

2015 Annual Report

Ticker : 8210

I 、Spokesperson

Name : CHIH CHIA LIN

Title : Vice President of Finance and Accounting Department

Tel : 886-2-8226-5500

E-mail : joycechih@chenbro.com

Deputy Spokesperson

Name : LEE SYLVIA

Title : Deputy Manager of Accounting Department

Tel : 886-2-8226-5500

E-mail : sylvialee@chenbro.com

II 、Headquarters, Branches and Plant

Headquarters

Address : 15F, No.150, Jian 1st Rd., Zhonghe Dist., New Taipei City 235,
Taiwan

Tel : 886-2-8226-5500

III 、Stock Transfer Agent

Transfer Agency and Registry Department of Fubon Securities Co., Ltd.

Address : 2F 17 Xuchang St. Zhongzheng Dist. Taipei, Taiwan 10047

Website : <http://www.fubon.com>

Tel : 886-2-2361-1300

IV 、Auditors

Name : PAN HUI LING and CHIH PING CHUN

PricewaterhouseCoopers Taiwan

Address : 27F, 333 Keelung Rd., Sec. 1 Taipei, Taiwan 11012

Website : <http://www.pwc.tw>

Tel : 886-2-2729-6666

V 、Overseas Securities Exchange

None

VI 、Corporate Website

<http://www.chenbro.com>

table of Contents

One. Report to Shareholders	2
Two. Company Profile.....	9
Three. Corporate Governance Report	
I. Company organization system.....	13
II. Background information of Directors, Supervisors, General Manager, Vice Presidents, Assistant Managers, and the heads of various departments and branches	15
III. Remuneration paid to Directors, Supervisors, the General Manager, and the Vice President in the most recent year	21
IV. Corporate governance.....	29
V. Disclosure of CPAs' remuneration	57
VI. Change of CPA.....	58
VII. If the Company' s Chairman, President, and Finance or Accounting Officer had taken a job position with the attestation CPA Firm or its affiliated enterprises within one year, the name, job position, and the employment period with the attestation CPA Firm or its affiliated enterprises should be disclosed	59
VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest.....	59
IX. Relationships among The Company' s top ten shareholders including spouses, second degree relatives or closer	60
X. Investments jointly held by The Company, The Company' s directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties.....	61

Four. Funding Status

I. The Company' s capital stock and stock shares	63
II. Disclosure relating to corporate bonds.....	68
III. Disclosure relating to preference shares.....	68
IV. Disclosure relating to global depository receipts	68
V. Employee stock warrants	68
VI. Disclosure regarding the management of new restricted employee stock.....	68
VII. Disclosure on new shares issued for the acquisition or transfer of other shares.....	68
VIII. The implementation of the fund plan.....	68

Five. Business performance

I. Content of business	70
II. Market and sales overview.....	75
III. Employees	81
IV. Contribution to Environmental Protection.....	82
V. Employer and employee relationships.....	82
VI. Major contracts	86

Six. Financial summary

I. Condensed balance sheet, comprehensive income statement, name of the CPAs, and their auditing opinions within the last five years.....	88
II. Financial analysis for the latest 5 years.....	95
III. Supervisor's report on the review of the latest financial reports	117
IV. Most recent annual financial statements including Independent Auditor' s Report.....	118
V. The Company' s individual financial statements audited and certified by a certified public accountant in the most recent fiscal year.....	179
VI. If the company or any of its affiliated companies had, in the recent years up until the publishing of this annual report, experienced financial distress, the impacts to the company' s financial status must be disclosed.....	101

Seven. Review of financial status, business performance, and risk management issues

I. Financial status	103
II. Financial Performance	103
III. Cash flow.....	104
IV. Material capital expenditures in the latest year and impacts on business performance	105
V. The transfer investment policy and the main reason for the profit or loss in recent years, and the improvement plans and investment plan in the coming year	105
VI. Risk analysis and assessment.....	105
VII. Other Material Issues.....	108

Eight. Special remarks

I. Affiliated companies	110
II. The handling of securities private placement in the most recent year and up to the printing date of the annual report.....	115
III. The disposal of the Company' s shares by its subsidiaries during the latest financial year, up to the publication date of this annual report.....	115
IV. Other necessary supplementary information.....	115
V. There had any of the events defined in Article 36 Paragraph 3 Section 2 of the Act that would have significant impact on the shareholders' equity or securities price occurred in the most recent year and up to the printing date of the annual report.....	115



One.

Report to Shareholders

- I. 2015 Business Report**
- II. The 2016 business plan outline**
- III. Future development strategies**
- IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment**

One. Report to Shareholders

The 2015 operating results and 2016 operating outlook are reported as follows:

The global economy showed a very modest growth in 2015, in fact, it had weak growth and the factor of financial variables was key. As the US dollar interest rate increases were repeatedly delayed, the competition of currency devaluation from emerging countries had become severe from time to time while the world was expecting the US dollar rate to go up, combined with a weak Chinese market, it resulted in suffocating crude oil and gold prices. At the same time, many precious metals and block commodity prices were declining considerably, the exports of emerging countries, including Taiwan, had continued to decline, in which Taiwan's exports had declined for 10 consecutive months, the worst case scenario. The US market was the only market that stood tall in the global economy; therefore, the investment in US dollar appreciation had become the primary practice. However, it had triggered the competition of non-US dollar currency depreciation and the collapse of commodity prices, which accidentally activated RMB devaluation due to China's slow economic growth and the diminishing stock market incentive effect due to the European and Japanese currency devaluation.

The global economy remains on a recovery trend in 2016 albeit with a slow pace; in addition, there are still some uncertain factors affecting the domestic and international economy. In terms of international market, the Chinese stock market declines substantially. moreover, the weak RMB currency has activated a competition of currency devaluation in Asian market, causing turmoil in global financial markets, added with the difficulty of having international oil price raised due to the OPEC countries' reluctant in cutting back production, Iran's oil supply, and weak Chinese economy. Such factors have a negative impact on the global economic recovery. In terms of domestic market, after the presidential and legislative elections ended in January 2016, the government and the Congress has entered the transition period. Therefore, while facing sluggish economy, the question is how to propose an economic recovery plan in a timely manner; however, it will certainly cause more uncertain variables to the economic situation.

The Company upholding the concepts of enhancing services to improve the added-value of products and taking into account the customer's demands is committed to active research and development, innovation, and design, inspires innovation with an open mind, turns it into actual products and creative services, and has the innovative products and services transformed into actual profits. Also, adopt the IT technology, intelligence, and lean management to improve the Company's operational processes within the organization, to substantiate the hierarchical management, to enhance the quality of human resources, to strengthen the corporate operation and financial management, to operate soundly, and to innovate actively in order to accumulate growth kinetic energy, to grasp favorable business opportunities while facing complex and changing environment, and to create another wave of prosperity for the Company taking as a whole.

I. The 2015 business report

1. Business plan execution and achievement

The Company's 2015 consolidated net operating revenue amounted to NT\$4,439,229 thousand, a decrease of NT\$33,759 thousand (0.75%) from the NT\$4,472,988 thousand in 2014. The 2015 net income amounted to NT\$504,834 thousand, a decrease of NT\$36,438 thousand (6.73%) from the NT\$541,272 thousand in 2014.

2. Budget implementation

The Company **has not prepared the 2015 financial forecast according to the current law and regulations.**

3. Financial income and expense and profitability analysis

(1) Financial income and expense

Unit: NT\$1,000

Item	2015	2014	Increase (decrease) amount	Increase (decrease) %
Net operating revenue	4,439,229	4,472,988	(33,759)	(0.75)
Gross profit	1,290,795	1,363,180	(72,385)	(5.31)
Operating profit	593,209	652,376	(59,167)	(9.07)
Profit before income tax	664,907	709,894	(44,987)	(6.34)
Net income	504,834	541,272	(36,438)	(6.73)

The 2015 consolidated net operating revenue was decreased by 0.75% from the year of 2014. The operating profit was decreased by 9.07% from the year of 2014. The net income was decreased by 6.73% from the year of 2014.

(2) Profitability analysis

Item	2015	2014
Ratio of return on assets (%)	11.00	13.03
Ratio of return on shareholders' equity (%)	19.00	22.06
Ratio of operating income to paid-in capital (%)	49.38	54.31
Ratio of net income before tax to paid-in capital (%)	55.35	59.10
Profit ratio (%)	11.37	12.10
Earnings per share (NT\$) – after tax	4.22	4.52

According to the profitability indicators, the Company's 2015 earnings per share, the ratio of net income before tax to paid-in capital, and the ratio of operating profit to paid-in capital are slightly lower than the year of 2014.

4. R&D status

(1) The 2015 R&D achievements:

New products

Product Model No.	Produce description
OEM Server	OEM products
RM14500	1U Rackmount high-density tool-less modular storage server Chassis (Model I)
RM14910	1U Modular high-density tool-less modular storage server Rackmount Chassis (Model II)
RM14911	1U Modular high-density tool-less modular storage server Rackmount Chassis (Model III)
RM191-1	1U Data Center modular server Rackmount Chassis (Model I)
RM191-2	1U Data Center modular server Rackmount Chassis (Model II)
RM191-3	1U Data Center modular server Rackmount Chassis (Model III)
RM191-4	1U Data Center modular server Rackmount Chassis (Model IV)
RM19616	1U Data center super high-density modular server chassis
RM23624	2U Modular storage server Rackmount Chassis
RM39196	3U Data center super high-density modular expansion cabinet chassis
RM41912	4U Efficient calculating server rackmount chassis (Model I)

Product Model No.	Produce description
RM41913	4U Efficient calculating server rackmount chassis (Model II)
RM41914	4U Efficient calculating server rackmount chassis (Model III)
RM43160	4U super high-density modular UP storage server rackmount chassis
RM43348	4U super high-density modular DP storage server rackmount chassis

New patents

Applying date	Nation	Type of patent	Patent name	Product range
2015.01.27	Taiwan	New model patent	Access device fixed structure	HDD module
2015.01.27	Taiwan	New model patent	Storage module fixed structure	HDD module
2015.01.27	Taiwan	New model patent	High-density storage module	HDD module
2015.01.27	Taiwan	New model patent	Access device tray structure	HDD module
2015.01.08	Taiwan	New model patent	Latch device	Chassis
2015.01.27	Taiwan	New model patent	Chassis inner rack positioning structure	HDD module
2015.01.05	Taiwan	New model patent	Chassis panel structure	Chassis
2015.02.05	Taiwan	New model patent	Storage module positioning device	HDD module
2015.02.05	Taiwan	New model patent	Storage module positioning mechanical design	HDD module
2015.02.17	Taiwan	New model patent	Access device fixed structure	HDD module
2015.03.17	Taiwan	New model patent	Interface card plug and unplug device	PCB Holder
2015.03.17	Taiwan	New model patent	Interface card driving device	PCB Holder
2015.06.03	Taiwan	New model patent	Double fixed structure	HDD module
2015.09.24	Taiwan	New model patent	Storage device tray structure	HDD module
2015.06.02	Taiwan	Design patent	Drive tray panel	HDD module
2015.06.02	Taiwan	Design patent	Drive tray panel	HDD module
2015.06.02	Taiwan	Design patent	Computer mainframe panel	Chassis
2015.06.02	Taiwan	Design patent	Computer mainframe panel	Chassis
2015.02.28	China	New model patent	Access device fixed structure	HDD module
2015.02.28	China	New model patent	Access device fixed structure	HDD module
2015.02.28	China	New model patent	High-density storage module	HDD module
2015.02.28	China	New model patent	Access device tray structure	HDD module
2015.01.21	China	New model patent	Latch device	Chassis
2015.02.27	China	New model patent	Chassis inner rack positioning structure	HDD module
2015.01.21	China	New model patent	Chassis panel structure	Chassis
2015.04.24	China	New model patent	Storage module positioning device	HDD module
2015.04.24	China	New model patent	Storage module positioning mechanical design	HDD module
2015.04.01	China	New model patent	Access device fixed structure	HDD module
2015.03.30	China	New model patent	Interface card plug and unplug device	PCB Holder
2015.03.30	China	New model patent	Interface card driving device	PCB Holder
2015.06.30	US	Innovation patent	Chassis access device quick dismounting structure	HDD module

(2) Future R&D direction

Since the demand of data centers in North America is growing stably, the Company continues to promote private labeling devices with the JDM mode to meet customer needs for ongoing design improvement. At the same time, in response to industry platform product improvement, a full range of new tool-less Rackmount / Pedestal Storage Server is introduced. In response to the use of NVMe SSD in the future, the Company is also dedicated to have the related hot plugging panel and heat sink design refined. Based on the concept of complete system to enhance the Company's product validation capabilities, to substantiate the implementation of FEA/CFD and added with Shaker / Vibration Meter / Thermal Chamber to improve the quality of product design. In 2015, the development of High Density Storage was indeed a product equipped with basic specifications. However, due to the substantial growth of data used by various types of data centers or enterprises, the Company will have another series of product developed for the High Density Storage Chassis with a focus on higher hardware density, module, and system optimization in order to provide the high-end customers with a better selection of products. For another data center structure trend, due to the significant increase of the CPU capacity, the pure computing modules are clustered for cloud applications, such as, the CDN approach to maintain convenience and to reduce cost with more relevant and efficient systems chassis designed, including mini-rack chassis design. For Netcom, monitoring, NAS, and the Internet of Things (IoT), all kinds of short chassis solutions are specially proposed. For the chassis design meeting the challenges of vertical applications, the Company has proposed responsive solutions in new material research and the feasibility of product commercialization.

II. The 2016 business plan outline

1. Operation strategies

In prospect, the Company will base on the core technology to develop new products. We will continue to strengthen the manufacturing process in order to improve yield rate, reduce cost, and reinforce product competitiveness. Pursue the strategic objective of a mass production scale and market share, improve operational performance, and create maximum profits for the Company.

- (1) Enhance the quality of human resources, substantiate the implementation of hierarchical management, robust corporate operation and financial management, operate stably, and root the business operation in Taiwan and then go global.
- (2) Continue the process of business operation simplification and e-commerce in order to improve internal and external feedback and response speed and efficiency, and to robust corporate operation.
- (3) Strengthen corporate governance, the Board of Directors and auditors shall actively perform supervision and management in order to actively maximize shareholders' interests and actively feedback to the community.
- (4) Create core values of the company -industry, honesty, expertise, and integrity.

2 Expected sales volume and the related reference

The Company's 2016 expected sales is as follows:

Main products	Sales volume (thousand units)
PC chassis	700
Server Chassis	1,000
Components and others	12,000

The expected sales volume in the preceding paragraph, according to the industrial environment and market demand and supply, is estimated by the salespersons in accordance with the actual business contact with the customers, the industrial environment, and market supply and demand; also, it is estimated by the sales manager by taking into account the overall industrial economy and regional differences.

3. Important production and sales policies

(I) Sales strategies:

The Group is mainly engaged in export business. In order to establish overseas marketing offices and construct a globalized sale network with comprehensive and prompt service provided to the customers in Europe, the US, and Asia, the Group has subsidiaries setup by way of reinvestment in Europe and the United States in order to enhance market competitiveness.

- (1) Focus on managing network operation and system integration for customers, establish a long-term cooperation model and actively participate in the exhibitions worldwide to build up “Chenbro” brand image in market and increase international visibility.
- (2) Extend the “network is everything, partner is everything” sales strategy for a strategic alliance and to establish the Ecosystem for product application in order to deepen product marketing strength.
- (3) Integrate the sales strategies for European and USA market, simplify the configuration of products, adjust dealer management mode, and cooperate with the marketing strategy to enhance the market awareness of the Company and products.
- (4) Focus on the business operation and develop storage server and industrial PC market, and provide customized services - Actively integrate and provide customers with a Total Solution in order to expand the market vertical penetration.
- (5) Integrate sales, R&D, production, and logistical support capabilities, and establish a long-term cooperation relationship with the suppliers in order to provide customers with a satisfactory value chain.
- (6) Substantiate the coordination of production and sales, the check mechanism of inventory management, reduce inventory risk, and prudently practice good credit management.

(II) Production strategies:

While facing fierce competition in the global market, providing flexible service in accordance with the high-quality production process in order to meet customer demand and improve customer satisfaction, the Group adopts a division of work strategy with the production lines setup in Dongguan and Kunshan, China. The future of cloud industry is bright with purchase orders growing stably. The Group is expanding Kunshan plant stage III and IV (mainly for server and the related cloud chassis) of Chenbro Technology (Kunshan) Co., Ltd. for producing computer chassis related products. In addition, increasing production capacity in order to meet future market demand.

- (1) In response to the rise of cloud computing, establish a product module database to respond to market change flexibly and promptly.
- (2) Utilize the concept of components and parts modulation to establish the “mass customized” products, production, and logistics management capabilities.
- (3) Integrate the procurement resources of each plant in China to achieve the maximum economic benefits with the lowest cost, the mass production scale, and the technical team with rapid R&D operation.
- (4) Integrate the ability, flexibility, and effective production resources allocation of each production base, including outsourcing vendors to maintain high plant utilization rate.
- (5) Actively engage in laser, NCT equipment, and soft mode / tooling optimization in order to achieve fast output and fulfill the demand for flexibility and speed of customers.
- (6) Increase the proportion of factory automation to improve efficiency, reduce labor cost, and maintain the stability of production in order to meet customers’ quality and cost requirements.

(III) R&D strategies:

- (1) The Group has obtained various product patents in the world and value the importance of patent protection and new product development. Therefore, the Group will continue to refine products mechanical and electrical integration and system verification capabilities in order to improve the added-value of products and help products stay competitive.
- (2) We will have the ID, rack accessories, and modular structure planned comprehensively depending on the good timing for product update, focus on enhancing the Company’s product image and design optimization. Moreover, we will provide maximized project sharing possibility with the

flexible design and manufacturing capabilities and not be limited to the development of chassis or related products (such as, mini-cabinet) in order to enhance the competitiveness of the product line.

- (3) The derivative application and design of the data center changes constantly. Therefore, it is becoming the trend of providing fast service locally. The different demands of each area and industrial application platform for professional service to the VIP customers must be improved continuously. The project design sharing in each area and the integration of R&D capabilities is one of the major tasks to be initiated currently.

III. Future development strategies

In the prospect of 2016, Chenbro will continue upholding the business philosophy of “diligence, simplicity, and sincerity” and basing on the benevolent spirit inwardly and strategic alliances outwardly to integrate the resources of industrial partners and to jointly develop the market. Provide customers with simpler and better integrated products and services, and work with customers to create a win-win future. The changes and transformations of PC industry have caused changes in server industry. The Company under the precondition of insisting on a prudent operation has focused on cloud computing and the demand of small and medium enterprises, large enterprises, and Internet of Things (IoT) to actively explore emerging markets with innovative business models and products, to strengthen outsourcing operation, management ability, and cost reduction in order to expand the Company’s market share in server and desktop PC, and to reach the objectives through the efforts of the Company’s domestic and overseas employees taking as a whole.

IV. Impacts of the external competitive environment, regulatory environment, and the overall business environment

The Company has faced external competition all the time since its incorporation; therefore, the key is to upgrade R&D competition competence in order to minimize the influence from the external competitive environment. The Company has responded to the impact of laws and regulations and the revised government decree by adopting appropriate measures and having the Company’s design specifications and related law and regulations amended and enacted. In terms of the macro-business environment, due to the cost structure affected by the increasing international raw materials cost and labor cost in Mainland China and energy price in recent years, the key is to establish the Company’s goodwill and strictly control cost in order to obtain the best competition advantage in market with a reasonable price. Therefore, it is important for the Company to adjust production and sales structure flexibly, to control cost strictly, and to control accounts receivable accordingly. The Company’s sales are affected by external market price pressure, the new regulations promulgated by the securities authorities, the foreign environmental law and regulations, and the constantly changing global business environment. In response to the environmental changes referred to above, the Company, in addition to preparing financial reports in conformity with the new law and regulations published by the securities competent authorities and requesting the suppliers and products to comply with foreign environmental law and regulation, improving manufacturing process, and expanding production capacity to reduce production cost, has immediately grasped the customer order demand to plan raw materials procurement in order to improve the Company’s overall competitiveness.

Today, I am very pleased to have this opportunity to report our 2015 business operation and 2016 operating prospect of the Company to our shareholders. I would like to thank every shareholder of the Company for your support and attention. My colleagues and I will work even harder to create greater achievements to share with all of our shareholders.

Sincerely yours, wish you good health and happiness!

Chairman: CHEN MEI CHI

President: CHEN MEI CHI

Chief Accountant: CHIH CHIA LIN



Company Profile

- I. Date of establishment**
- II. Corporate history**

Two. Company Profile

The Company was incorporated in the Republic of China in December 1983 with the approval of the Ministry of Economic Affairs. The main business operation of the Company and its subsidiaries (the Group) includes computer application software design engineering, import/export trading of computer instruments and peripheral equipment, and R&D, production, processing, and trade of computer peripheral equipment, supplies, and consumable goods of the main system.

