD.	ADEPT International Company	Other receivables due from related parties	Yes	89,280	89,280	-	Based on market interest rate	Short-term financing	-	Operating Capital	-	None	-	291,935	583,871	Note 4

Note 1: The numbers filled in for the loans provided by the Company or subsidiaries are as follows:

(1) The Company is ‘0’.

(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: The maximum balance of Chenbro Micom Co., Ltd.'s loan to Chenbro GmbH and ADEPT International Company during the year ended December 31, 2017 was EUR 1 million and USD 3 million, respectively.

Note 3: The ending balance of Chenbro Micom Co., Ltd. loan to Chenbro GmbH and ADEPT International Company during the year December 31, 2017 was EUR 1 million and USD 3 million , respectively.

Note 4: Ceiling on total loans to others is 20% of the Company's net worth and limit on loans to a single party is 10% of the Company's net worth based on the Company's "Procedures for Provision of Loans".

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 2

Number (Note 1)	Endorser/ guarantor	Party being endorsed/guaranteed: Company name	Relationship with the endorser/ guarantor (Note 2)	Limit on endorsements/ guarantees provided for a single party	Maximum outstanding endorsement/ guarantee amount as of December 31, 2017 (Note 5)	Outstanding endorsement/ guarantee amount at December 31, 2017 (Note 6)	Actual amount drawn down	Amount of endorsements/ guarantees secured with collateral	Ratio of accumulated endorsement/ guarantee amount to net asset value of the endorser/ guarantor company	Ceiling on total amount of endorsements/ guarantees provided	Provision of endorsements/ guarantees by parent company to subsidiary (Note 4)	Provision of endorsements/ guarantees by subsidiary to parent company (Note 4)	Provision of endorsements/ guarantees to the party in Mainland China (Note 4)	Footnote
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Inc.	1	$ 583,871	$ 119,040	$ 119,040	$ 59,520	$ -	4	$ 1,751,612	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	CLOUDWELL HOLDINGS, LLC.	1	583,871	166,656	166,656	138,788	-	6	1,751,612	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	PROCASE & MOREX Corporation	2	583,871	208,320	208,320	-	-	7	1,751,612	Y	N	N	Note 3

Note 1: The numbers filled in for the endorsements/guarantees provided by the Company or subsidiaries are as follows:
(1) The Company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between the endorser/guarantor and the party being endorsed/guaranteed is as follows:
(1) A subsidiary.
(2) The subsidiary’s direct wholly-owned affiliate

Note 3: In accordance with the Company's "Procedures for Provision of Endorsements and Guarantees", ceiling on accumulated endorsements/guarantees to others and limit on endorsements/guarantees to a single party was 60% and 20% of the Company's net assets, respectively.

Note 4: Fill in ‘Y’ for those cases of provision of endorsements/guarantees by listed parent company to subsidiary and provision by subsidiary to listed parent company, and provision to the party in Mainland China.

Note 5: The maximum endorsement/guarantee provided by Chenbro Micom Co., Ltd. to Chenbro Micom (USA) Inc., CLOUDWELL HOLDINGS, LLC. and PROCASE & MOREX Corporation was US$4,000 thousand, $5,600 thousand and $7,000 thousand for the year ended December 31, 2017, respectively.

Note 6: The outstanding endorsement/guarantee provided by Chenbro Micom Co., Ltd. to Chenbro Micom (USA) Inc., CLOUDWELL HOLDINGS, LLC. and PROCASE & MOREX Corporation was US$4,000 thousand, $5,600 thousand and $7,000 thousand for the year ended December 31, 2017, respectively.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
Holding of marketable securities at the end of the period
December 31, 2017
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

				As of December 31, 2017				
Securities held by	Marketable securities	Relationship with the securities issuer	General ledger account	Number of shares	Book value	Ownership (%)	Fair value	Footnote
CHENBRO MICOM CO., LTD.	Diamond Creative Holding Limited	None	Financial assets measured at cost- noncurrent	1,000,000	$31,625	14.29%	$31,625	

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Purchases or sales of goods from or to related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 4

			Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
Purchaser/seller	Counterparty	Relationship with the counterparty	Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	Footnote
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	The Company's subsidiary	Sales	($ 1,590,598)	55	T/T 120 days	Note 1	Note 1	$ 242,239	42	Note 2
PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	(667,130)	70	60 days after monthly billing	Note 1	Note 1	139,701	55	Note 2
PROCASE & MOREX CORPORATION	Dongguan Procase Electronic Co., Ltd.	Parent-subsidiary company	Sales	(262,445)	28	Based on agreement	Note 1	Note 1	111,684	44	Note 2
Dongguan Procase Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	Parent-subsidiary company	Sales	(545,714)	31	Based on agreement	Note 1	Note 1	86,611	13	Note 2
Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Sales	(469,839)	27	Based on agreement	Note 1	Note 1	433,754	63	Note 2
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	(1,111,269)	54	60 days after monthly billing	Note 1	Note 1	105,305	24	Note 2