I. Date of establishment

December 5, 1983

II. Corporate history

- 1983 The Company was established in Taipei City with a capital stock of NT\$500,000.
- 1984 A cash capitalization for NT\$1.5 million was arranged to reach a grand total stock capital of NT\$2 million.
Started the sale of Disk Puncher (the Company's first product).
Completed the sliding XT computer chassis R&D and advertised in the exports magazine (first computer chassis manufacturer to advertise).
- 1985 Full AT chassis (the first PC Tower chassis in the world) market launched.
- 1986 A cash capitalization for NT\$5 million was arranged to reach a grand total stock capital of NT\$7 million.
Invested NT\$16 million to purchase the office on Hangzhou N. Road.
- 1987 Completed Middle Tower and Slim All-in-One PC chassis R&D and market launched.
- 1989 A cash capitalization for NT\$18 million was arranged to reach a grand total stock capital of NT\$25 million.
Invested NT\$20 million to purchase the office in Chunghe.
- 1990 A cash capitalization for NT\$50 million was arranged to reach a grand total stock capital of NT\$75 million.
Invested NT\$40 million to purchase the factories in Chunghe with the computer chassis assembly and production lines setup.
Market launched the first generation Server and Lan Station chassis.
- 1994 Invested NT\$60 million to purchase plastic injection factory in Taoyuan and plastic panels and computer peripheral equipment for production.
Market launched AT case with Slide in-Out Mechanism.
- 1996 Obtained ISO 9002 certification for Taoyuan factory.
Market launched a full range of ATX and Server chassis.
- 1997 Market launched Net PC and NLX chassis.
- 1998 Established Chenbro Europe as the marketing center in Europe.
Arranged capitalization from earnings and cash for an amount of NT\$30 million, respectively, to reach a total capital stock of NT\$135 million.
- 1999 Arranged cash capitalization for NT\$25 million and capitalization from earnings for NT\$142.3 million with a public offering arranged afterwards to reach a total capital stock of NT\$302.3 million.
Invested NT\$160 million to purchase the new office in Chunghe.
Awarded with the Top-38 Best Business Performance of the year in 1998 by the Commonwealth Magazine.
- 2000 Arranged capitalization from earnings for an amount of NT\$161 million to reach a total capital stock of NT\$463.3 million.
Established Cayman Chenbro Holdings to invest in offshore companies and individual enterprises in Mainland China as the Company's manufacturing center.

- Established Chenbro USA as the American Marketing Center.
- 2001 Arranged capitalization from additional paid-in capital for an amount of NT\$37.06 million to reach a total capital stock of NT\$500.37 million.
Taoyuan Plant operation did not have sufficient economic synergy; therefore, the production was ceased and the idling plant and equipment was leased.
- 2002 Arranged capitalization from earnings for an amount of NT\$40.03 million to reach a total capital stock of NT\$540.4 million.
- 2003 Invested in China Chin-Qin Science and Technology (Kunshan) Co., Ltd. through the Offshore Holdings as the manufacturing center in East China.
Applied for OTC listing.
- 2004 Arranged capitalization from earnings and additional paid-in capital for an amount of NT\$63.19 million to reach a total capital stock of NT\$603.59 million.
- 2005 Stock listed and traded at Gre Tai Securities Market.
Arranged capitalization from earnings and employee bonus for an amount of NT\$100.66 million to reach a total capital stock of NT\$704.25 million.
- 2006 Arranged capitalization from earnings and employee bonus for an amount of NT\$115.46 million to reach a total capital stock of NT\$819.71 million.
- 2007 Arranged capitalization from earnings and employee bonus for an amount of NT\$135.66 million to reach a total capital stock of NT\$955.37 million.
Invested in Dongguan Zhangheju Electronics Ltd. through the Offshore Holdings as the manufacturing center in South China.
- 2008 Arranged capitalization from earnings and employee bonus for an amount of NT\$159.74 million to reach a total capital stock of NT\$1.11511 billion.
- 2011 Arranged capitalization from earnings for an amount of NT\$39.95 million to reach a total capital stock of NT\$1.15506 billion.
OTC listing transferred to stock listing on December 1.
- 2012 Arranged capitalization from earnings for an amount of NT\$46.2 million to reach a total capital stock of NT\$1.20126 billion.
Invested in Chenbro Micom Co., Ltd. (Shenzhen) through the Offshore Holdings to be responsible for the marketing and sales in China.
- 2013 Invested NT\$82.09 million to purchase the new office in Chunghe.
US subsidiary invested US\$7.94 million to purchase new plant and office for the expansion of offshore business.
Invested RMB 18.73 million to purchase the office in Beijing for providing services to customers in a timely manner.
- 2014 Invested in Chenbro Micom Co., Ltd. (Beijing) through China Chin-Qin Science and Technology (Kunshan) Co., Ltd. as the Technology R&D Center.
- 2015 Invested in the subsidiary, Chenbro GmbH, in Germany. Awarded with the 24th National Award of Outstanding SMEs.

Three. Corporate Governance Report

- I. Company organization system**
- II. Background information of Directors, Supervisors, General Manager, Vice Presidents, Assistant Managers, and the heads of various departments and branches**
- III. Remuneration paid to Directors, Supervisors, the General Manager, and the Vice President in the most recent year**
- IV. Corporate governance**
- V. Disclosure of CPAs' remuneration**
- VI. Change of CPA**
- VII. Any of the Company's Chairman, General Manager, or managers involved in financial or accounting affairs being employed by the auditor's firm or any of its affiliated company within the recent year**
- VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest**
- IX. Relationships among The Company's top 10 shareholders including spouses, second degree relatives or closer**
- X. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties**

Three. Corporate Governance Report

I. Company organization system

(I) Organizational structure

Chenbro Micom Co., Ltd Global organization chart



CHENBRO

CONFIDENTIAL

(II) The responsibilities of various divisions

Department	Main responsibilities
Chairman Office	Handle the Company's overall business operation, business concept shaping, and business vision planning.
Global Operation Department	Order processing, shipping operation, and receivables management. Provide customers with pre-sale and after-sales services. Develop new customers.
R&D Department	Be responsible for product research and development and manufacturing technology improvement. Strengthen the customer-oriented concept and modular design capability. New product components acceptance and tooling inspection and acceptance. Resolve production line problems and provide related technical support. Assist with the plant production and conduct the electronic materials and parts test operation. Product functions and reliability verification. Provide product technical support and electronic components acceptance operation. Be responsible for product software and firmware development. Solve the software and firmware problems related to the system integration. Thermal design and simulation analysis and verification. Structure simulation analysis and verification. Be responsible for the development and promotion of high-end storage and system products. Designated VIP customer management and service. Cooperate with the Hardware and Software R&D Department to plan the related electronic parts development, management, and ordering services. New product development and design specifications (PRD) requirements and contract confirmation. Plan the project design and development schedule, enact pilot run schedule, and implement the cost and material control of new project development.
Finance and Accounting Department	The implementation of accounting operations, including the enactment of general accounting operating procedures, obtaining accounting evidences, taxation, and bookkeeping. The implementation of return on investment and cost financial analysis, and credit rating of accounts receivable. The Company's financial flow management, the establishment of bank quota, and exchange rate hedging operations.
Global Product Planning	The Company's product line planning and market positioning, definition of product specifications, pre-sale counseling, and competitor and product analysis.
Zhangheju Plant	Computer chassis and server manufacturing.
Chin-Qin Plant	Computer chassis and server manufacturing.
Marketing Department	The Company and product image visual convey, market intelligence gathering and analysis, website management and marketing, exhibition planning and management, and the Company's product roadmap planning. Market/customer development and management, product sales plan, and the coordination and contact of production and sale.
Material Planning Department	Production scheduling and progress control of purchase orders, procurement of raw materials and outsourced processing, procurement of services, raw materials, and semi-finished products, and finished products warehousing and shipping operation.
Quality Assurance Department	The requirements of the Company's quality system, and the enactment and promotion of quality management plan. Incoming, process, and output quality inspection. Provide customers with pre-sale and after-sales services. Outsourcing and production quality control.
IT Division	The Company's computer information systems and hardware, and software maintenance and management.
Human Resources Department	Human resources development, the establishment and implementation of personnel management system, employee salary and benefits planning, education and training services, and the establishment and implementation of the General Affair System.
Business Analysis Department	Annual budget operation planning, composition, and control and management. Operating procedure improvement and project promotion. Product development cost input, P&L estimation, and ROI analysis. Provide and analyze the management information needed for management decision-making. Periodic business analysis reports and competitor's business analysis.
Legal Affairs / intellectual property	Contract preparation and review, process and negotiation of legal affairs cases, and the establishment of contracts and intellectual property (IP) database. Patent proposal review, intellectual property right education and training, competitors' and industry chain manufacturers' patent analysis, and utilization of intellectual property to enhance the growth scale of innovation.
Internal Audit	Independently and objectively assess the reasonableness, effectiveness, and implementation of the internal control system in accordance with the operation and management needs of the Board of Directors and the management. Also, implement the Company's and subsidiaries' periodic and occasional audit, project review, and improvement follow-up.

II. Background information of Directors, Supervisors, General Manager, Vice Presidents, Assistant Managers, and the heads of various departments and branches

(I) Director and supervisor profile

- (1) Name, main experience (education), current job position with the Company and other companies, elected (incumbent) date, tenure, first-time elected date, shareholding of the employee, spouse, and minor children, and the shares held in the name of others:

Date: April 25, 2016

Title	Nationality and Registry	Name	Date elected	Term	Date first elected	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Chairman	Republic of China	CHEN MEI CHI	2014.06.20	3 years	2009.07.06	9,656,009	8.04	9,656,009	8.04	1,908,000	1.59	0	0	Department of Finance, National Chengchi University EMBA, National Taiwan University	The Company's Chairman Director of Peng Wei Investment and Development Co., Ltd. Chairman of Lian-Mei Investment Ltd. Director of Chen-Source Inc.	Assistant Manager of Chairman Office	LEE TSUN YEN	Sister-in-law
Director	Republic of China	WU CHUNG PAO	2014.06.20	3 years	2009.06.26	0	0	0	0	0	0	0	0	Institute of International Business – Master Degree, National Taiwan University Chairman of Protech Information Co., Ltd.	Chairman of Protech Information Co., Ltd. Independent Director of Marketch International Corp. Independent Director of Trade-Van Information Co., Ltd. Director of APLEX Technology Inc.	None	None	None

Title	Nationality and Registry	Name	Date elected	Term	Date first elected	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Director	Republic of China	LEE TSUN YEN	2014.06.20	3 years	2009.06.26	5,296,029	4.41	5,296,029	4.41	13,614,433	11.33	0	0	Integrated Business Department, Taipei Shilin High School of Commerce, Chairman of Ming-Kwong Investment Co., Ltd.	Assistant Manager of the Company's Chairman Office Chairman of Ming-Kwong Investment Co., Ltd. Chairman of Chong-Chiao Asset Management Co., Ltd. Director of Chen-Source Inc. Chairman of Chin-Yeh Technology Co., Ltd. Independent Director of HIM International Music Inc.	Chairman	CHEN MEI CHI	Sister-in-law
Director	Republic of China	HSU SHEN KUO	2014.06.20	3 years	2014.06.20	294,112	0.24	515,112	0.43	0	0	0	0	Master of Public Administration, Kennedy School of Government, Harvard University, Master of Law School, George Washington University PH.D of Law, University of San Francisco	Part-time Professor of China Economic Center of Beijing University and School of Civil Servants Advanced Training of Continuing Education College of Tsinghua University Professor of Law School, Beijing University	None	None	None
Independent Director	Republic of China	TSAO AN PANG	2014.06.20	3 years	2014.06.20	0	0	0	0	0	0	0	0	MBA, Illinois Institute of Technology U.S.A	Independent Director of AVerMedia Global Channel Resource Inc. (GCR) Chairman	None	None	None
Independent Director	Republic of China	HSU KUEI YING	2014.06.20	3 years	2004.06.29	0	0	0	0	0	0	0	0	Soochow University Finance Director of Liteon Group (resigned on June 17, 2000)	Supervisor of Liteon Group	None	None	None

Title	Nationality and Registry	Name	Date elected	Term	Date first elected	Shareholding as of elected date		Current shareholding		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current duties in The Company and in other companies	Spouse or relatives of second degree or closer acting as Directors, Supervisors, or other department heads		
						Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Independent Director	Republic of China	HUANG WEN CHENG	2014.06.20	3 years	2011.05.27	0	0	0	0	0	0	0	0	Master of Business Administration (MBA), National Chengchi University Department of Mechanical Engineering, National Cheng Kung University President of CHINA-MOTOR Corp. Chairman of Automotive Research & Testing Center (ARTC)	Chairman of Kuo-Fu Management Consulting Co., Ltd. Chairman of eLand Information Co., Ltd. Independent Director of YFY Investment Holding Co. Ltd. Director of Tunghih Electronics Co., Ltd. Independent Director of E-CMOS Corporation ACES Electronics Co., Ltd. Director of corporate representative Enterex International Co., Ltd. Independent Director	None	None	None
Supervisor	Republic of China	CHEN HUANG LI LONG	2014.06.20	3 years	2002.06.27	760,086	0.63	826,946	0.69	0	0	0	0	Soochow University Officer of Schering-Plough Co., Ltd.	None	None	None	None
Supervisor	Republic of China	WANG LEE YA MI	2014.06.20	3 years	1999.10.20	168,302	0.14	181,334	0.15	0	0	0	0	University graduated ACRON INTERNATIONAL LTD. General Manager	ESIM Technology Co., Ltd. Director	None	None	None
Supervisor	Republic of China	CHEN JEN SHYANG	2014.06.20	3 years	2002.06.27	117,153	0.10	126,224	0.11	0	0	0	0	Doctoral of Taiwan University Vice Professor of Ming Chuan University Associate	Director of Corporate Representative of ANJIA International Co., Ltd.	None	None	None

Note 1: Corporate shareholders should have the name of corporate shareholders and representative illustrated separately (the name of the corporate shareholders should be noted).

Note 2: Indicate the date of the first-time elected director or supervisor; also, the period of interruption should be noted.

Note 3: For the job experience related to the current job position held, if a job position had been held with the auditing and attestation CPA Firm or an affiliated company in the aforementioned time period, the job title and responsibilities should be noted. (See the table above)

- (2) Directors and supervisors who are the representatives of corporate shareholders: None
- (3) Major shareholders who are corporate shareholders as stated in Paragraph (2) above: None
- (4) The professional knowledge and independence of directors and supervisors

Date: April 25, 2016

Name	Qualification	<u>Having more than 5 years work experience and professional qualifications listed below</u>			Compliance of independence (Note 1)										Number of positions as an Independent Director in other public listed companies
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification and technicians relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8	9	10	
CHEN MEI CHI				✓							✓		✓	✓	None
LEE TSUN YEN				✓							✓		✓	✓	1
WU CHUNG PAO				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2
HSU SHEN KUO	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
HUANG WEN CHENG				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
TSAO AN PANG				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
HSU KUEI YING				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
CHEN HUANG LI LONG				✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
WANG LEE YA MI				✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	None
CHEN JEN SHYANG	✓			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note 1: place a "✓" in the box below if the Director or Supervisor met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or its affiliated companies (not applicable if the position is an independent director of the company, its parent company, or subsidiaries to which the company holds more than 50% direct or indirect voting interest).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein one of the ten largest natural person shareholders of the company.
- (4) Not a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria 1~3.
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a professional, business owner, partner, director, supervisor, or manager of any sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein. Except the members of the Remuneration Committee performing their duties pursuant to Article 7 of the Regulation Governing the Establishment of Remuneration Committee and the Performance of Authority of Companies trading their stocks in TWSE/GTSM".
- (8) Not a spouse or relative of second degree or closer to any other directors.
- (9) Does not meet any descriptions stated in Article 30 of The Company Act.
- (10) Not elected as a government or corporate representative according to Article 27 of The Company Act.

(II) Background information of the General Manager, Vice Presidents, Assistant Vice Presidents and heads of various departments and branches

Date: April 25, 2016

Title	Nationality	Name	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Chairman and President	Republic of China	CHEN MEI CHI	2013.10.31	9,656,009	8.04	1,908,000	1.59	0	0.00	National Taiwan University / EMBA Chengchi University / Department of Banking	The Company's Chairman Director of Peng Wei Investment and Development Co., Ltd. Chairman of Lian-Mei Investment Ltd. Director of Chen-Source Inc.	Assistant Manager of Chairman Office	LEE TSUN YEN	Sister-in-law
Vice President of Finance and Accounting Department	Republic of China	CHIH CHIA LIN	2008.09.30	51,999	0.04	0	0.00	0	0.00	National Taiwan University EMBA / Accounting Department of Soochow University Motorola Taiwan	None	None	None	None
Vice President of R&D Department	Republic of China	KUO SHANG TI	2013.10.08	0	0.00	0	0.00	0	0.00	National Chiao Tung University / Telecommunications Graduate School Intel Corporation NetApp Taiwan TYAN Computer Corporation Mentor Graphics	None	None	None	None
Vice President of Global Operation Department	Republic of China	CHEN YA NAN	2015.10.06	214	0.00	0	0.00	0	0.00	National Taiwan University / Department of Foreign Languages Intel Corporation LSI Logic Asia, Inc. NetApp Taiwan	None	None	None	None

Title	Nationality	Name	Date elected	Shares held		Shareholdings of spouse and underage children		Shares held in the names of others		Major career (academic) achievements	Current positions in the company and other companies	Spouse or relatives of second degree or closer acting as managers		
				Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage			Title	Name	Relationship
Junior Vice President of the Material Planning Department	Republic of China	CHU YUNG HSIANG	2014.06.01	75,269	0.06	2,978	0.00	0	0.00	National Taiwan University of Science and Technology / EMBA Taipei Institute / Department of Mechanical Engineering Chenbro China Qiansheng Electronics Ltd. Chaio-Son-Hong Plastic Electronics Company Ltd.	None	None	None	None
Marketing Department Assistant Manager	Republic of China	LIN TSUNG MIN	2015.01.01	314,266	0.26	0	0.00	0	0.00	National Taiwan University of Science and Technology Institute / Mechanical Engineering Graduate School Chenbro USA Chenbro Europe Advantech Corporate	None	None	None	None
Mechanical Design Department Assistant Manager	Republic of China	HUANG YU TZU	2015.01.01	55,833	0.05	52	0.00	0	0.00	Longhua University of Science and Technology / Department of Foreign Languages National Kaohsiung Junior College / Mechanical Engineering Department Tranbon Electronics Industrial Co., Ltd.	None	None	None	None

Note 1: Background information of the President, Vice Presidents, Assistant Vice Presidents, Heads of various departments and Branches; anyone of equivalent authority to the above, regardless of their job titles, shall be disclosed.

Note 2: Previous work experiences relating to their current roles; if the person works in the auditor's firm or in an affiliated company during the aforementioned time period, the job title and responsibilities must be provided.

Note 3: CHEN YA NAN, Vice President of the Business Operation Department, incumbent on October 6, 2015.

III. Remuneration paid to Directors, Supervisors, the General Manager, and the Vice President in the most recent year

(1) Directors' remuneration (including Independent Directors)

December 31, 2015 unit: thousand

Title	Name	Directors' remuneration								The sum of A, B, C and D as a percentage of after-tax profit (Note 11)		Remuneration as an employee												NTD thousand The sum of A, B, C, D, E, F and G as a percentage of after-tax net profit (Note 11)		Remuneration from invested businesses other than the subsidiaries (Note 12)
		Remuneration (A) (Note 2)		Pension (B)		Remuneration to directors (C) (Note 3)		Fees for services rendered (D) (Note 4)				Salaries, bonuses, special allowances etc (E) (Note 5)		Pension (F)		Remuneration to employees (G) (Note 6)				Total shares exercisable under employee stock warrants (H) (Note 7)		Quantity of shares acquired through restricted employee stock option (I) (Note 13)				
		The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company		All companies contained in the financial report (Note 8)		The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	The Company	All companies contained in the financial report (Note 8)	
Cash Amount	Stock amount															Cash amount	Stock amount									
Director	CHEN MEI CHI	0	0	0	0	9,106	9,106	102	102	1.82	1.82	3,434	3,434	12	12	1,066	0	1,066	0	0	0	0	2.71	2.71	0	
Director	CHUNG PAO																									
Director	LEE TSUN YEN																									
Director	HSU SHEN KUO																									
Independent Director	HUANG WEN CHENG																									
Independent Director	TSAO AN PANG																									
Independent Director	HSU KUEI YING																									

Table of salaries scale

Remunerations to individual directors in respective brackets along the salaries scale	Name of director			
	The total of the aforementioned 4 items (A+B+C+D)		The total of the aforementioned 7 items (A+B+C+D+E+F+G)	
	The Company (Note 9)	All companies contained in the financial report (Note 10) I	The Company (Note 9)	All companies contained in the financial report (Note 10) J
<NT\$2,000,000	HSU KUEI YING / CHEN MEI CHI / WU CHUNG PAO / LEE TSUN YEN / HUANG WEN CHENG / HSU SHEN KUO / TSAO AN PANG	HSU KUEI YING / CHEN MEI CHI / WU CHUNG PAO / LEE TSUN YEN / HUANG WEN CHENG / HSU SHEN KUO / TSAO AN PANG	HSU KUEI YING / WU CHUNG PAO / HUANG WEN CHENG / HSU SHEN KUO / TSAO AN PANG	HSU KUEI YING / WU CHUNG PAO / HUANG WEN CHENG / HSU SHEN KUO / TSAO AN PANG
NT\$2,000,000 (inclusive) ~ NT\$5,000,000 (exclusive)			CHEN MEI CHI / LEE TSUN YEN	CHEN MEI CHI / LEE TSUN YEN
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)				
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)				
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)				
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)				
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)				
> NT\$100,000,000				
Total	7 persons	7 persons	7 persons	7 persons

Note 1: Directors' names should be presented separately (for corporate shareholders, state separately the name of the corporate shareholder and its representatives); the amount of benefits and allowances can be presented in aggregate sums. If the board director is also the President or Vice President of the Company, please fill in this table and table (3-1) or (3-2).

Note 2: The 2015 remuneration to directors (including salary, job-related allowance, severance pay, various bonuses, incentive payments, etc.)

Note 3: The 2015 remuneration distribution amount to Directors was resolved in the 2016 Board meeting.

Note 4: The 2015 business operation expenses of the Board Directors (including traveling expenses, special disbursement, allowances, dormitories, transportation vehicles, etc.) For the housing, vehicle, and other transportation vehicle provided or personal expenses, the nature and cost of the assets, actual rent or computed rent according to fair market value, gasoline, and other payment should be disclosed; also, it amounted to NT\$504 thousand, excluding remuneration paid to drivers.

Note 5: The salary, job-related allowance, severance pay, various bonuses, incentives, traveling expenses, special disbursement, various allowances, dormitory, and transportation vehicle granted to the directors who are also an employee (including President, Vice President, and other managers and employees) in 2015 If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. In addition, if a driver is assigned to serve, it amounted to NT\$504 thousand, excluding the remuneration paid to the driver.

Note 6: The 2015 remuneration to employees for an amount of NT\$44,231 thousand will be resolved in the 2016 Board meeting. However, the distribution proposal has not yet been reported in the 2016 shareholders' meeting; therefore, the remuneration paid to the directors who are also an employee (including President, Vice President, and other managers and employees) in the preceding paragraph is an amount estimated proportionally to the actual distribution amount of last year.

Note 7: For the stock warrants (excluding the stock warrant executed) obtained by the directors who are also an employee (including President, Vice President, and other managers and employees) as of the printing date of the annual report, in addition to filling out this Form, Form 15 should also be filled out.

Note 8: The total remunerations paid to the Company's directors by all companies (including the Company) in the consolidated financial statements should be disclosed.

Note 9: The amount of remuneration made by The Company to each Director is disclosed separately in amount ranges.

Note 10: For the total remunerations paid to the Company's each director by all companies (including the Company) in the consolidated financial statements, the name of the director should be disclosed in the respective remuneration level.

Note 11: The "Net Income" refers to the net income in the 2015 individual financial statements for an amount of NT\$504,834 thousand.

Note 12: a. This field must state any form of remuneration the Director has received from The Company's invested businesses other than subsidiaries.

b. For Directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column J of the Remuneration brackets table. Change the name of column J to "All invested businesses".

c. Remuneration refers to any returns, compensation, employees' bonus, professional fees etc which The Company's Directors have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.

Note 13: For the restricted stock shares obtained by the directors who are also an employee (including President, Vice President, and other managers and employees) as of the printing date of the annual report, in addition to filling out this Form, Form 15-1 should also be filled out.

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(2) Supervisors' remuneration

December 31, 2015 unit: thousand

December 31, 2015 unit: thousand

Title	Name (Note 1)	Supervisors' remuneration						The sum of A, B, and C as a percentage of after-tax net profit (Note 8)		Remuneration from invested businesses other than the subsidiaries (Note 9)
		Remuneration (A) (Note 2)		Remuneration (B) (Note 3)		Fees for services rendered (C) (Note 4)				
		The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	The Company	All companies contained in the financial report (Note 5)	
Supervisor	CHEN HUANG LI LONG	0	0	3,903	3,903	54	54	0.78	0.78	None
Supervisor	WANG LEE YA MI									
Supervisor	CHEN JEN SHYANG									

Table of salaries scale

Remunerations to individual supervisors in respective brackets along the salaries scale	Name of supervisors	
	The total of the aforementioned 3 items (A+B+C)	
	The Company (Note 6)	All companies shown in the financial report (Note 7) D
<NT\$2,000,000	CHEN HUANG LI LONG / WANG LEE YA MI / CHEN JEN SHYANG	CHEN HUANG LI LONG / WANG LEE YA MI / CHEN JEN SHYANG
NT\$2,000,000 (inclusive) ~ NT\$5,000,000 (exclusive)		
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)		
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	3 persons	3 persons

Note 1: The name of each supervisor is illustrated respectively. The payment amount is disclosed in a lump sum.

Note 2: Refers to the remuneration (including salary, job-related allowance, severance pay, various bonuses, incentives, etc.) paid to the supervisors in 2015.

Note 3: The remuneration paid to the supervisors in 2015 was for an amount resolved in the 2016 Board meeting.

Note 4: Refer to the related business execution expenses of the supervisors (including traveling expenses, special disbursement, various allowances, dormitories, and transportation vehicles, etc.) in 2015. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.

Note 5: The total remunerations paid to the Company's supervisors by all companies (including the Company) in the consolidated financial statements.

Note 6: The amount of remuneration made by the Company to each Supervisor is with his/her name disclosed separately in amount ranges.

Note 7: The amount of remuneration made by the consolidated entity as a whole (including The Company) to each Supervisor is with his/her name disclosed separately in amount ranges.

Note 8: The "Net Income" refers to the net income in the Company's 2015 individual financial statements for an amount of NT\$504,834 thousand.

Note 9: a. This field must state any form of remuneration the Director has received from The Company's invested businesses other than subsidiaries.
b. For Directors who receive remuneration from invested businesses other than subsidiaries, the amount of remuneration from these invested businesses should be added to column J of the Remuneration brackets table. Change the name of column to "All invested businesses".

* The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(3) Remuneration paid to the President and Vice President

December 31, 2015 Amount: NT\$ Thousand/Shares: Shares

Title	Name	Salary (A) (Note 2)		Pension (B)		Bonuses and allowances etc (C) (Note 3)		Remuneration to employees (D) (Note 4)				The sum of A, B, C and D as a percentage of after-tax profit (%) (Note 9)		Employee stock warrants received (Note 5)		Quantity of shares acquired through restricted employee stock option (Note 11)		Remuneration from invested businesses other than the subsidiaries (Note 10)
		The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	The Company		All companies shown in the financial report (note 6)		The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	The Company	All companies contained in the financial report (Note 6)	
								Cash amount	Stock amount	Cash amount	Stock amount							
General Manager	CHEN MEI CHI	8,100	8,100	243	243	2,526	2,526	5,059	0	5,059	0	3.16	3.16	0	0	0	0	0
Vice President	CHIH CHIA LIN																	
Vice President	KUO SHANG																	
Vice President	CHEN YA NAN																	

Note 1: CHEN YA NAN, Vice President of the Business Operation Department, incumbent on October 6, 2015.

* Regardless of the title, where the position equivalent to the President or Vice President (for example, Controller, CEO, Director, etc.) should be disclosed.

Table of salaries scale

The brackets of remunerations to all Presidents and Vice Presidents of the Company	Names of the Presidents and the Vice Presidents	
	The Company (Note 7)	All companies shown in the financial report (note 8)
<NT\$2,000,000		
NT\$2,000,000 (inclusive) ~ NT\$5,000,000 (exclusive)	CHEN MEI CHI	CHEN MEI CHI
NT\$5,000,000 (inclusive) ~ NT\$10,000,000 (exclusive)	CHIH CHIA LIN, KUO SHANG TI, CHEN YA NAN	CHIH CHIA LIN, KUO SHANG TI, CHEN YA NAN
NT\$10,000,000 (inclusive) ~ NT\$15,000,000 (exclusive)		
NT\$15,000,000 (inclusive) ~ NT\$30,000,000 (exclusive)		
NT\$30,000,000 (inclusive) ~ NT\$50,000,000 (exclusive)		
NT\$50,000,000 (inclusive) ~ NT\$100,000,000 (exclusive)		
> NT\$100,000,000		
Total	4 persons	4 persons

- Note 1: The names of the General Manager and Vice Presidents should be presented separately; the amount of benefits and allowances can be presented in aggregate sums. If a director is also the President or Vice President, this Form and Form (1-1) or (1-2) should be filled out.
- Note 2: The 2015 salary, job-related allowance, and severance pay of the President and Vice President should be filled out.
- Note 3: The 2015 various bonuses, incentives, traveling expenses, special disbursement, various allowances, dormitories, and transportation vehicles, and other remuneration amount paid to the President and Vice President should be filled out. If houses, cars or other vehicles, or personal allowances were granted, please describe the nature and cost of assets, their rental rates calculated based on actual or fair value, and details on petrol and other subsidies. If personal drivers were allocated, please make a footnote disclosure of the salaries made to these driver, but do not count them as part of the beneficiaries' remuneration.
- Note 4: Refers to the 2015 remuneration to employees for an amount of NT\$44,231 thousand that is to be resolved in the 2016 Board meeting. However, the distribution proposal has not yet been reported in the 2016 shareholders' meeting; therefore, the current remuneration (including stock and cash) to the President and Vice President in the preceding paragraph is an amount estimated proportionally to the actual distribution amount of last year. The "Net Income" refers to the net income in the 2015 individual financial statements for an amount of NT\$504,834 thousand.
- Note 5: For the stock warrants (excluding the stock warrant executed) obtained by the President and Vice President as of the printing date of the annual report, in addition to filling out this Form, Form 15 should also be filled out.
- Note 6: The disclosure should cover all companies included in the consolidated financial statements (including The Company); present the total amount of remuneration paid by all companies above to The Company's General Manager/Vice Presidents.
- Note 7: The amount of remuneration made by The Company to its General Manager/Vice Presidents is with his/her name disclosed separately in amount ranges.
- Note 8: The amount of remuneration made by all companies (including the Company) in the consolidated financial statements to its President/Vice President is with his/her name disclosed separately in amount ranges.
- Note 9: The "Net Income" refers to the net income in the 2015 individual financial statements for an amount of NT\$504,834 thousand.
- Note 10: a. this field must state any form of remuneration the General Manager and Vice President have received from The Company's invested businesses other than subsidiaries.
b. If the President and Vice President collects remuneration from the invested companies other than the subsidiaries, such remuneration from the invested company rather than from the subsidiaries should be included in Column E in the Remuneration Bracket Report; also, the column should be renamed as "All invested companies."
c. Remuneration refers to any returns, compensation, employees' bonus, professional fees etc which The Company's General Manager/Vice Presidents have received for serving as directors, supervisors, or managers in invested businesses other than subsidiaries.
- Note 11: For the new restricted employee stock shares obtained by the directors who are also an employee (including President, Vice President, and other managers and employees) as of the printing date of the annual report, in addition to filling out this Form, Form 15-1 should also be filled out.
- * The basis of remuneration disclosed above is different to the basis required by the income tax law; hence the above table has been prepared solely for information disclosure, and not for tax purposes.

(4) Name of the managers received employee remuneration and the distribution of remuneration

December 31, 2015 unit: thousand

	Title (Note 1)	Name (Note 1)	Stock amount	Cash amount	Total	As a percentage of net profit after tax (%)
Manager	Chairman and President	CHEN MEI CHI	0	13,641	13,641	2.70
	Vice President of Finance and Accounting Department	CHIH CHIA LIN				
	Vice President of R&D Department	KUO SHANG TI				
	Vice President of Business Operation Department (incumbent on 2015.10.06)	CHEN YA NAN				
	Junior VP of the Material Planning Department (incumbent on 2014.06.01)	CHU YUNG HSIANG				
	Junior VP of the Mechanical Design Department (incumbent on 2015.01.01)	HUANG YU TZU				
	Junior VP of the Marketing Department (Incumbent on 2015.01.01)	LIN TSUNG MIN				

Note 1: The Company has the name and job title disclosed individually; however, has the earnings distribution disclosed in a lump sum.

Note 2: According to Tai.Chai.Jen.III.Zi No. 0920001301 Letter of the Securities and Futures Institute dated March 27, 2003, the scope of application to the management is as follows:

- (1) General Manager or equivalent
- (2) Vice President or equivalent
- (3) Assistant Manager or equivalent
- (4) Head of Finance
- (5) Head of Accounting
- (6) Any other authorized signatories involved in The Company's administrative affairs

Note 3: If the Director, President, and Vice President collect employee bonus (including stock dividend and cash dividend), Form 1-2 and this Form must be filled out.

Note 4: Refers to the 2015 remuneration to employees for an amount of NT\$44,231 thousand that is to be resolved in the 2016 Board meeting. However, the distribution proposal has not yet been reported in the 2016 shareholders' meeting; therefore, the current remuneration (including stock and cash) to the management in the preceding paragraph is an amount estimated proportionally to the actual distribution amount of last year.

Note 5: The "Net Income Ratio" is based on the net income in the 2015 individual financial statements for an amount of NT\$504,834 thousand.

(5) The analysis of the ratio of total amount paid to the Company's directors, supervisors, president, and vice president by the Company and by all the companies included in the consolidated financial statements within the last two years to the net income in the individual financial statements; also, the description of the correlation among the remuneration policy, standard, and combination, the procedures for determining remuneration, and the operating performance and future risks

1. Ratio of total remuneration to net income:

Title	Ratio of total remuneration to net income			
	2014		2015	
	The Company	Consolidated financial statements	The Company	Consolidated financial statements
Director	2.68	2.68	2.71	2.71
Supervisor	0.91	0.91	0.78	0.78
President and Vice President	3.78	5.87	3.16	3.16

Note 1: The 2015 employee bonus to the management and remuneration to directors and supervisors was an amount estimated proportionally to the actual distribution amount of last year.

Note 2: The "Net Income" refers to the Company's 2014 net income of NT\$541,272 thousand reported according to the R.O.C Financial Accounting Standards and the 2015 net income of NT\$504,834 thousand reported in the individual financial statements according to the International Accounting Standards.

2. The correlation of remuneration payment policy, standard, and combination, procedures for determining remuneration, the operating performance, and future risks:

(1) Directors and supervisors

A. Traveling expense:

It is by referring to the payment standard of the industry and depending on the meeting attendance of the directors and supervisors

B. Remuneration to directors and supervisors: (The policy will be effective after the amendment of the Articles of Association resolved in the 2016 general shareholders' meeting)

It is handled in accordance with Article 24 of the Company's Articles of Association. If the Company is with profit generated, an amount less than 3% of the profit should be appropriated as remuneration to directors and supervisors. The remuneration to directors and supervisors should be reported in the shareholders' meeting. If the Company is with cumulative losses, an equivalent amount should be reserved in advance to make up the losses, and then the remuneration to directors and supervisors should be appropriated according to the distribution ratio referred to in the preceding paragraph. The proposal for the remuneration to directors and supervisors is to be drafted up by the Board of Directors and reported in the shareholders' meeting. Then, the remuneration to directors and supervisors is to be distributed in average according to the respective seats and tenure of the directors and supervisors. Allowance for traveling expense with an amount of NT\$3,000 is distributed to each attending director and supervisor. Remuneration to directors and supervisors is distributed only when the Company has earnings available for distribution; therefore, it will not pose a risk on the Company's future business operation.

(2) President and Vice President

The Company's remuneration policy is based on the average salary level for the said job position in the industry, the scope of the job responsibility in the Company, and the contribution to the Company. The procedures for determining remuneration, in addition to considering the Company's overall operating performance, a reasonable remuneration is granted by referring to personal performance and contribution to the Company's business operation. Remuneration is distributed by referring to the current business performance; therefore, it will not pose a risk on the Company's future business operation.

IV. Corporate governance

(I) The operation of the Board of Directors

A total of six (6) Board meetings were convened in 2015 with the attendance of the directors and supervisors as follows:

Title	Name	Actual Attendance (presence) B	Proxy Attendance	Actual attendance (presence) rate (%) [B/A] (Note 1)	Remarks
Chairman	CHEN MEI CHI	6	0	100	Reelected on 2014.06.20
Director	LEE TSUN YEN	5	1	83.33	Reelected on 2014.06.20
Director	WU CHUNG PAO	5	1	83.33	Reelected on 2014.06.20
Director	HSU SHEN KUO	6	0	100	Incumbent on 2014.06.20
Independent Director	HSU KUEI YING	6	0	100	Reelected on 2014.06.20
Independent Director	TSAO AN PANG	6	0	100	Incumbent on 2014.06.20
Independent Director	HUANG WEN CHENG	6	0	100	Reelected on 2014.06.20
Supervisor	CHEN JEN SHYANG	6	0	100	Reelected on 2014.06.20
Supervisor	CHEN HUANG LI LONG	6	0	100	Reelected on 2014.06.20
Supervisor	WANG LEE YA MI	6	0	100	Reelected on 2014.06.20

Other remarks:

- I. The matters listed in Article 14-3 of the Securities Exchange Act and the resolutions of the Board of Directors with the objection or reservations of independent directors documented or in writing: None
- II. The implementation of avoiding the proposal with conflict of interest: Directors avoid involving in remuneration discussion and voting.
- III. The objective of enhancing the occupational function of the Board of Directors in current year and the most recent year, and assessing its implementation:
Chenbro believes that a Board of Directors with sound governance system and effective supervisory function is the foundation of corporate governance. The Company bases on this principle to have the Remuneration Committee formed in order to assist the Board of Directors carrying out its duties and strengthening its management mechanism.
- IV. The formation and duties of supervisors:
 - (I) Supervisors' communication with the Company's employees and shareholders: Supervisors may make direct contact or communication with employees or shareholders, when necessary.
 - (II) Supervisors' communication with Internal Audit Officer and CPAs (for example, the matters, methods, and results of communication regarding the Company's finance, business operation, etc.)
 1. Audit Officer had an audit report presented to the supervisors in the following month upon the completion of the audit, and the supervisors did not raise any objection against it.
 2. Audit Officer had attended the regular Board meeting to report the audit performed, and the supervisors did not raise any objection against it.
 3. Supervisors and CPAs had occasionally conducted a face-to-face communication or communicated in writing regarding financial status.
- V. If supervisors had attended the Board meeting to express their opinions, the Board meeting date, term, content of motion, resolution, and the response to the supervisor's statement should be detailed: None

Note 1:

- * For any supervisor resigned before the end of the fiscal year, the resignation date and actual attendance rate (%) that is calculated according to the actual number of Board meeting convened and the said supervisor's actual attendance frequency should be detailed in the Remark column.
- * For any director and supervisor reelected before the end of the fiscal year, the name of the dismissed and the incumbent directors and supervisors should be filled in the form. The directors and supervisors should be indicated as dismissed, incumbent, or reelected, and the reelection date should be detailed in the Remark column. The percentage of actual attendance (%) is calculated based on the number of Board of Directors meetings held during active duty and the actual attendance.

(II) Implementation of the Audit Committee or supervisors' participating in the operation of the Board of Directors.

- (1) Implementation of the Audit Committee: The Company has not yet had the Audit Committee established; therefore, it is not applicable.
- (2) Supervisor's participating in the operation of the Board of Directors: Please refer to Page 29 for details.

(III) The Company's implementation of corporate governance different from "The Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies and the reasons

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
1. Will the Company based on the "Corporate Governance Best-Practice Principles for TWSE/GTSM Listed Companies" set up and disclose the Company's corporate governance best-practice principles?	V		The Company has enacted the "Corporate Governance Best-Practice Principles" to regulate the protection of shareholders' equity, strengthen the functions of the Board of Directors, respect the stakeholders' equity, and enhance information transparency. Please visit the Company's website at www.chenbro.com for the Company's "Corporate Governance Best-Practice Principles;" also, it is disclosed in the MOPS website at: https://sii.twse.com.tw/	No significant difference
2. Shareholding structure and shareholders' equity				
(1) Will the Company have the internal procedures regulated to handle shareholders' proposals, doubts, disputes, and litigation matters; also, have the procedures implemented accordingly?	V		(1) In addition to commissioning a professional shareholder service agency to handle stock affairs, a spokesman is designated to handle the suggestions of shareholders or disputes and other issues. In addition, the shareholder section is setup on the Company's website to receive or respond to shareholders' opinions.	No significant difference
(2) Will the Company possess the list of the Company's major shareholders and the list of the ultimate controllers of the major shareholders?	V		(2) The Company fully grasps and understands the major shareholder structure through professional shareholder service agency and periodically reports changes in the equity of the directors, supervisors, and managers.	
(3) Will the Company establish and implement the risk control and firewall mechanisms with the related parties?	V		(3) The finance, business, and management of the affiliated companies are operated independently. Transactions are conducted between the affiliated companies in accordance with the principle of fairness and reasonableness. It is processed in accordance with the related operating regulations.	
(4) Will the Company set up internal norms to prohibit insiders from utilizing the undisclosed information to trade securities?	V		(4) The Company enacted the Procedures for Handling Material Inside Information on December 29, 2009. In addition, the first amendment was made on November 10, 2014 to prohibit the Company's insiders from utilizing undisclosed information to trade marketable securities.	
3. The constitution and obligations of the Board of Directors				
(1) Will the Board of Directors have diversified policies regulated and implemented substantively according to the composition of the members?	V		(1) According to Article 20 of the Company's Corporate Governance Best-Practice Principles, the Company's Board Directors is diversified in accordance with the Company's operation, the operation patterns, and the development needs; also, the Board members are with equal number of male and female elected with professional background of accounting, industry, finance, marketing, law, science, etc.	No significant difference

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
(2) Will the Company, in addition to setting the Remuneration Committee and Audit Committee lawfully, have other functional committee set up voluntarily? (3) Will the Company have the performance evaluation rules and methods for the Board of Directors regulated and have the performance evaluation performed regularly every year? (4) Will the Company have the independence of the public accountant evaluated regularly?		V V V	(2) The Finance & Accounting Officer and supervisors are to have the overall evaluation assessed and then forwarded it to the Board of Directors for resolution. (3) The Company did not enact the “Rules Governing the Performance Evaluation of the Board of Directors.” However, the Company’s Remuneration Committee will regularly assess the director and manager performance and remuneration policy and standard structure in accordance with Article 28-1 of the “Corporate Governance Best-Practice Principles.” (4) 1. The Company will assess the independence of the commissioned CPAs at least once a year in accordance with Article 29 of the Company’s “Corporate Governance Best-Practice Principles.” 2. The Company had enacted the “Guidelines for Election of Auditing and Attestation CPAs” on November 10, 2014. 3. PricewaterhouseCoopers Taiwan (PwC Taiwan) has issued the “Communication with the corporate governance unit letter” with the role, responsibilities, and independence of the attestation CPAs declared. 4. The Board of Directors has assessment performed in accordance with the “Communication with the corporate governance unit letter” provided by the attestation CPAs and the independence evaluation questionnaires. 5. The Company had the independence of the attestation CPAs assessed in accordance with the operating procedures in the preceding paragraph in the Board meeting on March 22, 2016.	
4. Has the Company established a communication channel for the stakeholders, set the stakeholder column on the Company’s website, and responded to the stakeholders regarding their concerns over corporate social responsibilities?	V		The Company’s Website is with the “Stakeholders” section setup. The Company’s website is at www.chenbro.com The Company has a spokesman and deputy spokesman appointed and with the contact information published on the Market Observation Post System (MOPS) and the Company’s website in response to the important corporate social issues concerned by the stakeholders.	No significant difference
5. Has the Company commissioned a professional stock service agent to handle shareholders affairs?	V		The Company’s stock affairs agency is the Shareholder Service Department of Fubon Securities Co., Ltd. and its website is at: http://www.fubon.com	No significant difference
6. Disclosure of information (1) Does the Company have a website setup and the financial	V		(1) The annual financial information and corporate governance	No significant difference

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Governance Best-Practice Principles for TSEC/GTSM Listed Companies
	Yes	No	Summary description	
business and corporate governance information disclosed? (2) Has the Company adopted other information disclosure methods (such as, establishing an English website, designating a responsible person for collecting and disclosing information of the Company, substantiating the spokesman system, placing the juristic person seminar program on the Company's website, etc.)?	V		information are published on the Company's Website at www.chenbro.com (2) In addition to designating personnel responsible for information collection and maintenance, substantiate the spokesman system and disclose the Company's participation in public offering on the Company's website.	
7. Are there any other important information (including but not limited to the interests of employees, employee care, investor relations, supplier relations, the rights of stakeholders, the advanced study of directors and supervisors, the implementation of risk management policies and risk measurement standards, the execution of customer policy, the purchase of liability insurance for the Company's directors and supervisors) that are helpful in understanding the corporate governance operation of the Company?	V		Please see Page 45~55.	No significant difference
8. Does the Company have a corporate governance self-assessment report prepared or a corporate governance assessment report issued by the commissioned professional institutions? (If yes, please state the opinion of the Board of Directors, the self-assessment or outsourcing evaluation results, the main non-conformity or suggestion and implementation of improvement) (Note 2)		V	None	No significant difference

Note 1: Whether the company selects "Yes" or "No" in the operation condition, it should explain the situation in the summary space.