Note 1: Terms and prices for the abovementioned transactions are the same with third parties.
Note 2: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Receivables from related parties reaching $100 million or 20% of paid-in capital or more

Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

					Overdue receivables			
Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2017 (Note 3)	Turnover rate	Amount	Action taken	Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Accounts receivable $ 242, 239	4.37	$ -	-	$ 220,871	$ -
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Other receivables $ 9, 107	None	-	-	7,044	-
Procase & Morex Corporation	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable $ 139, 701	4.44	-		76,745	-
Procase & Morex Corporation	Dongguan Procase Electronic Co., Ltd.	Parent-subsidiary company	Accounts receivable $ 111, 684	2.03	22,786	Be offset by accounts payable subsequently	55,066	-
Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	Affiliate	Accounts receivable $ 433, 754	2.14	83,739	Subsequent collection	130,751	
Chembro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable $ 105, 305	5.71	-	-	82,608	-

Note 1: Subsequent collections as of March 20, 2018.
Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts was recognised.
Note 3: The transactions were eliminated when preparing the consolidated financial statements.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Significant inter-company transactions during the reporting periods
Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 6

				Transaction			
Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	General ledger account	Amount (Notes 3, 6 and 7)	Transaction terms	Percentage of consolidated total operating revenues or total assets (Note 5)
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Sales	$ 1,590,598	Note 4	29
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Accounts receivable	242,239	Note 4	5
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	1,111,269	Note 4	20
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	105,305	Note 4	2
2	Dongguan Procase Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	3	Sales	545,714	Note 4	10
2	Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Sales	469,839	Note 4	9
2	Dongguan Procase Electronic Co., Ltd.	ChenPower Information Technology (Shanghai) Co., Ltd.	3	Accounts receivable	433,754	Note 4	8
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Sales	667,130	Note 4	12
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Accounts receivable	139,701	Note 4	3
3	PROCASE & MOREX CORPORATION	Dongguan Procase Electronic Co., Ltd.	3	Sales	262,445	Note 4	5
3	PROCASE & MOREX CORPORATION	Dongguan Procase Electronic Co., Ltd.	3	Accounts receivable	111,684	Note 4	2

Note 1: The numbers filled in for the transaction company in respect of inter-company transactions are as follows:
(1) Parent company is ‘0’.
(2) The subsidiaries are numbered in order starting from ‘1’.

Note 2: Relationship between transaction company and counterparty is classified into the following three categories:
(1) Parent company to subsidiary.
(2) Subsidiary to parent company.
(3) Subsidiary to subsidiary.

Note 3: Transaction amounts less than NT$100 million or 20% of paid-in capital are not disclosed.

Note 4: There is no transaction similar to the above purchases and sales, which are determined in accordance with mutual agreement.

Note 5: Regarding percentage of transaction amount to consolidated total operating revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated total operating revenues for income statement accounts.

Note 6: The transactions were eliminated when preparing the consolidated financial statements.

Note 7: Except current profit (loss) for the year ended December 31, 2017 is translated using the yearly average exchange rate in 2017, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2017.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investees (not including inestees in Mainland China)

Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 7

Investor	Investee	Location	Main business activities	Initial investment amount: Balance as at December 31, 2017 (Note 6)	Initial investment amount: Balance as at December 31, 2016 (Note 6)	Shares held as at December 31, 2017: Number of shares	Shares held as at December 31, 2017: Ownership (%)	Shares held as at December 31, 2017: Book value (Note 6)	Net profit (loss) of the investee for the year ended December 31, 2017 (Note 6)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 6 and 7)	Footnote
CHENBRO MICOM CO., LTD.	Micom Source Holding Company	Cayman Islands	Holding company	$ 663,518	$ 663,518	20,449,890	100	$ 2,264,700	$ 141,648	$ 168,557	Notes 1, 5 and 6
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	USA	General trading company	32,408	32,408	10,000,000	100	113,163	32,667	19,171	Notes 1, 5 and 6
CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	Netherlands	General trading company	2,837	2,837	20,000	100	65,553	2,429	2,156	Notes 5 and 6
CHENBRO MICOM CO., LTD.	Cloudwell Holdings, LLC.	USA	Real estate leasing company	109,365	109,365	3,600,000	100	112,196	1,531	1,531	Notes 5 and 6
CHENBRO MICOM CO., LTD.	Chenbro GmbH	Germany	General trading company	9,019	9,019	250,000	100	9,760	1,675	1,777	Notes 1, 5 and 6
CHENBRO MICOM CO., LTD.	Chenbro UK Limited	UK	Marketing services	1,882	-	20,000	100	1,962	21	21	Notes 5, 6 and 8
Micom Source Holding Company	Cloud International Company Limited	Samoa	Holding company	16,368	16,368	550,000	100	23,762	(5,395)	-	Notes 3, 5 and 6
Micom Source Holding Company	AMAC International Company	Cayman Islands	Holding company	192,041	192,041	6,452,738	100	62,124	3,888	-	Notes 3, 5 and 6
Micom Source Holding Company	AMBER International Company	Cayman Islands	Holding company	245,222	245,222	8,239,890	100	1,704,530	124,047	-	Notes 3, 5 and 6
Micom Source Holding Company	ADEPT International Company	British Virgin Islands	Holding company	470,208	470,208	31,600	100	493,479	25,674	-	Notes 3, 5 and 6
Chenbro Europe B.V.	Chenbro UK Limited	UK	Marketing services	-	889	-	0	-	108	-	Notes 4, 5, 6 and 8
ADEPT International Company	PROCASE & MOREX Corporation	British Virgin Islands	Trading/ order taking company	252,960	252,960	35,502	100	528,914	19,289	-	Notes 2, 5 and 6