Note 2: The Bank's self-assessment report mentioned here refer to the evaluation of corporate governance measures performed and commented by the Bank itself and a report on the Bank's performance and operations with regards to these corporate governance measures.

(IV) Remuneration Committee

1. Profiles of the members of the Remuneration Committee

By identity (Note 1)	Qualification Name	Having more than 5 years work experience and professional qualifications listed below			Compliance of independence (Note 1)								Number of positions as an Independent Director in other public listed companies	Remarks (Note 3)
		Lecturer (or above) of commerce, law, finance, accounting, or any subjects relevant to the company's operations in a public or private tertiary institution	Certified judge, attorney, lawyer, accountant, or holders of professional qualification and technicians relevant to the company's operations	Commercial, legal, financial, accounting or other work experiences required to perform the assigned duties	1	2	3	4	5	6	7	8		
Independent Director	HUANG WEN CHENG			V	V	V	V	V	V	V	V	V	3	V
Independent Director	HSU KUEI YING			V	V	V	V	V	V	V	V	V	None	V
Independent Director	TSAO AN PANG			V	V	V	V	V	V	V	V	V	1	V

Note 1: Identity is known as director, independent director or others.

Note 2: place a "✓" in the box below if the member met the following conditions during the time of active duty and two years prior to the elected date.

- (1) Not employed by the company or any of its affiliated companies.
- (2) Not a director or supervisor of the company or its affiliated companies (not applicable if the position is an independent director of the company, its parent company, or the independent directors of subsidiaries to which the company holds more than 50% direct or indirect voting interest).
- (3) Does not hold more than 1% of the company's outstanding shares in his/her own name or under the name of spouse, underage children, or any other person; nor is any party listed herein top 10 natural person shareholders of the company.
- (4) Not a spouse, relative of second degree, or direct kin of third degree or closer to persons not qualified for criteria (1)~(3).
- (5) Not a director, supervisor, or employee of the company's corporate shareholder holding more than 5% of the company's outstanding capital; nor a director, supervisor, or employee to any of the top 5 corporate shareholders.
- (6) Not a director, supervisor, manager, or shareholder with more than 5% ownership interest in any company or institution that has financial or business relationship with the company.
- (7) Not a business owner, partner, director, supervisor, manager of any professional sole-proprietorship, partnership, company, or institution providing commercial, legal, financial, or accounting services or consultations to the company or any of its affiliated companies; nor a spouse to anyone listed herein.
- (8) Does not meet any descriptions stated in Article 30 of the Company Act.

Note 3: If the member is a director, specify if it is in compliance with the requirements of Article 6-5 of the "Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter".

2. The duties of the Remuneration Committee

The Remuneration Committee is to assist the Board of Directors executing and evaluating the Company's overall remuneration and benefits policies, and the remuneration to directors and managers. The Remuneration Committee is formed by three independent directors as of the end of April 2016.

3. Information on the operation of the Remuneration Committee

(1) The Remuneration Committee of the Company is consisted of 3 persons.

(2) The term of the incumbent members: June 20, 2014 ~ June 19, 2017.

The Remuneration Committee had four meetings (A) convened in 2015 and up to the printing date of the annual report with the attendance of the members as follows:

Title	Name	Actual attendance (B)	Proxy Attendance	Actual attendance (%) (B/A) (Note)	Remarks
Convener	HSU KUEI YING	4	0	100%	None
Members	HUANG WEN CHENG	4	0	100%	None
Members	TSAO AN PANG	3	0	75.00%	None
Other remarks:					
I. If the Board of Directors does not accept or amend the suggestions of the Remuneration Committee members, the Board meeting date, term, content of motion, resolution, and the response to the Remuneration Committee's opinions should be detailed: None					
II. If any of the members of the Remuneration Committee hold adverse opinion or qualified opinions with record or in written declaration against the resolutions of the committee, specify the date and the term of the committee meeting, the content of motion, the opinions of all members and the response to the opinions of the members: none.					

Note:

- * For any independent director resigned before the end of the fiscal year, the resignation date and actual attendance rate (%) that is calculated according to the actual number of Remuneration Committee meeting convened and the said independent director's actual attendance frequency should be detailed in the Remark column.
- * Before the end of the year, if there was an election of independent directors, the names of new and former independent directors and supervisors should be filled in and the company should remark in the remarks section whether the independent directors are former, newly elected, or reelected, as well as the day of the reelection. The actual attendance rate to committee meetings (%) basing on the actual attendance to committee meetings during his or her term of office in proportion to the total number of committee meetings held in the same period.

(V) Performance of social responsibility

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
I. Implementation of sound corporate governance				No significant difference
(1) Does the Company have the CSR policies or systems established and the implementation effect reviewed?	V		(1) The Company had enacted the “Corporate Social Responsibility Best-Practice principles” on April 29, 2015 with the contents of implementing corporate governance, developing sustainable environment, maintaining social welfare, strengthening corporate social responsibility information disclosure, etc., as well as complying with the international human rights conventions, providing employees with safe and healthy working environment, preventing environmental pollution in the manufacturing process, and committing to social welfare activities for the benefit of the society in order to fulfill corporate social responsibility.	
(2) Does the Company have the CSR education and training arranged on a regular basis?	V		(2) 1. The Company had enacted the “Code of Ethical Conduct” and “Ethical Management Best-Practice Principles” on March 24, 2014. 2. The Company has the following trainings arranged in the orientation for the new recruits: Code of Ethical Conduct, management system, and corporate ethics and moral training. 3. The Company regularly arranges corporate ethics and moral education and training for all employees.	
(3) Does the Company have a specific (or part-time) unit set up to promote corporate social responsibility, have the management of premium managers who been authorized by the Board of Directors to handle matters and report the processing results to the Board of Directors?	V		(3) The operation is currently handled by the Chairman Office.	
(4) Does the Company have a reasonable salary and remuneration policy set-up, have the employee performance evaluation system been combined with the corporate social responsibility policies and have a clear and effective reward and punishment system been established?	V		(4) The Company has based on market salary P-value to determine salary standard in accordance with the principles of fairness and reasonableness; also, take into consideration of the employee duties, nature of work, and professional competence in order to motivate employees and to achieve the purpose of determining reasonable salary. In order to evaluate the job performance and inspire the potentials of the colleagues for an effective use of human resources and to provide objective and fair evaluation and feedback on the employees’ performance for helping the organization and employees to grow and progress, the Company plans to formulate the performance evaluation system for implementation and regularly organize	

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
			employee corporate ethics and moral education and training for employees and the advocacy matters.	
2. Development of a sustainable environment (1) Is the Company committed to enhance the utilization efficiency of resources and use renewable materials that are with low impact on the environmental? (2) Does the Company have an appropriate environmental management system established in accordance with its industrial character? (3) Does the Company pay attention to the impact of climate change on the operational activities, implement greenhouse gas check, and form an energy-saving, carbon-reduction, and greenhouse emissions reduction strategy?	V		(1) Environmental Policy: Chenbro follows environmental regulations in order to comply with the international situation and customer needs and to pursue sustainable development. We recognize that the Company's activities, products, and services may have an impact on the environment; therefore, we are committed not to use any of the banned or restricted substances. The production and use of the materials impacting the environment, and the selection of green products (GP) and services in compliance with the environmental requirements to achieve the objectives, reduce the use of packaging materials, use recycled materials to improve energy efficiency, and reduce the impact and burden on the environment (2) The ISO 14001 Environmental Management System is established. Identify the potential impact of the Company's operating activities and products or services on the environment, and assess the likely significant impacts with the measurable objectives established, regularly review the sustainability and relevance of the objectives and management programs that must be consistent with the environmental policy. (3) The Company pays attention to the impact of climate change on the operating activities. The Company has the energy-saving, carbon reduction, and greenhouse gas reduction activity implemented as follows: 1. Reduce the number of light tubes in office and use LED energy-saving light bulbs entirely according to the principle of maintaining sufficient illumination in the office area during daytime. 2. Promote environmental office, turning off lights, unplugging power plugs, maintaining air-conditioned room temperature at certain level, and turning off light at lunchtime. 3. The use of e-form and reducing the consumption of papers.	No significant difference

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
3. Maintain social welfare (1) Does the Company have the relevant management policies and procedures stipulated in accordance with the relevant laws and regulations and international conventions on human rights? (2) Does the Company have the complaints mechanism and channels established for employees and have it handled properly? (3) Does the Company provide employees with a safe and healthy work environment, and provide safety and health education to employees regularly?	V		(1) The Company's complying with labor laws and regulations, respecting internationally recognized labor human rights principle and its implementation is as follows: 1. The Company has enacted the "Rules Governing Personnel Management" and "Code of Ethical Conduct." 2. Provide employees with comprehensive education and training programs and excellent welfare system, such as: annual employee health checks, marriage subsidy, maternity subsidy, etc. 3. The Company is a member of AAEON Foundation and has setup the Corridor of Arts and provided employees with a comfortable working environment. (2) Employees may file a complaint with the Company's department head, Human Resources Department, and the Audit Department; also, it is to be implemented by the Human Resources Department. In general, the employee grievance mechanism is to be handled by the Human Resources Department. The Human Resources Department will conduct an investigation and convene the grievance investigation meeting. (3) Comply with the safety inspection of each governmental agency and regularly organize the related education and training programs as follows: 1. Regularly assign general affairs personnel to participate in the Labor Safety and Health training courses. 2. Perform a fire safety inspection annually. 3. Perform a construction public safety inspection every two-year. 4. A cleaning company has service personnel assigned to station at each designated area to clean up the work environment. 5. Regularly arrange health checks for employees and advanced health checks for the executives. 6. Occupational health and safety policy: Committed to establish occupational health and safety (OH&S) management system and to ensure that employees work in a healthy and injury-free environment. We are fully aware of those hazards and risks that may endanger the wellbeing of the employees under the corporate governance.	No significant difference

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(4) The Company has developed the mechanism for the routine communication with the employees, and informed the employees of the changes in operation that may cause significant influence on the employees through reasonable means.	V		(4) Labor relations requirements and measures are implemented in accordance with the relevant labor provisions. The Company's departments have meetings convened regularly for a two-way communication with the employees and a synchronized convey so that colleagues can clearly understand the changes in the Company's operations.	
(5) Does the Company have an effective career capacity development training program established for the employees?	V		(5) The Company values the importance of personnel training and development. For fulfilling the commitment of having the employees grown along with the Company, we have constructed a systematic learning and development blueprint and provided the management team and all employees with a comprehensive learning environment, including the courses of leadership and management knowledge and ability, personal occupational ability development, etc. Also, provide external training subsidies to encourage employees continuing to grow and pursue their dreams. At the same time, in order to broaden the horizons of employees, the Company frequently invites experts or celebrities from various fields to share their professional knowledge, work experience, life experience, and art and culture, so that every employee can absorb innovative thinking and humanity and culture experience at any time.	
(6) Does the Company have the relevant consumer protection policies and complaint procedures established in the sense of R&D, procurement, production, operations and service processes?	V		(6) Although the Company has little direct contact with the end users, the Company does value the voice of customers and the interests of consumers. Provide a transparent and efficient grievance procedure and channel for the Company's products and services. The Company has the Customer Service unit setup to be responsible for product services, solving customer problems, and related product warranty and repair policy in accordance with the requirements announced on the official website of Chenbro.	
(7) Has the Company complied with the relevant law and regulations and international standards on the marketing and labeling of products and services?	V		(7) The Company follows international regulations and policies with the relevant performance policies published on the Company's official website, including the quality, green environment, corporate social responsibility, occupational health and safety, the environment, and conflict minerals; also, in term of products, complies with the requirements of ROHS, REACH, and other international environmental regulations. The identification and labeling of plastic products complies with ISO11469 and fulfills the obligations and service of green environmental protection policies.	

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
(8) Has the Company assessed whether the suppliers had a record of affecting the environment and society in advance?	V		(8) The Company for ensuring the production process of suppliers in compliance with the standards and regulations has requested suppliers to provide international quality system certification (ISO9001, TSO16949 ...) and the data needed for the Company's approval sheet, including drawings, environmental management substance test reports (RoHS, other regulatory requirements, etc.), MSDS, DATA SHEET, reliability verification, safety verification, etc. at the time of evaluation. The raw materials supplied comply with the requirements of green products in order to fulfill corporate social responsibility.	
(9) Does the contract signed by the major suppliers and the Company containing the clauses of having the contract terminated or cancelled at any time when the suppliers committing a violation against the corporate social responsibility policy and having a significant impact on the environment and society?	V		(9) According to the contracts signed with the major suppliers, the Company may demand compensation for damages if the suppliers have committed a violation against the corporate social responsibility policies that is with a significant impact on the environment and society.	
4. Strengthen information disclosure (1) Does the Company have the relevant and reliable Corporate Social Responsibility (CSR) information disclosed on the Company's website and MOPS?	V		(1) 1. The Company currently has the implementation of corporate social responsibility disclosed in the Company's annual report and on the website. 2. The Company had enacted the "Code of Ethical Conducts" and "Ethical Management Best-Practice Principles" on March 24, 2014; also, they were implemented in accordance with the spirit of fulfilling the corporate social responsibility. 3. The Company had enacted the "Corporate Social Responsibility Best-Practice Principles" on April 29, 2015. 4. The Company has the contents of the Principles disclosed on the MOPS, and the information of corporate social responsibility disclosed on the Company's website.	No significant difference

Assessment items	Actual governance (Note 1)			Deviation and causes of deviation from the Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies
	Yes	No	Summarized explanation (Note 2)	
5. For companies who had established corporate responsibility code of conducts in accordance with the “Corporate Social Responsibility Best Practice Principles for TWSE/GTSM-Listed Companies”, please describe the current practice and any deviations from the code of conduct: The Company had enacted the “Code of Ethical Conducts” and “Ethical Management Best-Practice Principles” on March 24, 2014; also, had enacted the “Corporate Social Responsibility Best-Practice Principles” on April 29, 2015 that were implemented in accordance with the spirit of fulfilling the corporate social responsibility. According to the “Corporate Social Responsibilities Best-Practice Principles for TWSE/GTSM-Listed Companies,” the Company is without any significant difference.				
6. Other important information that help understand the CSR operation: (Such as, the Company’s systems and measures adopted for environmental protection, community involvement, social contribution, social services, social welfare, consumers’ interests, human rights, security and health, and other social responsibility activities, and its performance): Please refer to Page 52 ~ 55.				
7. If the Company’s Corporate Social Responsibility Report has passed the certification standards of the relevant certification institutions, it should be detailed: The Company’s products are with UL certification and OHSAS 18001, ISO 9001: 2008, and ISO 14001: 2004 Management System Verification, but the Corporate Social Responsibility Report has not been verified by a third-party certification institution.				

Note 1: Whether the company selects “Yes” or “No” in the operation condition, it should explain the situation in the summary space.

Note 2: The Company has the Corporate Social Responsibility Report prepared. The explanatory memorandum can be replaced with the review of the CSR report indicated and the index page.

(VI) Performance of ethical management and the adopted measures

Assessment items	Actual governance (Note 1)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
1. Business Integrity Policy and action plans				
(1) Does the Company have the corporate management policy and method declared explicitly in the Articles of Incorporation and external documents; also, the commitment of the Board of Directors and the management to actively implement the operating policies?	V		<p>(1) 1. The Company had enacted the “Code of Ethical Conduct” and “Ethical Management Best-Practice Principles” on March 24, 2014 with the establishment of excellent corporate governance, risk control mechanism, and comprehensive internal control to prevent unethical conduct from occurring, and to create a business environment for the Company’s sustainable development in order to substantiate the Company’s work rules and ethical conduct standards.</p> <p>2. Announce the governing regulations and systems and code of ethical conduct for the reference of the employees.</p> <p>3. The Company has specified in the Employees Work Rules and Code of Ethical Conduct to prevent unethical conducts from occurring, including not to obtain illegal gains and hospitality by taking advantage of the job positions, gifts, kickbacks, embezzlement, be opportunistic in operation, conceal and lie or seek illegal gains, or take advantage of the job position to accept gifts or commission, or other illegal gains.</p> <p>4. The Company has also stipulated that the Company’s employees shall not conduct any act on behalf of themselves or any third party that has major conflict against the Company’s best interests, including loaning of funds, major asset transactions, offering guarantees, or other dealings and acts. In addition, at the time of performing job duties may not demand, contract, and deliver or accept gifts, hospitality, kickbacks, bribery in any form or any other improper gains for personal gains or the gains of the Company and any third party.</p>	No significant difference
(2) Does the Company have the prevention program for any fraud stipulated; also, have the respective operating procedures, behavior guidelines, disciplinary actions and complaints system declared explicitly; also have it implemented substantively?	V		<p>(2) 1. The Company has enacted the Code of Ethical Conduct and Ethical Management Best-Practice Principles, including the regulations and operating procedures, guidelines for conduct, disciplinary act, and complaints system.</p> <p>2. The Company has it stipulated in the internal</p>	

Assessment items	Actual governance (Note 1)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Does the company have preventive measures adopted in response to the conducts stated in Article 7 Paragraph 2 of the “Ethical Corporate Management Best Practice Principles for TWSE/GTSM Listed Companies” or other business activities subject to higher risks of fraud?	V		<p>regulations that new recruits are subject to the integrity investigation; also, the unqualified employees will not be hired. The Company has designated the Human Resources Department to take charge of the employee disciplinary act and incentive program; also, has the relevant disciplinary act and rewards announced to the colleagues in writing.</p> <p>(3) 1. The Company’s each transaction and amount of donation and sponsorship must be reported to the respective authority for approval in compliance with the internal operating procedures.</p> <p>2. Advise and educate the related regulations and specifications to the internal staff occasionally.</p>	
2. Proper enforcement of business integrity				No significant difference
(1) Does the company have the integrity of the trade counterparty assessed and with the code of integrity expressed in the contract signed?	V		<p>(1) 1. The Company has procurement processed in accordance with the Company’s “Direction for Requisition, Purchase, and Verification.”</p> <p>2. The Company stated in the contract that the suppliers shall comply with the Company’s code of ethical conduct.</p>	
(2) Does the Company have a specific (part-time) unit setup under the Board of Directors to advocate the code of integrity and to report on its implementation to the Board on a regular basis?	V		(2) The Company’s ethical management is to be promoted or implemented by the Audit Department, Legal Affairs Department, Human Resources Department, Accounting Department, and Chairman Office; also, the Chairman Office is responsible for summarizing the implementation results.	
(3) Does the Company have developed policies to prevent conflicts of interest, provided adequate channel for communication, and substantiated the policies?	V		<p>(3) 1. Employees can communicate to the management and Human Resources Department through the communication channels of Human Resources Department Grievance Mailbox and Employee Welfare Committee mailbox; therefore, the communication channels are smooth and diversified.</p> <p>2. The Company’s Human Resources Department will regularly review the employee disciplinary act and incentive program with the relevant disciplinary act and rewards announced to the colleagues in writing.</p>	
(4) Has the Company established effective accounting systems and internal control systems to substantiate corporate management; also, have audits performed by the internal audit unit on a regular	V		(4) The Company has the Compliance self-assessment operation conducted annually; also, requested all units to truly comply with the Company Law, the Securities Exchange Act,	

Assessment items	Actual governance (Note 1)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
<p>basis or by the commission CPAs?</p> <p>(5) Has the Company organized corporate management internal and external education and training programs on a regular basis?</p>	V		<p>Business Entity Accounting Act, other related laws and regulations, and internal regulations of audit and internal control for the compliance of the staff, and has the ethical management implemented in accordance with the “Ethical Management Best-Practice Principles for TWSE/GTSM-Listed Companies.” Internal auditors have the implementation of ethical management audited occasionally and specially.</p> <p>(5) The Company’s Code of Ethical Conduct has included the spirit of Ethical Management Best-Practice Principles. In addition, the Company for advocating and advertising the code of ethical conduct has provided education and training to the employees taking as a whole in every meeting; also, the Code of Ethical Conduct is placed in the Company’s intranet for the reference of the employees at any time.</p>	
3. The operations of the Company’s Report System				
<p>(1) Does the Company have a specific report and reward system stipulated, a convenient report channel established and a responsible staff designated to handle the individual being reported?</p>	V		<p>(1) It was clearly stipulated in the Company’s Work Rules that all violations would be punished with a disciplinary act or termination of employment rendered depending on the severity of the offense committed. Employees may file a complaint with the Company’s department head, Human Resources Department, and the Audit Department; also, it is to be implemented by the Human Resources Department. Human Resources Department provides a reporting channel for employees to report any violation discovered. If the authenticity of the reported matter has been investigated and verified to be qualifying for rewards in accordance with the Work Rules, incentives will be granted accordingly.</p>	No significant difference
<p>(2) Does the Company have the standard investigating procedures and related confidentiality mechanism established for the incidents being reported?</p>	V		<p>(2) 1. For the matters reported by the employees to the Company’s department head, Human Resources Department, and Audit Department, the Human Resources Department shall investigate the authenticity of the reported matters.</p> <p>2. The Human Resources Department while conducting an investigation on the reported matters shall keep the investigation private in accordance with the principle of confidentiality, and interview all relevant personnel, and try to collect all kinds of factual evidence in order to meet the principle of fairness, just, and</p>	

Assessment items	Actual governance (Note 1)			Variation from the Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies and the reasons
	Yes	No	Summary description	
(3) Has the Company taken proper measures to protect the whistle-blowers from suffering any consequence of reporting an incident?	V		confidentiality. (3) The Company shall keep the informants and the reported matters in confidence and it may not be disclosed throughout the investigation process. The informants should be protected at the time of verifying the authenticity of the reported matters; also, the informants will not be mistreated after identifying the authenticity of the reported matters.	
4. Enhanced information disclosure (1) Does the Company have the contents of corporate management and its implementation disclosed on the website and MOPS?	V		The contents of the Ethical Management Best-Practice Principles are published on the MOPS and the Company's website; also, it is available on the annual report related website.	No significant difference
5. Where the Company may have establish its own business integrity best-practice principles in accordance with the "Ethical Corporate Management Best Practice Principles for TWSE/GTSM-Listed Companies", and shall elaborate the practice of business integrity and the variations from the aforementioned regulation: The Company had enacted the Code of Ethical Conduct and Ethical Management Best-Practice Principles on March 24, 2014; also, its operation was no different from the Principles enacted.				
6. Other vital information that helps to understand the practice of business integrity of the Company: (e.g., the review and revision of the best-practice principles of the Company in business integrity) The Company had enacted the Ethical Management Best-Practice Principles on March 24, 2014; also, it was amended on April 29, 2015.				

(VII) The disclosure and inquiry methods of the Corporate Governance Best-Practice Principles and the related regulations

Important regulations	Disclosure and inquiry methods
Corporate Governance Best-Practice Principles Shareholders Meeting Rules Rules of Procedure for Board of Directors Meetings Rules Governing the Responsibilities of the Independent Directors Codes of Ethical Conduct Ethical Management Best Practice Principles Remuneration Committee Charter Corporate Social Responsibilities Best-Practice Principles Articles of Association Procedures for Handling Material Inside Information	Market Observation Post System (MOPS): Inquire in the "Corporate Governance" section at the http://mops.twse.com.tw The Company's Website: http://www.chenbro.com

(VIII) Other important information that will help understand the implementation of the Company's corporate governance

1. Employee interests and employee care

Chenbro bases on the humane management and labor prosperity and sharing philosophy to implement the Human Resources Management System with incentives (distinct reward practice and adequate placement practice), growth (comprehensive training resources and opportunities), and achievement (space for professional and occupational performance and appropriate career planning). The fundamental principle for the enactment and establishment of systems is to comply with the law and regulations.

- **Free of discrimination**

- (1) **Do not hire temporary helps:**

- Provide a stable working environment so that employees can go for a long-term career development with a peace of mind, except for the part-time students hired in summer vacation and winter break, current employees are full-time staff. Do not hire temporary helps.

- (2) **Hire employees with mental or physical disability:**

- Offer unlimited job opportunities to the personnel with mental or physical disability; also, assign the personnel with disability to the proper job positions matching their expertise and competence. Two employees with mental or physical disability are hired monthly.

- (3) **Equality Management System:**

- All employees, regardless of gender, race, age, birthplace, and religion, are subject to the same management system, for example – same salary standard for the same job performed either by male or female worker. Encourage employees to pursue diversified learning and growth. Provide equal opportunities of development. Cultivate management or professional ability of employees through a comprehensive and sustainable training and promotional system by the classification of occupational ability; also, further assign a more challenging job to employees.

- (4) **Hire new graduates:**

- The Company offers job opportunities to new graduates with a complete training program established, including professional training, training at the factory site, and enhancing the soft strength.

- **Incentive reward system**

- (1) **The salary of all employees is based on the competence and performance.** In addition to the basic wages that are not below the mandatory minimum pay, the Company also participates in the market salary survey to find out the market average salary and above.

- (2) **Regularly conduct employee performance evaluation in accordance with the principle of fairness and just, and the 360-degree feedback measure in order to reward the outstanding employees.**

- (3) **Establish various incentive programs (year-end bonuses and dividends bonus) to inspire employees with substantive and positive incentives.**

- (4) **Promote autonomous management with a positive and stimulating potentials management model.**

- **Welfare System**

- (1) **Establish Employee Stock Ownership Trust (ESOT):**

- The Company had the Employee Stock Ownership Trust (ESOT) plan initiated in March 2015 to allow employees participating in the Company's growth and to embrace profits and optimized benefits.

(2) Employee Healthcare:

The Company pays attention to the health of employees, in addition to providing high coverage of employee group insurance, and offers a free medical examination every year. The Employee Welfare Committee has orchestrated various community activities, including badminton club, yoga club, swimming club, baseball and softball club, and cycling club to encourage employees to exercise and stay healthy.

(3) Spiritual art seminars:

For the mental and physical health of employees, the Company occasionally arranges telepathic communication seminar and musical and artistic performances for employees to enrich soul, to learn knowledge, and to relieve stress.

2. Investor Relations

The Company has a spokesman and deputy spokesman appointed to express opinions to the public or to respond to the questions raised by the investors, either by phone or by E-mail.

The Company regularly discloses the Company's significant operating information and arranges at least two investor conferences annually in order to continue to enhance information transparency for the benefit of investors in grasping the Company's operation and development plan.

3. Supplier Relations

Establish good communication channels and extend responsibility upward and downward. Also, request that the product quality of suppliers meet the green environment regulations and relevant international specifications.

4. Stakeholders' rights

The Company has enacted the "Procedures for Handling Material Inside Information." The Company's directors, supervisors, managers, and employees, or the individuals who have learned about the Company's material inside information because of the identity, occupation, or control relationship must exercise due diligence to fulfill the obligation of faith and attention, based on self-discipline and prudent attitude to perform job in accordance with the principle of honesty and creditability, strictly comply with the material information handling, disclosure, and confidentiality requirements of the competent authorities, and substantiate the spokesman system and designate the department or personnel to take charge of handling material inside information in order to improve the relationship with the stakeholders. Shareholders have priority rights to express an opinion on the Company's operational performance; also, must respect and satisfy the demands of all stakeholders (shareholders, employees, customers, suppliers, and communities).

5. Continuing education of directors and supervisors

The Company's directors and supervisors are to take their continuing education in accordance with the "Directions for the Implementation of Continuing Education for Directors and Supervisors of TWSE/GTSM-Listed Companies" as follows:

Continuing education of directors and supervisors (2015)

Title	Name	Training date	Organizer	Course name	Training hours	Total continuing education hours of the year
Independent Director	TSAO AN PANG	2015.10.28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015.06.11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Independent Director	HSU KUEI YING	2016.01.21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015.10.28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015.06.11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Independent Director	HUANG WEN CHENG	2016.01.21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015.10.28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015.06.11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Director	HSU SHEN KUO	2016.01.21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015.10.28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015.06.11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Director	LEE TSUN YEN	2016.01.21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015.06.11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	6
		2015.10.28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	
Director	WU CHUNG PAO	2015.8.3	Taiwan Corporate Governance Association	Business operation and related taxation discussion	3	6
		2015/8/3	Taiwan Corporate Governance Association	The prospect of global foreign exchange market	3	

Title	Name	Training date	Organizer	Course name	Training hours	Total continuing education hours of the year
Director	CHEN MEI CHI	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/12/15	Securities and Futures Development Institute	Corporate financial information analysis and decision-making	3	6
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Supervisor	WANG LEE YA MI	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Supervisor	CHEN HUANG LI LONG	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Supervisor	CHEN JEN SHYANG	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	6
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	

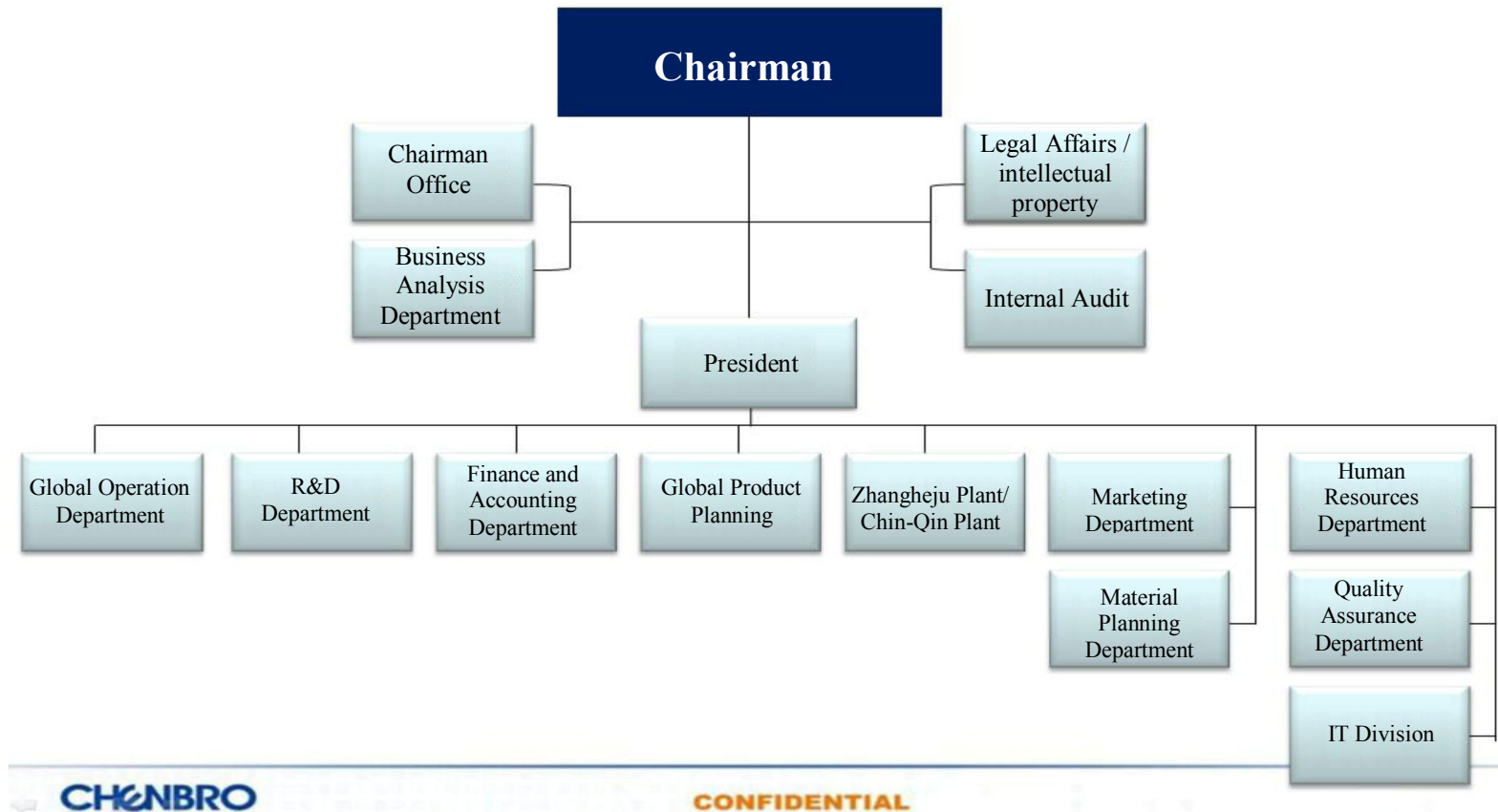
6. Implementation of risk management policies and risk measurement standards

(1) Risk Management Policies

Base on professional technique and concept of domestic and foreign risk assessment to actively implement risk prevention and loss control and to continue improving with effective risk management system and full participation of all employees in education and training in order to achieve the ultimate goal of zero risk.

(2) Organizational structure of risk management

Chenbro Micom Co., Ltd Micom Global organization chart



Risk management organization table

Important risk assessment matters	Risk control direct unit (Business Organizer)	Risk review and control	Board of Directors and Audit Office
	(1 st mechanism)	(2 nd mechanism)	(3 rd mechanism)
1. Interest rates, exchange rates, and financial risk 2. High risk and high leverage investment, loaning of funds, derivatives transaction, and financial investment 3. Investment, reinvestment, and merger and acquisition synergy	Financial Department	Financial Investment Review Unit (Members: Finance & Accounting Department and Chairman Office)	Board of Directors and Supervisors: (Risk assessment and control policy and ultimate control) Audit Office : (risks check, evaluation, supervision, improvement, tracking, and reporting)
4. R&D plans	System Verification Department, Thermal/Structure R&D Department, Hardware R&D Department, Software R&D Department, and FAE	R&D Review Unit (Members: R&D Department and Chairman Office)	
5. Changes in policy and law 6. Litigation and non-litigation matters 7. Contract preparation and review 8. Patent Proposal Review	Legal Affairs Intellectual property	Legal Affairs Review Unit (Members: Chairman Office)	
9. Changes in technology and industry 10. Changes in product and corporate image	Marketing Department	Marketing Review Unit (Members: President Office and Chairman Office)	
11. Production and sale coordination 12. Plant expansion or production 13. Collective purchase or sales	Zhangheju Plant, Chin-Qin Plant, outsourcing mold, Production Planning Division, Procurement Division, Warehousing & Delivery Division, Business Department, US Branch, Greater China area, and Chin-Qin business operation	Production and Sale Review Unit (Members: Materials Planning Department, Global Operation Department, and Chairman Office)	
14. Changes in the shareholding of directors, supervisors, and major shareholders 15. Changes in management power	Accounting Department and the Board of Directors	Operation Review Unit (Members: Finance & Accounting Department, Chairman Office, and the Board of Directors)	

7. Implementation of customer policies

Maintain a stable and good relationship with customers, understand customers' needs, adjust the related operating standards according to their needs, and satisfy customer needs in accordance with the customer's continuing audit and improvement in order to create profits for the Company and achieve a win-win goal.

8. The liability insurance obtained for directors and supervisors by the Company

Insured objects	Insurance company	Insurance Amount (NT\$)	Insurance policy starting and ending time
All directors and supervisors	Fubon Insurance Co., Ltd.	299,250,000	Starting time: September 7, 2014 Ending time: September 7, 2015
All directors and supervisors	Fubon Insurance Co., Ltd.	330,100,000	Starting time: September 7, 2015 Ending time: September 7, 2016

9. Manager's participating in corporate governance related continuing education and training (2015):

Title	Name	Training date	Organizer	Course name	Training hours	Total continuing education hours of the year
Chairman	CHEN MEI CHI	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/12/15	Securities and Futures Development Institute	Corporate financial information analysis and decision-making	3	6
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
Vice President of Finance and Accounting Department	CHIH CHIA LIN	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	18
		2015/06/11	Accounting Research and Development Foundation	Corporate governance and securities regulation	3	
		2015/11/05~2015/11/06	Accounting Research and Development Foundation	Continuing education of the accounting officers of the security issuers, security firms, and Taiwan Stock Exchange Corporation	12	
Vice President of Global Operation Department	CHEN YA NAN	2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	3
Vice President of R&D Department	KUO SHANG TI	2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	3
Junior Vice President of Marketing Department	LIN TSUNG MIN	2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	3
Junior Vice President of the Material Planning Department	CHU YUNG HSIANG	2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	3
Junior Vice President of Mechanical Design Department	HUANG YU TZU	2016/01/21	Accounting Research and Development Foundation	Taiwan enterprises' winning game	3	3
		2015/10/28	Accounting Research and Development Foundation	Securities market misconduct and its legal responsibility analysis with the case study of international stock vulture case.	3	3

10. Strengthen auditing and self-inspection operation

The Company has a complete internal control system enacted and implemented effectively. In daily operations, in addition to requesting each unit to fulfill management responsibilities and handling self-inspection operation, shall also prepare for cross-auditing, effective monitoring, and debugging and self-correcting in a timely manner. The Board of Directors and the management will regularly review the self-inspection result of each unit and the audit reports of the Audit Office in order to substantiate the effectiveness and efficiency of the Company's operations, to enhance the Company's competitiveness, to ensure the accuracy of financial reports, and to confirm the compliance of all relevant laws and regulations.

11. Procedures for handling material inside information

The Company's Board of Directors had the "Procedures for Handling Material Inside Information" resolved on December 29, 2009. And initiated the advocacy of the following:

- (1) Provide the "Procedures for Handling Material Inside Information" to directors and supervisors at least once a year.
- (2) Provide the "Procedures for Handling Material Inside Information" to the newly appointed management.
- (3) In addition to advocating the "Procedures for Handling Material Inside Information" to the management periodically, also advocate the insider trading related information on the website of Taiwan Stock Exchange Corporation.
- (4) Advocate the "Procedures for Handling Material Inside Information" to employees.

12.The Company's implementing corporate social responsibility

(1) Energy-saving and carbon reduction and environmental protection action

The Company actively responds to global environmental protection activities and take advantage of the Company's core profession by designating the Company's administration department to plan, supervise, audit, and improve the Company's energy-saving policy; also, to advocate and convey correct energy-saving concept periodically. Setup recycling bins in the workplace, help employees build-up recycling habit, let Chunghe Development Center of The First Children's Development Center recycle resources, and launch a full range of energy conservation advocacy, initiate comprehensive energy-saving advocacy, invite Plastics Industry Development Center voluntarily to arrange energy-saving and carbon reduction and energy management courses in the Company to strengthen advocacy and education to employees in order to cooperate with the government to implement the energy-saving and environmental protection policy.

(2) Charity

1. Environmental Sustainability

1-1 Plant trees for loving the Earth

"Society Feedback" is the true belief of Chenbro. In view of the ecological crisis and extreme climate resulted from global warming, the Company is deeply aware of the urgency of caring for the land and environmental protection. The Chairman, CHEN MEI CHI, urged over one hundred employees and their families to plant trees on March 22, 2014 to love the earth with action. This piece of woodland is around 6,000 pings and located at the side of Liyutan Dam in Miaoli with over 18,000 betel nut trees planted initially and the neighboring farmers sprayed pesticides to grow fruit trees. For the protection of the water source and soil conservation, all betel nut trees had been cut off with calocedrus formosana and stout camphor planted instead that will grow up in 50-100 years. Complete the goal of green earth.

1-2 Promote organic vegetation

In recent years, Taiwan is deep in the food safety crisis. The health of Taiwanese is threaten by the heavily used agricultural and chemical fertilizers throughout the agricultural production; also, jeopardizing the land. The Company has worked with Huei-Shiang Organic Life Farm for the third year since 2013 to promote the concept of organic healthy vegetation diet, to sponsor Huei-Shiang Organic Life Farm in Miaoli, to gift customers and the staff with organic pomelos and oranges, to support organic farmers, and to promote the channels and visibility of organic produces. The Company had arranged the spring break outing in 2015 to visit Huei-Shiang Organic Life Farm for experiencing the hard work and importance of organic farming. It is desirable to start from within the Company to awaken the attention and care of the public for organic vegetation diet.

2. Arts and culture promotion

2-1 Yunlin Art Light-up Project

The Company has promoted the "Yunlin Art Light-up Project" for three consecutive years since 2013 that is organized by AAEON Foundation and sponsored by Chenbro and Mditex with NT\$1 million donated in the first year and NT\$2 million in the second and third year. The two companies have also urged employees and their families with more than two hundred volunteers to join the good cause, donating money and volunteering manpower. There were more than 50 participating schools with 3,945 teaching activities held starting from the first year, with a grand total of over 200,000 teachers and students involved.

The 2015 Yunlin Art Light-up Project was with four themes, namely "World Picture Book and Illustration Tour," "e-School Picture Book Creative Digital Teaching Material," "Good Fun Arts Theater Tour," and "Taipei Art Exploration Journey." First of all, the "World Picture Book and Illustration Tour" The five series of picture books and illustration are rotated for exhibition, including the picture book and illustration exhibition of the Ministry of Culture (Taiwan), picture book and illustration exhibition of Green, picture book and illustration exhibition of Lu, picture book and illustration exhibition of Children's, picture book and illustration exhibition of Taiwan Mac, and picture book and illustration exhibition of children common wealth. Each theme picture book hall is equipped with 50 picture books for a grand total of 300 picture books. It is promoted by going on exhibition tours and with well-trained senior-grade student commentators to introduce the picture books to the junior-grade students so to help them build up confidence and expand horizon.

Secondly, for the “e-School Picture Book Creative Digital Teaching Material,” take advantage of the school computer equipment and the theme picture book exhibition tour to help school teacher exercise teaching creativity through e-teaching tool. Also, for “Good Fun Arts Theater Tour,” invite professional children’s circus for school exhibition tour. Let children in remote areas understand arts and cultures through the vivid theatrical performance in order to enrich their creativity and imagination.

“Taipei Art Exploration Journey” is the highlight of “Yunlin Art Light-up Project.” Five exhibitions in four months with the participation of 500 children of 20 elementary schools in Yunlin County. Visited the tourism spots, including Taipei 101, Lin Liu-Hsin Puppet Theatre Museum, Ximending, Yingge Ceramics Museum, The Li Mei-shu Memorial Gallery, National Palace Museum and Zhishan Garden, The National Chiang Kai-shek Memorial Hall and two musical halls, Taipei Fine Arts Museum, and Taipei MRT, as well as the fun body movement activity curriculum. After the art exploration tour in Taipei, Yunlin children returned home to be tour volunteers sharing the tourism spots they visited and their thoughts with the lower grade students. Children are like the eyes of travelers, through their eyes and their mouths to write down and speak out their feelings and appreciation. Let them know that all their dreams can come true as long as they are determined to observe, set, and fulfill their goals full-heartedly. It is the most important purpose of going on a teaching tour.

2-2 The Joint Arts plan and Artistic Taiwan

To continue “Yunlin Art Light-up Project,” The Company plans to invest NT\$1.8 million per year since 2016 to support the “Joint Arts Plan” with more artistic resources donated to the top-ten schools of the “Yunlin Art Light-up Project.” The “Artistic Taiwan” program is to let kids paint their love and care for their hometown through exhibiting the works of outstanding artists in Taiwan and organizing the “paint my hometown” painting contest.