Note 1: Investment income (loss) recognised for the year ended December 31, 2017 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions.

Note 2: Investment income / loss recognised by ADEPT International Company.

Note 3: Investment income / loss recognised by Micom Source Holding Company.

Note 4: Investment income / loss recognised by Chenbro Europe B.V..

Note 5: The transactions were eliminated when preparing the consolidated financial statements.

Note 6: Except for current profit (loss) for the year ended December 31, 2017 which is translated using the yearly average exchange rate in 2017, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2017.

Note 7: Investment income / loss recognised by the Company includes only that of the subsidiaries in which the Company directly invested and that of investees accounted for using equity method.

Note 8: Beginning in August 2017, the Company directly held Chenbro UK Limited, in which was transferred from Chenbro Europe B.V..

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
Information on investments in Mainland China
Year ended December 31, 2017

Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 8

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2017	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017: Remitted to Mainland China	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for the year ended December 31, 2017: Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017 (Note 2)	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017	Footnote
CHENBRO MICOM (ShenZhen) Co., Ltd.	Trading and order taking	$ 14,880	2	$ 14,880	$ -	$ -	$ 14,880	($ 5,247)	100	($ 5,247)	$ 22,405	$ -	Notes 1, 8 and 9
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	297,600	2	297,600	-	-	297,600	120,113	100	120,113	1,647,767	302,406	Notes 3, 6, 8 and 9
CHENBRO MICOM (BEIJING) CO., LTD	Rendering technical service	27,420	2	-	-	-	-	(4,233)	100	(4,233)	524	-	Notes 5, 8 and 9
Dongguan Procase Electronic Co., Ltd.	Manufacturing and processing of computer cases	373,250	2	89,161	-	-	89,161	32,480	100	32,480	516,743	-	Notes 4, 8 and 9
ChenPower information Technology (Shang Hai) Co., Ltd.	Trading and order taking	62,496	2	-	-	-	-	8,006	100	8,006	76,040		Notes 3, 7, 8 and 9

Investment method:
1.Directly invest in a company in Mainland China.
2.Through investing in an existing company in the third area, which then invested in the investee in Mainland China.
3.Others.

Note 1: The Company reinvested through Cloud International Company Limited with earnings of Micom Source Holding Company.
Note 2：The investment income/loss of current period were audited by independent accountants of the Company.
Note 3: The Company reinvested through Amber International Company.
Note 4: The Company reinvested through Procase & Morex Corporation and Amac International Company.
Note 5: The investee was established on June 6, 2014 and received RMB 6 million as capital which was remitted from the earnings of Chenbro Technology (Kunshan) Co., Ltd. on August 4, 2014.
Note 6: The Company distributed cash dividends of $302,406 (net of taxation on earnings remitted from Mainland China) to the Company through the holding companies, Amber International Company and Micom Source Holding Company on October 17, 2014.
Note 7: The Company incorporated on October 8, 2016 and was reinvested by Chenbro Technology (Kunshan) Co., Ltd. through AMBER International Company at amount of US$ 2.1 million as capital of the Company on December 23, 2016.
Note 8: The transactions were eliminated when preparing the consolidated financial statements.
Note 9: Except current profit (loss) for the year ended December 31, 2017 translated using the yearly average exchange rate in 2017, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2017.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Investment amount approved by the Investment Commission of the Ministry of Economic Affairs (MOEA)	Ceiling on investments in Mainland China imposed by the Investment Commission of MOEA (Note 10)
CHENBRO MICOM CO., LTD.	$ 401,641	$ 355,190	$ -

Note 10: Pursuant to the Gong-Zhi-Zi Order No. 10620430600, certificate for qualified operational headquarters, issued by Industrial Development Bureau, Ministry of Economic Affairs on November 20, 2017, there is no ceiling on accumulated investments in Mainland China for the period from November 15, 2017 to November 14, 2020.