2-3 Support Taiwan’s traditional puppetry culture

Chenbro had donated NT\$1 million every year (for three years) since 2012 to support Taiyuan Puppetry Museum (Taiyuan Foundation). Taiyuan Puppetry Museum was founded in the year of 2000 by the founder Dr. Jingfu Lin who had donated over 5,000 pieces of puppetry collection and committed to the inheritance and promotion of traditional puppetry. The curator of the Puppetry Museum Dr. Robin Ruizendaal is a Dutch who can also speak Taiwanese. Dr. Robin Ruizendaal is a Doctoral of Chinese Language from the Netherlands and has studied puppetry for twenty years in Taiwan. He has created puppetry scripts, designed stages, and led a delegation to perform more than 200 shows a year in over 40 countries that were very popular and well recognized. In addition to financial sponsorship, the Company also held several dinner banquets and performances to vigorously promote the group to the business world for amplifying the corporate support. Take actions to help the development of cultural and creative arts in order to fulfill the corporate social responsibility.

2-4 Support Taiwan’s traditional Opera culture

Chenbro understands that it takes rich soil and nutrient to root culture and to promote arts. Therefore, get acquaintance with Teacher Hsing-Kuo Wu and Teacher Hsiu-wei Lin of the Contemporary Legend Theatre through the introduction of Chairman Stan Shih of The National Culture and Arts Foundation to arrange several opera seminars and promotions in the Company. Therefore, the Company’s staff will be able to understand that arts and culture are indeed closely related to the creative thinking at work through watching the constant breakthrough performance of the Contemporary Legend Theatre. Also, strive to revive Taiwan’s dying opera culture and to carry on the spiritual heritage.

3. Social Care

3-1 Donation to under-privilege families in Yunlin

The Company was aware of the widening gap between urban and rural, rich and poor, single parents, orphans, and mixed culture marriage problems. Therefore, the Company’s Employee Welfare Committee had initiated fundraising activities with NT\$150,0000 worth of necessities collected through the enthusiastic participation of employees that were entirely donated to Yunlin County Mu-Xin Services Association for distributing the necessities to the

under-privilege families for a temporary relief, so they could switch their attention to the education of their children and hopefully that would help them breakthrough poverty as soon as possible.

3-2 Assembling computers for charitable activities

Chenbro responded to the “Assembling computers for charitable activities” of GIGABYTE Education Foundation” cooperating with the loving enterprises of Be Quiet, GeIL, and WD. The Company donated chassis to replace the 31 computers of the Development Center for the Spinal Cord Injured; also, donated 19 computers to Libertas Foundation and 32 under-privilege students for a fast and convenient learning quality and for shortening digital divide.

3-3 Visitation of under-privilege families in New Taipei City and Yunlin County

Chenbro, in addition to donating to Social Affairs Bureau of New Taipei City and Yunlin County annually, will grant the “volunteer leaves” to employees for a three-day under-privilege families care tour every three months in New Taipei City and Yunlin County. The employees will learn how to be humble and to give and share; also, to help those under privilege family feel the warmth of the society through resources distribution and knowing that there are many more families need helps through accompanying them.

3-4 “God Bless Kaohsiung” gas explosion donation

Several incidents of petrochemical gas explosion took place in Qianzhen District and Lingya District of Kaohsiung in the morning of August 1, 2014 with 32 people killed and 321 people injured, and a number of major roads badly damaged. Due to the massive demand for subsequent reconstruction and care for victims, the Company launched a spontaneous donation internally in order to exercise the spirit of humanity. Money and manpower were donated to help citizens of Kaohsiung recoup mentally and spiritually and to help them rebuild homes, as well as to help soothe the people and families of casualties. The Company and the employees had donated NT\$1,002,433 to the Social Affairs Bureau of Kaohsiung City to coordinate the reconstruction project for the benefit of the victims of the petrochemical gas explosion took place on August 1, 2014.

4. Talent cultivation

4-1 Sponsorship for The Alliance Cultural Foundation

For helping the home coming aboriginal youth cultivate the ability for a sustainable operation and helping aboriginal elites return home to work, Chenbro has donated NT\$2 million annually since the year of 2012 to sponsor The Alliance Cultural Foundation. In response to the “Junyi Academy Plan” of Mr. Chang-Shou Yen with the theme of and focus on “Rural home coming talents employment and entrepreneurship plan” and “Rural home coming cultivation plan,” also, the four action plans and directions of “Tourism Promotion,” “Industry Counseling,” “Arts and Culture Development,” and “Education Plan” in order to provide the students in Hualien and Taitung with a good learning environment and bright future.

4-2 Sponsorship for the “Vmaker” Program of the Executive Yuan

In order to let more people in Taiwan understand and promote hands-made creative culture, the Executive Yuan has launched the “vMaker” plan since early 2015, divided into three stages to build up Taiwan’s “Maker” power, namely Fab Truck Tour / Make for All Digital Manufacturing Competition / Fab Lab Asia Annual Conference. The term “Maker” perhaps is not yet well known in Taiwan; however, due to the rapid development of 3D printing and the prevailing of manufacturing tools, the threshold of from “want” to “do” is gradually minimized. When technology is no longer a problem, creativity becomes important. Chenbro deeply understands the importance of creative talent for the future development of Taiwan; therefore, sponsors the “vMaker” plan to contribute to Taiwan’s talent cultivation effort.

5. “Maggi Love Share” network platform - to share the power of love

The “Maggi Love Share” network platform is for sharing beautiful things and for the synergy of kindness. The Company had the “Maggi Love Share” website setup in December 2013 with the website setup at www.maggi loveshare.com. The Company has the chartable activity information and corporate volunteers’ insights collected by texts, photos, and films photos through the “Maggi Love Share.” Share with good friends and work partners in life through the infinite power of Internet. Let more people know and even join the charitable activities through the words of mouth. Regardless money donation or volunteer work, we expect this website to exercise the positive power of “sharing” in order to achieve the goal of more fun and happiness!

The “Maggi Love Share” website has been setup for two years with three ~ five newsletter articles published monthly. There are more than 130,000 visitors with their feedback to share constantly. Apparently, the “Maggi Love Share” is demonstrating positive effect as a public platform. The Company would like to see the spread of good knowledge in the future. Although the writing is not perfect, the intention is to generate resonance through sincere sharing and writing in order to do more for the good of the world.

(3) Protect the human rights of employees and substantiate the safety and health measures

It has been detailed in the “Labor Relations” section. Please refer to Page 82~86 of the Annual Report.

(IX) Internal control

1. Internal Control Declaration: **Please refer to Page 116 [Appendix I] for details.**
2. For the CPAs specifically commissioned to review the internal control system, the Independent Auditor’s Report should be disclosed: None

(X) The punishment rendered to the Company and its internal staff lawfully, the disciplinary action brought against the internal personnel who had violated the internal control system, and the major nonconformities and the corrective action in the most recent year and up to the printing date of the annual report: None

(XI) The important resolutions reached in the shareholders’ meeting and Board meeting in the most recent year and up to the printing date of the annual report

1. The important resolutions reached in the 2015 shareholders’ meeting and their implementation

Chenbro’s 2015 shareholders’ meeting was held in Chunghe of New Taipei City on June 11, 2015. The matters resolved in the shareholders’ meeting for implementation are as follows:

Convening date	The 2015 General Shareholders’ Meeting
2015.06.11	1. Acknowledged the 2014 business report and financial statements (including individual and consolidated financial statements). Implementation: The attending shareholders were consulted by the Chairman to have the motion passed as proposed.
	2. Acknowledged the 2014 earnings distribution proposal. Implementation: For the 2014 earnings distribution, shareholders’ dividend was for NT\$3/share based on the 119,725,950 outstanding shares, for a grand total dividend amount of NT\$359,177,850. In addition, remuneration to directors and supervisors in cash was for an amount of NT\$14,627,013; also, a bonus amount of NT\$58,508,057 to employees in cash. The ex-dividend base date scheduled on July 6, 2015 was resolved in the Board meeting on June 11, 2015; also, cash dividend was distributed on July 21, 2015.
	3. Discussed having some clauses of the “Procedures for the Acquisition or Disposal of Assets” amended. Implementation: It was resolved in the meeting with the amended Procedures published on the Market Observation Post System (MOPS) on June 11.
	4. Discussed having some clauses of the “Rules of Procedure for Shareholder Meetings” amended. Implementation: It was resolved in the meeting with the amended Procedures published on the Market Observation Post System (MOPS) on June 11.

2. The important resolutions reached in the 2015 Board meeting and the implementation

Important resolution date	Important resolution contents
2015.01.27	<ol style="list-style-type: none"> 1. Resolved to pass the resolutions reached in the Remuneration Committee meeting on January 12, 2015. 2. Resolved to pass the construction expansion of Stage III and Stage IV of the factory of China Chin-Qin Science and Technology (Kunshan) Co., Ltd. 3. Resolved to pass the commission of the attestation CPAs for certification and its independence assessment proposal. 4. Resolved to pass the extension of Chenbro Micom (USA) INC. credit loan for US\$2 million with the endorsement/guarantee of US\$2 million provided by the parent company. 5. Resolved to pass the amendment of the Company's "Corporate Governance Best-Practice Principles."
2015.03.17	<ol style="list-style-type: none"> 1. Resolved to pass the Company's "Internal Control System Declaration." 2. Resolved to pass the Company's 2014 financial statements and the 2014 business report that was prepared by the Company. 3. Resolved to pass the Company's 2014 earnings distribution proposal. 4. Resolved to pass the "shareholder proposal operation" of the 2015 general shareholders' meeting. 5. Resolved to pass the motions discussed in the Company's 2015 general shareholders' meeting. 6. Resolved to pass the Company's US\$3 million endorsement/guarantee extension made to Taipei Fubon Bank Hsinchuang Branch for PROCASE.
2015.04.29	<ol style="list-style-type: none"> 1. Resolved to pass the Company's 2015 Q1 financial statements. 2. Resolved to pass the "shareholder proposal operation" of the 2015 general shareholders' meeting explaining the reason why the "shareholder proposal operation" was not included as a motion to be discussed in the general shareholders' meeting. 3. Resolved to pass the motions (new proposals) discussed in the Company's 2015 general shareholders' meeting convened. 4. Resolved to pass the amendments of the "Rules of Procedure for Shareholder Meetings." 5. Resolved to pass the amendments of the "Code of Ethical Conduct." 6. Resolved to pass the amendments of the "Ethical Management Best-Practice Principles." 7. Resolved to pass the amendments of the "Corporate Social Responsibility Best-Practice Principles." 8. Resolved to pass the amendments of the "Procedures for the Acquisition or Disposal of Assets." 9. Resolved to pass the Company's US\$3 million loan extension made by Mega Bank Yonghe Branch.
2015.6.11	<ol style="list-style-type: none"> 1. Resolved to pass the 2014 cash dividend distribution date. 2. Resolved to pass the resolution of scheduling the Remuneration Committee meeting on June 1, 2015.
2015.07.28	<ol style="list-style-type: none"> 1. Resolved to pass the Company's 2015 Interim Consolidated Financial Statements. 2. Resolved to pass the credit loan extension for US\$2 million of Chenbro Micom (USA) INC.
2015.10.28	<ol style="list-style-type: none"> 1. Resolved to pass the Company's 2016 audit plan. 2. Resolved to pass the Company's 2015 Q3 Consolidated Financial Statements. 3. Resolved to pass the enactment of the "Procedures for Applying Transaction Suspension and Reinstatement." 4. Resolved to pass "the Company's Improving the Ability in Preparing the Financial Reports Plan." 5. Resolved to pass the Company's extending the US\$3.5 million endorsement/guarantee for PROCASE & MOREX CORP. 6. Resolved to pass the PROCASE & MOREX CORP's US\$500,000 foreign exchange derivatives quota extension made by Bank of Taiwan Chunghe Branch. 7. Resolved to pass the credit loan extension for US\$2 million of Chenbro Micom (USA) INC. 8. Resolved to pass the credit line reduction application filed for the construction expansion of Stage III and Stage IV of the factory of China Chin-Qin Science and Technology (Kunshan) Co., Ltd., a subsidiary in China. 9. Resolved to pass the purchase of real estate by China Chin-Qin Science and Technology (Kunshan) Co., Ltd., a subsidiary in China.
2016.01.21	<ol style="list-style-type: none"> 1. Resolved to pass the resolution of distributing salary and year-end bonus to the management reached in the Company's Remuneration Committee meeting on January 8, 2016. 2. Resolved to pass the amendments of the "Articles of Association." 3. Resolved to pass the resolution of adjusting the distribution ratio of the remuneration to employees, directors, and supervisors reached in the Company's Remuneration Committee meeting on January 8, 2016.

Important resolution date	Important resolution contents
2016.03.22	<ol style="list-style-type: none"> 1. Resolved to pass the Company's "Internal Control System Declaration." 2. Resolved to pass the amendments of the Company's "Internal Control System Declaration" and "Internal Audit Enforcement Rules." 3. Resolved to pass the Company's lawful replacement of the CPAs. 4. Resolved to pass the commission of the attestation CPAs and the assessment of its independence. 5. Resolved to pass the 2015 remuneration to employees, directors, and supervisors. 6. Resolved to pass the Company's 2015 financial statements and 2015 business reports that were prepared by the Company internally. 7. Resolved to pass the Company's 2015 earnings distribution proposal. 8. Resolved to pass the "shareholder proposal operation" of the 2016 general shareholders' meeting. 9. Resolved to pass the motions discussed in the Company's 2016 general shareholders' meeting. 10. Resolved to pass the PROCASE & MOREX CORP's US\$500,000 foreign exchange derivatives quota extension made by Far Eastern International Bank.

Please visit the website of "MOPS" at <http://mops.twse.com.tw> for information in details.

(XII) If the directors or supervisors have different opinions on the resolutions reached by the Board of Directors with a record or written statement made in the most recent year and up to the printing date of the annual report, please state the content of the opinion: None

(XIII) The summary of the resignation or dismissal of the Company's Chairman, President, Accounting Officer, Finance Officer, Internal Audit Officer, and R&D Director in the most recent year and up to the printing date of the annual report: None

V. Disclosure of CPAs' remuneration

CPA fee table

Monetary Unit: NT\$ Thousand

Auditor's firm	Name of CPA	Audit remuneration	Non-audit remuneration					CPA auditing period	Remarks
			Policy design	License registration	Human resource	Others (Note 2)	Subtotal		
PwC Taiwan	PAN HUI LING and CHIH PING CHUN	3,688	0	0	0	0	0	2015.01.01~2015.12.31	
BDO Taiwan	Shucheng Zhang	0	0	0	0	47	47		The 2015 Sideline business entity's business tax auditing and attestation with a direct withholding method adopted
Deloitte Taiwan	Yingying Hsu	0	0	0	0	320	320		The 2015 Transfer Pricing Report service fee

Note 1: If there is any CPA or CPA Firm being replaced in current year, the auditing period should be indicated separately and the reason for such replacement should be detailed in the remark column; also, the information regarding the audit and non-audit fee paid should be disclosed.

Note 2: non-audit remuneration should be listed separately by service category. If the "Other" category amounts to 25% of total non-audit remuneration, then services must be detailed in the remarks column.

Amount bracket		Service fee items	Audit remuneration	Non-audit remuneration	Total
1	Below NT\$2,000 thousand		0	367	367
2	NT\$2,000 thousand (inclusive) ~ NT\$4,000 thousand		3,688	0	3,688
3	NT\$4,000 thousand (inclusive) ~ NT\$6,000 thousand		0	0	0
4	NT\$6,000 thousand (inclusive) ~ NT\$8,000 thousand		0	0	0
5	NT\$8,000 thousand (inclusive) ~ NT\$10,000 thousand		0	0	0
6	Over NT\$10,000 thousand (inclusive)		0	0	0

CPA fee information:

- (1) If the non-auditing fee paid to the attestation CPAs, attestation CPA Firm, and the affiliated enterprises is for an amount more than one fourth of the auditing fee, the auditing amount, non-auditing amount, and the contents of the non-auditing service must be disclosed: None
- (2) If the commissioned CPAs Firm is replaced and the auditing fee paid in the year of replacement is less than the auditing-fee paid in the prior year, the auditing fee before and after the replacement and the root cause should be disclosed: None
- (3) If the auditing fee of the current year is more than 15% less than the year before, the reduced fee amount, ratio, and the root cause should be disclosed: None

VI. Change of CPA

Change of CPA

I. The former CPAs

Date of reappointment	It was resolved in the Board meeting on March 22, 2016		
Reason for reappointment	To have the attestation CPAs changed from PAN HUI LING and CHIH PING CHUN to TSENG HUI CHIN and CHIH PING CHUN since the year of 2016 in accordance with Article 68 of the Auditing Standard No. 46 “CPA Firm Quality Control” and the internal organization adjustment of PwC Taiwan.		
Was the termination of audit services initiated by the principal or by the CPA	Participants		CPA
	Situation		Principal
	Service terminated by		Not applicable
	Service no longer accepted (continued) by		Not applicable
Reasons for issuing opinions other than unqualified opinions in the recent 2 years	None		
Disagreements with the issuer	Yes		Accounting policy or practice
			Financial statement disclosure
			Audit coverage or procedures
			Others
	None	V	
	Description		
Other disclosures (Disclosures deemed necessary under Article 10.5.1.4 of The Guidelines)	Not applicable		

II. The successor CPAs

Name of firm	PwC Taiwan
Name of CPA	TSENG HUI CHIN and CHIH PING CHUN
Date of reappointment	It was resolved in the Board meeting on March 22, 2016
The inquiries on the accounting process or accounting principle for specific transactions and the possible opinions to be issued on the financial statements and its results before the commission of the successor CPAs.	None
Written disagreements from the succeeding auditor against the opinions made by the former CPA	None

III. The reply of the former CPAs on the matters stated in Article 10 Paragraph 5 Section 1, Section 2, and Section 3 of the Auditing Standards:

It is classified as an internal job rotation of the CPAs Firm; therefore, it is not applicable.

VII. If the Company's Chairman, President, and Finance or Accounting Officer had taken a job position with the attestation CPA Firm or its affiliated enterprises within one year, the name, job position, and the employment period with the attestation CPA Firm or its affiliated enterprises should be disclosed

None.

VIII. Shareholding transfers and share collateralization within the latest year, up till the publication date of this annual report, initiated by directors, supervisors, managers and shareholders with more than 10% ownership interest

(I) Shareholding changes of directors, supervisors, managers, and major shareholders

Unit: shares

Title	Name	2015		As of April 25, 2016	
		Increase (decrease) in shares held	Increase (decrease) in shares collateralized	Increase (decrease) in shares held	Increase (decrease) in shares collateralized
Chairman	CHEN MEI CHI	0	0	0	0
Director	LEE TSUN YEN	0	0	0	0
Director	WU CHUNG PAO	0	0	0	0
Director	HSU SHEN KUO	221,000	0	0	0
Independent Director	HSU KUEI YING	0	0	0	0
Independent Director	HUANG WEN CHENG	0	0	0	0
Independent Director	TSAO AN PANG	0	0	0	0
Supervisor	CHEN HUANG LI LONG	8,000	0	0	0
Supervisor	WANG LEE YA MI	0	0	0	0
Supervisor	CHEN JEN SHYANG	0	0	0	0
Vice President of Global Operation Department	CHEN YA NAN (Note 1)	0	0	214	0
Vice President of Finance and Accounting Department	CHIH CHIA LIN	0	0	0	0
Vice President of R&D Department	KUO SHANG TI	0	0	0	0
Junior Vice President of the Material Planning Department	CHU YUNG HSIANG	0	0	0	0
Junior Vice President of Marketing Department	LIN TSUNG MIN	0	0	0	0
Junior Vice President of Mechanical Design Department	HUANG YU TZU	(5,000)	0	0	0
Shareholders with over 10% shareholding	CHEN FENG MING (Note 2)	0	0	0	0

Note 1: CHEN YA NAN, Vice President of the Business Operation Department, incumbent on October 6, 2015.

Note 2: Major shareholders with over 10% shareholding

(II) Changes in the pledged equity: None

(III) The counterparty of equity transfer is a related party: None

(IV) The counterparty of equity pledge is a related party: None

IX. Relationships among The Company's top ten shareholders including spouses, second degree relatives or closer

April 25, 2016 unit: shares

Name (Note 1)	Shareholding held by the principal		Shareholdings of spouse and underage children		Shares Held In The Names Of Others		Among the top 10 shareholders, there are related parties, spouse to each other, and kindred within the 2 nd tier under the Civil Code, and the name and affiliation, if applicable.		Remarks
	Shares	Shareholder Ratio	Shares	Shareholding percentage	Shares	Shareholder Ratio	Name	Relationship	
CHEN FENG MING	13,614,433	11.33	5,296,029	4.41	0	0	LEE TSUN YEN	Spouse	None
Lian-Mei Investment Ltd. Representative: CHEN MEI CHI	11,623,000	9.68	0	0	0	0	CHEN LIAN CHUN	Spouse	None
Peng Wei Investment and Development Co., Ltd. Representative: CHEN LIAN CHUN	9,667,000	8.05	0	0	0	0	CHEN MEI CHI	Spouse	None
CHEN MEI CHI	9,656,009	8.04	1,908,000	1.59	0	0	CHEN LIAN CHUN	Spouse	None
Ming-Kwong Investment Co., Ltd. Representative: LEE TSUN YEN	9,041,967	7.53	0	0	0	0	CHEN FENG MING	Spouse	None
LEE TSUN YEN	5,296,029	4.41	13,614,433	11.33	0	0	CHEN FENG MING	Spouse	None
Cathay Life Insurance Co. Ltd. Representative: TSAI HONG TU	3,113,000	2.59	0	0	0	0	None	None	None
CHEN LIAN CHUN	1,908,000	1.59	9,656,009	8.04	0	0	CHEN MEI CHI	Spouse	None
Fiduciary trust property accounts of KGI Securities Co., Ltd.	1,811,000	1.51	0	0	0	0	None	None	None
LI CHEN YU CHOU	1,545,456	1.29	0	0	0	0	None	None	None

Note 1: Illustrate the top-ten shareholders. The name of the corporate shareholders and the name of its representative should be illustrated separately.

Note 2: The calculation of shareholding ratio refers to the shareholding ratio calculated in accordance with the shareholding of the shareholders, spouse, minor children, and in the name of others.

Note 3: The relationship among the shareholders (including legal person and natural person) in the preceding paragraph should be disclosed in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

X. Investments jointly held by The Company, The Company's directors, supervisors, managers, and enterprises directly or indirectly controlled by The Company. Calculate shareholding in aggregate of the above parties

December 31, 2015 unit: thousand shares

Transfer investment business (Note)	Invested by The Company		Held by directors, supervisors, managers, and directly or indirectly controlled enterprises		Aggregate investment	
	Shares	Shareholding percentage	Shares	Shareholding percentage	Shares	Shareholding percentage
CHENBRO EUROPE B.V.	20	100%	0	0	20	100%
MICOM SOURCE HOLDING COMPANY	20,450	100%	0	0	20,450	100%
CHENBRO MICOM (USA) INCORPORATION	10,000	100%	0	0	1,000	100%
CLOUDWELL HOLDINGS, LLC.	0	100%	0	0	0	100%
CHENBRO GmbH	0	100%	0	0	0	100%

Note: The Company's long-term investments under the equity method



Four.

Funding Status

- I. The Company's capital stock and stock shares**
- II. Disclosure relating to corporate bonds**
- III. Disclosure relating to preference shares**
- IV. Disclosure relating to global depository receipts**
- V. Employee stock warrants**
- VI. Disclosure regarding the management of new restricted employee stock**
- VII. Disclosure on new shares issued for the acquisition or transfer of other shares**
- VIII. The implementation of the fund plan**

Four. Funding Status

I. The Company's capital stock and stock shares

(I) Capital Sources

Year / month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Shares (Thousand Shares)	Amount (thousand dollars)	Shares (Thousand Shares)	Amount (thousand dollars)	Source of capital (thousand dollars)	Paid in properties other than cash	Others
1983/12	0	0	500	0	500	Incorporation capital 500	None	1983.12.05 Jian 1 Zi No. 106007
1984/05	0	0	2,000	0	2,000	Cash capitalization 1,500	None	1984.05.28 Jian 1 Zi No. 144359
1986/11	0	0	7,000	0	7,000	Cash capitalization 5,000	None	1986.11.12 Jian 1 Zi No. 169350
1989/12	0	0	25,000	0	25,000	Cash capitalization 18,000	None	1990.01.05 Jian 1 Zi No. 110347
1990/10	10	7,500	75,000	7,500	75,000	Cash capitalization 50,000	None	1991.01.07 Jin(80)Son.Zi No. 00117
1998/09	10	13,500	135,000	13,500	135,000	Capitalization from earnings 30,000 Cash capitalization 30,000	None	1998.10.06 Jin(87)Son.Zi No. 131175
1999/08	10	80,000	800,000	30,230	302,300	Cash capitalization 25,000 Capitalization from earnings 142,300	None	Securities & Futures Institute 1999.07.19 (88)Tai.Tsai.Jen (I) No. 63566
2000/08	10	80,000	800,000	46,331	463,308	Capitalization from earnings 161,008	None	Securities & Futures Institute 2000.08.24 (89)Tai.Tsai.Jen (I) No. 70667
2001/09	10	80,000	800,000	50,037	500,373	Capitalization from additional paid-in capital 37,065	None	Securities & Futures Institute 2001.08.23 (90)Tai.Tsai.Jen (I) No. 153655
2002/09	10	80,000	800,000	54,040	540,402	Capitalization from earnings 40,030	None	Securities & Futures Institute 2002.08.16 (91)Tai.Tsai.Jen (I) No. 0910145672
2004/11	10	80,000	800,000	60,358	603,587	Capitalization from earnings 52,377 Capitalization from additional paid-in capital 10,808	None	Financial Supervisory Commission 2004.09.30 Jin.Kwong.Jen I No. 0930144328
2005/08	10	80,000	800,000	70,425	704,252	Capitalization from earnings 100,665	None	Financial Supervisory Commission 2005.07.19 Jin.Kwong.Jen I No. 0940129149
2006/08	10	90,000	900,000	81,971	819,712	Capitalization from earnings 115,460	None	Financial Supervisory Commission 2006.07.19 Jin.Kwong.Jen I No. 0950131442
2007/07	10	120,000	1,200,000	95,537	955,369	Capitalization from earnings 135,657	None	Financial Supervisory Commission 2007.7.17

Year / month	Issue price (NT\$)	Authorized capital		Paid-up capital		Remarks		
		Shares (Thousand Shares)	Amount (thousand dollars)	Shares (Thousand Shares)	Amount (thousand dollars)	Source of capital (thousand dollars)	Paid in properties other than cash	Others
								Jin.Kwong.Jen I No. 0960037071
2008/07	10	120,000	1,200,000	111,511	1,115,109	Capitalization from earnings 159,740	None	Financial Supervisory Commission 2008.7.25 Jin.Kwong.Jen I No. 0970037754
2011/06	10	120,000	1,200,000	115,506	1,155,057	Capitalization from earnings 39,948	None	Financial Supervisory Commission 2011.6.21 Jin.Kwong.Jen.Far.Zi No. 1000028489
2012/06	10	150,000	1,500,000	120,126	1,201,259	Capitalization from earnings 46,202	None	Financial Supervisory Commission 2012.6.19 Jin.Kwong.Jen.Far.Zi No. 1010027336

Share category	Authorized capital			Remarks
	Outstanding shares (Note)	Unissued shares	Total	
Registered common stock shares of the listed companies	120,125,950	29,874,050	150,000,000	

Note: it is the stock shares of the listed company, including 400,000 Treasury stock shares.

(II) Shareholders structure

April 25, 2016 unit: shares

Shareholders structure Volume	Government institutions	Financial institutions	Other corporations	Individuals	Foreign institutions and foreigners	Total
Head count	0	0	50	6,269	35	6,354
Number of shares held	0	0	41,006,109	75,813,795	3,306,046	120,125,950
Shareholding percentage	0	0	34.14	63.11	2.75	100.00

(III) Ownership diversification

1. Ordinary shares

April 25, 2016 unit: shares

Shareholding range			Number of shareholders	Number of shares held	Shareholding percentage (%)
1	to	999	1,332	289,195	0.24
1,000	to	5,000	3,693	7,700,878	6.41
5,001	to	10,000	616	4,959,723	4.13
10,001	to	15,000	198	2,541,936	2.12
15,001	to	20,000	129	2,382,944	1.98
20,001	to	30,000	111	2,877,929	2.40
30,001	to	50,000	103	4,202,092	3.50
50,001	to	100,000	82	5,917,824	4.93
100,001	to	200,000	47	6,490,072	5.40
200,001	to	400,000	16	4,626,917	3.85
400,001	to	600,000	8	3,988,438	3.32
600,001	to	800,000	6	3,974,121	3.30
800,001	to	1,000,000	2	1,824,988	1.52
1,000,001 and above			11	68,348,893	56.90
Total			6,354	120,125,950	100.00

Note: NT\$10 par value

2. Preferred stock shares: Not applicable

(IV) List of major shareholders

April 25, 2016 unit: shares

Shareholding Name of major shareholder	Number of shares held	Shareholding percentage
CHEN FENG MING	13,614,433	11.33%
Lian-Mei Investment Ltd.	11,623,000	9.68%
Peng Wei Investment and Development Co., Ltd.	9,667,000	8.05%
CHEN MEI CHI	9,656,009	8.04%
Ming-Kwong Investment Co., Ltd.	9,041,967	7.53%
LEE TSUN YEN	5,296,029	4.41%
Cathay Life Insurance Co. Ltd.	3,113,000	2.59%
CHEN LIAN CHUN	1,908,000	1.59%
Fiduciary trust property accounts of KGI Securities Co., Ltd.	1,811,000	1.51%
LI CHEN YU CHOU	1,545,456	1.29%

(V) Market price, net worth, earnings, and dividends per share, and other relevant information for the last two years

Unit: NTD/ shares

Item	Year	2014 (Note 1)	2015 (Note 1)	Up till March 31, 2016 (Note 1)
Market price per share	Highest	71.40	59.50	48.85
	Lowest	32.95	26.50	36.80
	Average	49.56	43.35	43.09
Net worth per share	Before dividend distribution	21.71	22.62	23.52
	After dividend distribution		-	-
Earnings per share	Weighted average outstanding shares	119,725,950	119,725,950	119,725,950
	Base earnings per share (Note 3)	4.52	4.22	0.93
Dividends per share	Cash dividend	3.00	Note 2	-
	From earnings	0	0	-
	From capital reserves	0	0	-
	Cumulative undistributed dividends (Note 4)	0	0	-
Analysis of investment returns	P/E ratio (Note 5)	10.96	10.27	-
	Price to dividends ratio (Note 6)	16.52	Note 9	-
	Cash dividend yield (Note 7)	6.05	Note 9	-

For the capitalization from earnings or additional paid-in capital, the market price and cash dividend adjusted retroactively according to the number of shares issued should be disclosed.

Note 1: List the highest and lowest share price in each year, and calculate the average market price by weighing transacted prices against transacted volumes.

Note 2: The 2015 cash dividend of NT\$2.6 per share will be distributed upon the resolution reached in the shareholders' meeting.

Note 3: If stock dividends are issued, make retrospective adjustments while disclosing EPS before and after the adjustments.

Note 4: If equity securities are issued with terms that allow dividends to be accrued and accumulated until the the year the company makes profit, then the amount of cumulative undistributed dividends up till the current year must be disclosed separately.

Note 5: P/E ratio = Average closing price per share for the year / earnings per share.

Note 6: Price to dividend ratio = Average closing price per share for the year / cash dividends per share.

Note 7: Cash dividend yield = Cash dividend per share / average closing price per share for the current year.

Note 8: Net worth per share and earnings per share should be based on audited auditor (reviewed) data as at the latest quarter before the publishing date of this annual report. For all other fields, data should be provided as at the end of their respective years.

Note 9: The 2015 earnings distribution proposal has not yet been resolved in the shareholders' meeting.

(VI) The company's dividend policies and execution

1. Dividend policy (the dividend policy will be effective after the amendment of the Articles of Association is resolved in the 2016 general shareholders' meeting)

The Company's dividend policy is based on the profit of the current year and the Company's future growth, capital budget planning, fund demands, as well as the interests of shareholders and the Company's long-term financial planning. Shareholder dividend is appropriated in accordance with the distributable earnings and it is paid in the form of cash dividend or stock dividend. However, the amount of cash dividend may not be less than 10% of the total dividend. If cash dividend per share is for less than NT\$0.2, stock dividend will be paid instead.

2. Implementation: The distribution of dividend proposed in the current shareholders' meeting

The Company intends to appropriate an amount of NT\$311,287,470 from the 2015 distributable earnings. A cash dividend of NT\$2.6 per share is proposed in the general shareholders' meeting for resolution and the Board of Directors will be authorized in the meeting to schedule the base date for dividend distribution.

3. Expected significant changes in dividend policy: The Company expects the dividend policy to be without any significant change.

(VII) The impact of the stock dividend resolved in the current shareholders' meeting on the Company's business performance and earnings per share

The Company has no stock dividend distribution; therefore, it is not applicable.

(VIII) Remuneration to employees, directors, and supervisors

1. According to the Company's initial Articles of Association, for earnings distribution, the Company considers the net amount after deducting tax, cumulative loss, legal reserve, and special reserve. In addition, an amount not less than 6% of the net amount is appropriated as bonus to employees and an amount not less than 2% of the net amount is appropriated as remuneration to directors and supervisors. However, after the amendment of the Company Law on May 20, 2015, the Company shall prescribe a certain amount or percentage of the annual net income as remuneration to employees. However, the Company's accumulated losses, if any, should be made up. The remuneration to employee in the preceding paragraph is paid with stock or in cash. In addition, it must be with the consent of a majority of the attending board directors that represent two thirds of the Board of Directors; also, it must be reported in the shareholders' meeting. In addition, the recipients of the stock or cash in the preceding paragraph should be defined in the Articles of Association, including the qualified employees of the subsidiaries. Regarding the amendment of the Company Law, the amendment of the Articles of Association was resolved by the Board of Directors on January 21, 2016. According to the amended Articles of Association, the Company's profit of the current year, if any, should be with an amount not less than 6% of the earnings appropriated as remuneration to employees, and an amount not more than 3% of the earnings appropriated as remuneration to directors and supervisors. The amendment of the Articles of Association will be proposed in the 2016 shareholders' meeting for a resolution.

2. The accounting treatment for the estimation base applied to estimate remuneration to directors and supervisors, the calculation base for the number of shares distributed as remuneration to employees, and the difference, if any, between the actual amounts distributed and the estimated amount:

Remuneration to employees, directors, and supervisors is recognized as expense and liability when it is a legal and constructive obligation with the amount estimated reasonably. If the accrued amounts for employees' compensation and remuneration to directors and supervisors are different from the actual distributed amounts, the differences should be recognized based on the accounting for changes in estimates. The Group calculates the number of shares of employees' stock bonus based on the fair value per share at the previous day of shareholders' meeting held in the year following the financial reporting year, after taking into account the effects of ex-rights and ex-dividends.

3. Distribution of remuneration to employees resolved by the Board of Directors:

- Distribution of remuneration to employees in the form of cash and stock, and remuneration to directors and supervisors: The Company's 2015 remuneration to employees was resolved in the Board meeting on March 22, 2016 for an amount of NT\$44,230,614 and remuneration to directors and supervisors for an amount of NT\$13,009,004. In addition, the estimation base is referred to the profit for the year then ended.

- The ratio of the proposed distribution of stock shares as remuneration to employees to the total net income and remuneration to employees on the individual financial statements: No stock is distributed to employees in current year; therefore, it is not applicable.
 - The imputed earnings per share of NT\$4.22 after distributing the remuneration to employees, directors, and supervisors is to be proposed for distribution.
4. The actual distribution of bonus to employees and remuneration to directors and supervisor in previous year

The Company's actual earnings distribution as bonus to employees and remuneration to directors and supervisors in 2014 is as follows:

Unit: NTD thousand; thousand shares

	The actual distribution amount resolved in the shareholders' meeting	The proposed distribution amount resolved in the initial Board meeting	The amount of differences	The root cause of the difference
I. Distribution:				
1. Employees' cash bonus	58,508	58,508	0	None
2. Employees' stock bonus	0	0	0	
(1) Shares	0	0	0	None
(2) Amount	0	0	0	None
(3) Ratio to the outstanding stock shares at yearend	0	0	0	None
3. Remuneration to directors and supervisors	14,627	14,627	0	None
II. Earnings per share information:				
1. Initial earnings per share	4.52	4.52	0	None

(IX) Shares repurchased by The Company:

December 31, 2015

Frequency of repurchase	1 st time	2 nd time
The Board resolution date	2008/11/27	2013/08/12
The predetermined repurchase period	2008/11/28~2009/1/27	2013/08/13~2013/10/12
The predetermined repurchase shares	2,000,000	1,000,000
The predetermined repurchase price	6.20~14.00	22.00~49.80
The actual repurchase period	2008/11/28~2008/12/12	2013/08/20~2013/10/09
The actual repurchase shares	543,000	400,000
The actual repurchase amount	\$4,737,028	\$12,539,980
The average repurchase price per share	\$8.72	\$31.35
Ratio to the current capital stock	0.49%	0.33%
The purpose of repurchase	Transferred to staff	Transferred to staff
The reasons for the failure of completion	—	The current Treasury stock is not executed completely due to the consideration of global economy, the effective utilization of the Company's fund, and for the protection of shareholders' equity.
The number of shares transferred from the current repurchased stock shares	543,000	0

II. Disclosure relating to corporate bonds

None.

III. Disclosure relating to preference shares

None.

IV. Disclosure relating to global depository receipts

None.

V. Employee stock warrants

None.

VI. Disclosure regarding the management of new restricted employee stock

None.

VII. Disclosure on new shares issued for the acquisition or transfer of other shares

None.

VIII. The implementation of the fund plan

The prior issuances or private placements of marketable securities not yet completed or completed within three years without any effect up to the quarter prior to the printing date of the annual report.

The Company has no plan for the issuance or private placement of marketable securities for the execution of fund utilization in the most recent year; therefore, it is not applicable.



Five.

Business Performance

- I. Content of business**
- II. Market and sales overview**
- III. The employee information within the last two years and up to the printing date of the annual report**
- IV. Contribution to Environmental Protection**
- V. Employer and employee relationships**
- VI. Major contracts**

Five. Business performance

I. Content of business

(I) Business scope

- (1) The main contents of the business service:

Computer application software design engineering.

Import and export of computer products and peripheral equipment.

The research and development, manufacturing, processing, and trading of computer peripheral equipment and its supplies, consumables, and main system.

- (2) Business ratio of main products (2015)

Unit: NTD thousand

Main products	Operating revenues	Business ratio (%)
Server Chassis	2,496,706	56%
Peripheral products and components	1,595,565	36%
PC chassis	346,958	8%
Total	4,439,229	100%

- (3) The Company's current products

- Desktop PC chassis and components
- Industrial computer chassis and components
- Server chassis and components
- Computer peripheral equipment

- (4) New products planned for development

Cloud products:

Server Series:

- New generation tool-less 2.5"/3.5" HDD tray
- 1U/2U/4U modular storage server chassis
- 1U Bi-direction access IO short appliance server chassis
- Integrated Mini-Rack for rackmount server
- 1U/2U/4U High Performance and ultra-high density storage with Multi Node Server Chassis
- Ultra-high Density Storage Server and JBOD chassis

Personal computer (PC) series (modular design)

- New PC tool-less structure
- New generation 3.5" HDD Tray

(II) Industry overview

(1) Industrial status and development

① Global desktop computer market development

According to the research of the Institute for Information Industry, 276,295 thousand units (desktop computer accounted for 41.0% and Notebook for 59.0%) of PC computers were shipped in 2015, representing a decline of 9.1% from the year of 2014. Of which, the decline of Notebook in shipment was relatively minor (-5.7%). A total of 113,923 thousand units of desktop computer were shipped in 2015, representing a decline of 13% from the year of 2014. A wave of demand for computer replacement in the business market had occurred in 2014, added with the expectation that Windows 7 supporting service would not be ceased entirely in a short run; therefore, the market launch of Windows 10 in 2015 did not create a wave of big demand. Secondly, due to the significant appreciation of the US dollar against other currencies, the global PC price had gone up since the year of 2015; therefore, the sale of desktop computer in all regions had declined in 2015.

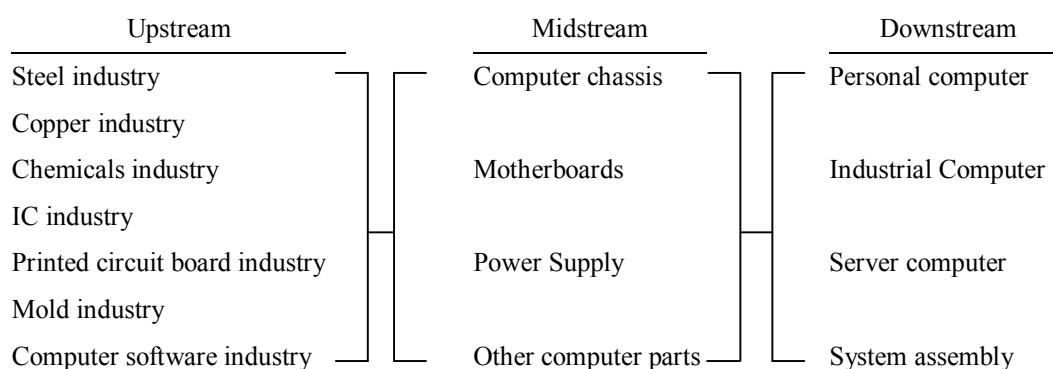
From the further analysis performed, even in Asia-Pacific region blessed with the high demand from China, the growth for seven consecutive years had come to an end in 2015 with a sale decline resulted, including the sale decline of desktop computer by 4.8% with even worse recession occurred in other regions, a decline close to or over 10%.

② The development of global server market

Due to the continuing growth of demand for large-scale data centers, server market demand continues to grow steadily. Institute for Information Industry had estimated 10,066 thousand units of server shipped in 2015, representing a growth of 6.1% from the year of 2014. According to the report of Gartner, HP has the highest sale of server in revenue and volume worldwide.

The global server market had grown significantly in 2015, mainly due to the construction of large-scale data centers in Asia-Pacific region, especially in China. According to the global server sales report of Gartner, the sales revenue and volume in 2015 Q3 in Asia-Pacific region was with 25.4% and 23.8% growth from the same period of prior year. The local brands, Lenovo, Huawei, and Inspur, had made it to the global top-five server sale list in 2015 Q3, next to HP and Dell. In terms of sales revenue, the server of Lenovo was ranked in the third place worldwide. For the “x86 server market” in China, local brands had also performed outstandingly with more than half of the market share cornered. For the revenue of the top-five brands in 2015 Q3, Lenovo was ranked in the first place, Dell in the second, followed by HP, Huawei, and Sugon in that order.

(2) Correlation of upstream, midstream, and downstream industry



(3) Product development trend and competition

① Desktop PC

The PC market in 2015 Q3 was blessed with many new topics, such as, Microsoft Windows 10 and Intel 6th generation Core processor and platform. However, the Wintel reunification effect is not yet reflected in shipment, mainly due to Microsoft's adopting limited free upgrade policy, causing the user to hold a wait and see attitude.

Secondly, for Intel's product planning blueprint, Skylake products will be market launched in Q4 as planned. In order to be consistent with the pace of Windows 10 to create the Wintel synergy, Intel has product launch schedule moved up. However, Intel has always launched the high-priced products first and the medium and low-priced products with high market demand later; therefore, market stimulation effect remains to be seen.

② Servers

Facebook announced the Oregon (USA) Data Center in April 2011, including the server motherboards in use, power supplies, chassis, and other hardware specifications. In addition, it invited hardware manufacturers to join the Open Compute Project (OCP) with almost all the first-tier suppliers participated in the project in just five years. Google, the Internet search leader, had also become a member of the OCP in March 2016.

Taiwanese manufacturers have participated in the OCP for many years. In addition to significantly enhancing their visibility in the world, the technology ability is also well recognized by global customers. Currently, in addition to Google, Facebook, and Amazon, the first-tier data centers manufacturers, are working with Taiwanese manufacturers directly, the cloud service providers, as well as international media industry, and telecommunications and financial industry are gradually talking to and negotiating with Taiwanese manufacturers directly for the possibility of "ODM Direct" cooperation mode with a promising future.

In the trend of promoting China IT equipment, the Scorpio Project led by the three major Chinese Internet leaders (Baidu, Alibaba, and Tencent, BAT) is to have Scorpio server rack researched, developed, and designed with the intention of establishing server rack with uniformed technical specifications and realizing rapid server deployment, flexible expansion, and efficient energy-saving. The rack, centralized power supply, and thermal design concept are formed in Scorpio 1.0 specifications. For upgrading to 2.0 version, Inspur, Huawei, Lenovo, and Sugon, the representative manufacturers, have continued to invest in the R&D of Scorpio Project. A total of 2,000 Scorpio rack and server rack were deployed in four years. In addition, over 3,000 racks were expected to be deployed from the end of 2014 to 2015. Subsequently, the Scorpio 3.0 project will be designed in 2016 with the prototype developed, and draft up the Scorpio 3.0 specifications.

(III) Technological research and development

(1) R&D expense invested in the most recent year and up to the printing date of the annual report

Unit: NTD thousand ; %

Item \ Year	2015 (Note 1)	Up till March 31, 2016 (Note 1 and 2)
R&D expense	162,191	39,949
Operating revenues	4,439,229	1,175,155
Ratio of R&D expenses to operating income (%)	3.65	3.40

Note 1: Data are referred from the consolidated financial statements that were prepared in accordance with International Financial Accounting Standards.

Note 2: The 2016 Q1 financial statements were reviewed by the CPAs.

(2) Successful developed technologies or products

Important R&D achievements in 2015:

New products

Product No.	Product description
OEM Server	OEM
RM14500	1U rackmount high-density tool-less modular storage server chassis (type I)
RM14910	1U rackmount high-density tool-less modular storage server chassis (type II)
RM14911	1U rackmount high-density tool-less modular storage server chassis (type III)
RM191-1	1U data center modular rack server chassis (type I)
RM191-2	1U data center modular rack server chassis (type II)
RM191-3	1U data center modular rack server chassis (type III)
RM191-4	1U data center modular rack server chassis (type IV)
RM19616	1U data center ultra high-density tool-less modular storage server chassis
RM23624	2U rackmount modular storage server chassis
RM39196	3U data center ultra high-density tool-less modular storage and expansion rack chassis
RM41912	4U rackmount high-efficiency computing server chassis (type I)
RM41913	4U rackmount high-efficiency computing server chassis (type II)
RM41914	4U rackmount high-efficiency computing server chassis (type III)
RM43160	4U rackmount ultra high-density modular UP storage server chassis
RM43348	4U rackmount ultra high-density modular DP storage server chassis

New patents

Application date	By nation	Type	Patent title	Product range
2015/1/27	Taiwan	New model patent	Access device positioning structure	HDD module
2015/1/27	Taiwan	New model patent	Storage module positioning structure	HDD module
2015/1/27	Taiwan	New model patent	High-density storage module	HDD module
2015/1/27	Taiwan	New model patent	Access device tray structure	HDD module
2015/1/8	Taiwan	New model patent	Latch device	Chassis
2015/1/27	Taiwan	New model patent	Positioning structure of built-in rack inside the chassis	HDD module
2015/1/5	Taiwan	New model patent	Chassis panel structure	Chassis
2015/2/5	Taiwan	New model patent	Positioning device of storage module	HDD module
2015/2/5	Taiwan	New model patent	Positioning mechanism of storage module	HDD module
2015/2/17	Taiwan	New model patent	Access device positioning structure	HDD module
2015/3/17	Taiwan	New model patent	Plug and unplug device of interface card	PCB Holder
2015/3/17	Taiwan	New model patent	Driving device of interface card	PCB Holder
2015/6/3	Taiwan	New model patent	Double-layer positioning structure	HDD module
2015/9/24	Taiwan	New model patent	Storage device tray structure	HDD module
2015/6/2	Taiwan	Design Patent	HD tray panel	HDD module
2015/6/2	Taiwan	Design Patent	HD tray panel	HDD module
2015/6/2	Taiwan	Design Patent	Computer mainframe panel	Chassis
2015/6/2	Taiwan	Design Patent	Computer mainframe panel	Chassis
2015/2/28	Mainland China	New model patent	Access device positioning structure	HDD module
2015/2/28	Mainland	New model patent	Access device positioning structure	HDD module

Application date	By nation	Type	Patent title	Product range
	China			
2015/2/28	Mainland China	New model patent	High-density storage module	HDD module
2015/2/28	Mainland China	New model patent	Access device tray structure	HDD module
2015/1/21	Mainland China	New model patent	Latch device	Chassis
2015/2/27	Mainland China	New model patent	Positioning structure of built-in rack inside the chassis	HDD module
2015/1/21	Mainland China	New model patent	Chassis panel structure	Chassis
2015/4/24	Mainland China	New model patent	Positioning device of storage module	HDD module
2015/4/24	Mainland China	New model patent	Positioning mechanism of storage module	HDD module
2015/4/1	Mainland China	New model patent	Access device positioning structure	HDD module
2015/3/30	Mainland China	New model patent	Plug and unplug device of interface card	PCB Holder
2015/3/30	Mainland China	New model patent	Driving device of interface card	PCB Holder
2015/6/30	US	Innovation Patent	Quick release structure of the access device inside the chassis	HDD module

(IV) Short-term and long-term business development plans

(1) Short-term plan

- A. Focus on the Company's business operation with top priority to develop customers for the related applications.
- B. Utilize niche product to target on vertical market customers and avoid price competition.
- C. Utilize industrial design capabilities to help customers develop differentiated products and enhance value.
- D. Utilize a complete storage application product line to develop customers in this field.
- E. Promote solution-oriented and consulting-style marketing and increase product portfolio sales.
- F. Focus on tender businesses with special specifications for green products and process solutions.

(2) Long-term plan

- A. Develop Chinese market in-depth and increase market share with a collaborative development strategy.
- B. Continue to improve manufacturing capacity and international certification, maintain the purchase orders from major customers, and develop new OEM/ODM customers.
- C. Enhance the productivity of production center in Mainland China in order to reduce cost and improve competitiveness.
- D. Increase R&D and market planning personnel; develop OEM business and brand name in-depth.
- E. Establish a complete information network to provide customers with rapid service.
- F. Pioneering financial planning to help reduce operational risk and stabilize operating scale.
- G. Develop thermal, noise, and precision injection technologies.
- H. Cloud computing and storage electromechanical modules.
- I. Develop a global distribution network.

Construct a comprehensive global production and sales network gradually with the overall input of R&D, production, marketing, and finance resources. The Company's long-term goal is to become a globally renowned leading manufacturer with the excellent R&D and marketing team and the most efficient manufacturing center.

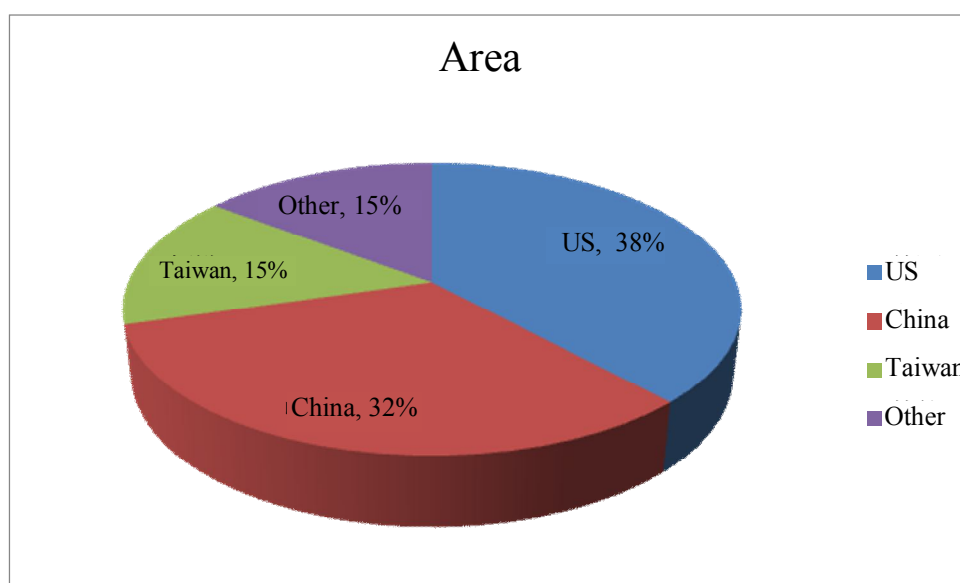
II. Market and sales overview

(I) Market analysis

(1) Main products (services) sales (providing) area

Unit: NTD thousand

Area	Sales Revenues	%
US	1,695,673	38%
China	1,428,601	32%
Taiwan	664,560	15%
Other	650,395	15%
Total	4,439,229	100%



(2) Market share

According to the statistics of the Institute for Information Industry, a total of 113,923 thousand units of desktop PC were shipped in 2015, estimating the Company's desktop PC chassis accounted for 0.4% global market share. In terms of server chassis, a total of 10,066 thousand units of server were shipped in 2015, estimating Chenbro's market share accounted for 7.57% global market share (branding and OEM business).

(3) Future market supply and demand and the growth

① The 2016 Global Desktop PC industry development trend

According to the study and forecast of the Institute for Information Industry, 106,480 thousand units of desktop PC will be shipped in 2016, representing a decline by 17.36% from the year of 2015. A total of 128,136 thousand units of Notebook PC will be shipped, representing a decline by 23.14% from the year before.

The global desktop market demand in 2014 had gone up slightly due to the growth of commercial computer; however, the demand had gone weak in 2014 Q4. The current data indicates that the demand for computer replacement was ceased in 2015 Q1. Therefore, even if both Microsoft and Intel had new products launched in 2015, due to the decline of technology driving force, the result of encouraging market consumption was with little effect.

In terms of economy, the US dollar had become a strong currency, causing the US branded PC selling price to go up. Windows 10 free upgrade, the lack of new hardware upgraded products in the short run, and the distribution network unwilling to increase stock level had made the PC sales in 2015, even in 2016, undesirable. However, IDC expects that the global PC sales will bounce back moderately in 2017, mainly due to the arrival of the PC replacement cycle and the end of the Windows 10 free upgrade, as well as the market launch of Intel's new processors that make it necessary for the enterprises and consumers to purchase new generation PC. However, both desktop and notebook computer will be with limited sales growth.

② The 2016 Global server industry development trend

According to the data and estimates of the Institute for Information Industry, 10,749 thousand units of server will be shipped globally in 2016, representing a 6.0% growth.

Large-scale Internet service providers with the service infrastructure continuing to expand have the ability to determine the specifications and procurement scale. The procurement model of buying from the ODM suppliers directly has caused the branding industry marginalized. For example, Microsoft, Google, Amazon, and Facebook continue to place orders for server directly with the OEM suppliers in Taiwan without going through the brand manufacturers. Since the large-scale Internet of Things (IoT) and cloud computing manufacturers are becoming experienced in placing purchase orders for server directly with the ODM manufacturers, the percentage of custom-made server order will grow; therefore, ODM manufacturers will continue to grow stronger that will reflect on the global sales of server.

The US government and Chinese government are arm-wrestling over the Internet security issues. However, the US companies are still actively seeking opportunities for cooperation and avoiding the impact of political relations on the business opportunities in Chinese market. The wholly-owned subsidiary of HP in China, H3C, combined with local server sales business had sold 51% stock shares to Tsinghua Unigroup in the first half of 2015. Dell had proposed the 4.0 tactic in Chinese market in September 2015 for cooperating with local industry and research units to deploy cloud computing-related business. HP and Dell are both cooperating with Kingsoft Corp. – public cloud provider in Mainland China to promote cloud computing solutions. The cooperation mode between the US brands and local manufacturers of China will continue to expand in 2016.

(4) Competitive niche

① Complete product line

The Company has the product line of desktop PC chassis, industrial computer chassis, server chassis, storage server chassis, and SAS Expander Card, as well as customized services available to provide customers with a total solution program. The Company's offering a complete product line has inspired brand manufacturers to directly select the chassis of the Company or make partial modification for quick market launch in order to achieve market expansion and revenue growth.

② Value the importance of product technology research and development and continue to introduce new products.

The Company has a complete technology R&D team, equipment, and experience available to rapidly respond to market demand and to continue improving product technologies, particularly in the field of industrial computer and storage server chassis. The Company has accumulated a number of product design patents over the years, and will continue to develop the technologies of thermostat, low noise, and electromagnetic protection for high-end server in order to strengthen the competitiveness of products.

③ Complete global deployment

In addition to Taipei Headquarters, the Company has overseas operation bases setup in North America and Europe to serve local customers and collect market demand information for reference in decision-making regarding product development, production, and logistics management. In addition, in response to the growing market demand of China, a subsidiary was setup in Shenzhen in 2012, in Beijing in 2014, and in Germany in 2015 to stay close to the market with localized services provided. The Company builds a synchronized information network to immediately reflect market information, customer demand, product information, and production progress in order to provide the highest quality of product development and manufacturing service.

(5) Advantages and disadvantages of future development and the countermeasures

① Opportunities for future development

The demand for server has gone up due to the development of cloud computing and mobile computing; moreover, the specifications are different from the traditional rack servers; therefore, various specifications are offered in market. The Company has dedicated to server business for many years with experience in OEM production for branded server chassis, added with the years of experience in customized service; therefore, the Company is capable of fulfilling the needs of cloud computing leaders in design and production.

Driven by the stable development of market demand, the continuing technology upgrade, and the overall industrial development environment, the Company's strategic deployment and resource capacity structure are beneficial to the subsequent business growth and development.

② Disadvantages of future development and the countermeasures

A. SEVERE PRODUCT MARKET COMPETITION

Some low-level technology providers offer imitated or modified products with price competition strategy adopted that has sabotaged the overall market order severely and affected the overall market competition directly. However, such a phenomenon has been gradually minimized due to the increase of material and labor cost, the growing demand for product functions, and the technology upgrade. In addition, the Company continues to invest in the equipment and software related to the research and development, such as, heat flow analysis, signal analysis, and sheet metal forming analysis in order to improve product technology threshold and compatibility. The idea is to prevent price competition in low-price models by offering the high cost-effective products. III. The Company will gradually plan and setup the functions of overseas distribution centers to provide fast and convenient logistic services, to enhance the Company's operating level and management capacity, and to improve operational added value.

B. CHALLENGES OF A COMPREHENSIVE MANUFACTURING SERVICE

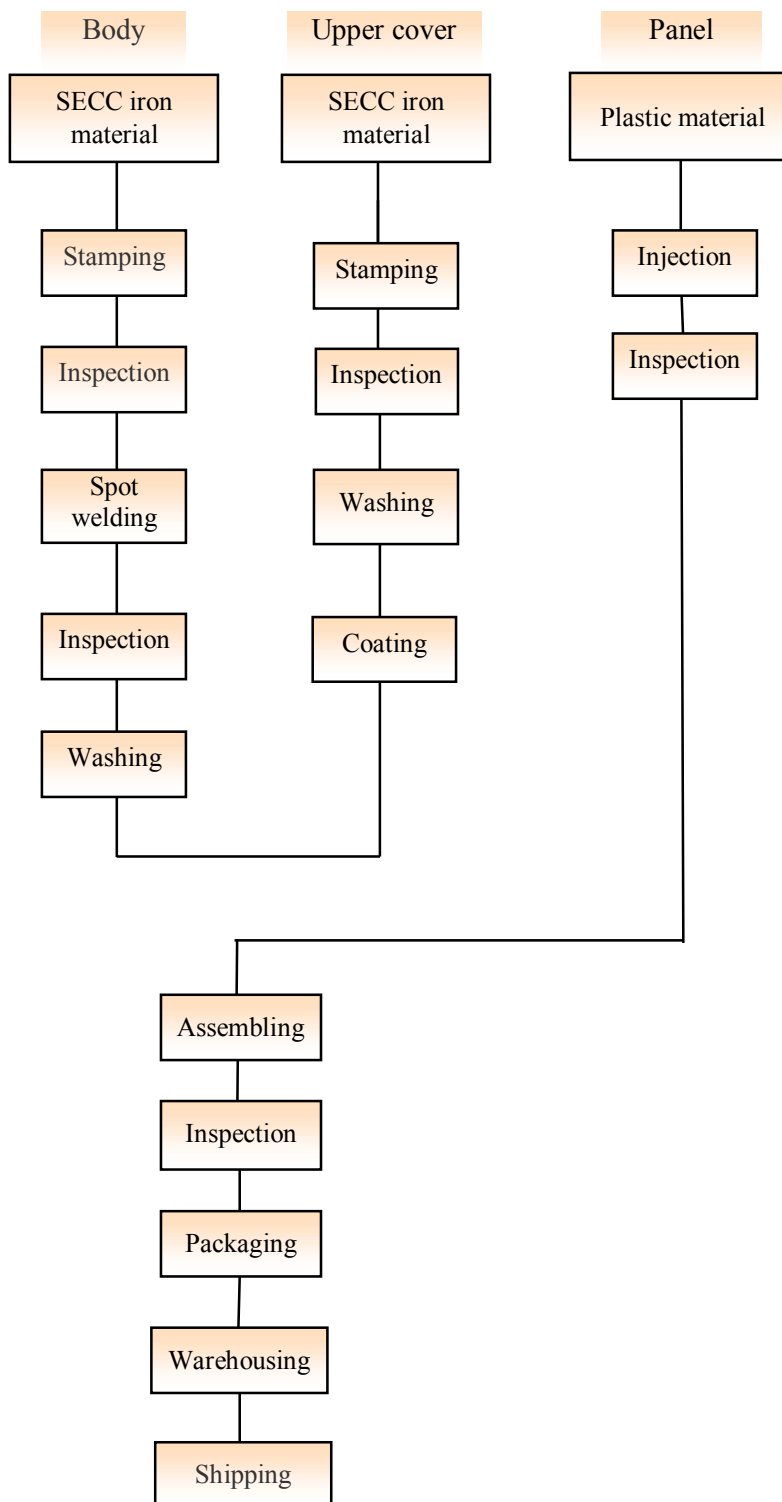
Computer products known-brand manufacturers continue to demand faster and more accurate delivery services that has casted a major challenge to the Company's business operation. Since it is the industrial development trend, the Company has already constructed the integrated information system with various logistics, supply chain management, and customer service management system provided continuously to strengthen the Company's overall operation elasticity and flexibility in order to enhance the manufacturing services quality provided to customers.

(II) Intended use and production processes of the main products

(1) Intended use of the main products

Computer mainframe chassis is the necessary main component for assembling various types of computers (PC, workstation, server, etc.).

(2) The production process of the main products



(III) The supply of main raw materials

Main products	Main raw materials	Main suppliers
Computer chassis	Stamping products	The Fortune Industrial Co., Ltd.
		HSIUNG YE INDUSTRIAL CO., LTD.
		PROCASE & MOREX CORPORATION
		Everything is Easy Laser Seiki Co., Ltd.
		HSIN CHAIO YANG TECHNOLOGY CO., LTD.
	Power Supply	Zippy Technology Corp.
		FSP Technology Inc.
		AcBel Polytech Inc. (HO-GA COMPUTER CO., LTD.)
	Cooling fan	SUNON
		SANYO DENKI
		DELTA
		NMB
	Slide	King Slide Works Co., Ltd.
		Repon Group
	PCBA	Tailyn Technologies, Inc.
		Innoflux Group
		Li-Ker-Fu Electronics Co., Ltd.
		Orient Semiconductor Electronics, Ltd.

(IV) The name of the customers with over 10% of the total purchase (sale) amount in one of the last two years, and their purchase (sale) amount and ratio

1. The name of the customers with over 10% of the total sale amount in one of the last two years, and their sale amount and ratio

The main customers for sales within the last two years

Unit: NTD thousand

Item	2014				2015				As of 2016 Q1			
	Name of customer	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer (Note 2)	Name of customer	Amount	Ratio to the annual net sales amount [%]	Relationship with the issuer	Name of customer	Amount	Ratio to the net sales amount up to the prior quarter of the year [%]	Relationship with the issuer
1	Customer A	1,053,220	24%	5	Customer A	1,254,169	28%	5	Customer A	348,551	30%	5
2	Customer B	948,198	21%	5	Customer B	859,652	19%	5	Customer B	217,079	18%	5
	Others	2,471,570	55%		Others	2,325,408	53%		Others	609,525	52%	
	Net sales amount	4,472,988	100%		Net sales amount	4,439,229	100%		Net sales amount	1,175,155	100%	

Note 1: State the name of the customers with over 10% of the total sale amount within the last two years, and their sale amount and ratio. However, since the name of the customers may not be disclosed due to the contract signed or the counterparty of the transaction is an individual and is not a related party, it can be identified with a code number.

Note 2: 1. Subsidiaries, 2. Other invested companies valued with the equity method, 3. Other real related party, 4. Major shareholders with more than 10% shareholding, 5. None

2. The name of the customers with over 10% of the total purchase amount in one of the last two years, and their purchase amount and ratio

The Group has the suppliers dispersed. The purchase amount from one single external supplier had not been more than 10% of the total purchase amount in 2014, 2015, and 2016 Q1, respectively.

(V) The production volume and value of the last two years

Unit: Amount: NT\$ Thousand; Volume: unit

Production value Main Products	Year	2015			2014		
		Production capacity	Production volume	Production value	Production capacity	Production volume	Production value
PC chassis		720,000	294,224	197,130	936,000	688,897	462,594
Server computer chassis		1,400,000	685,970	1,567,406	1,400,000	700,414	1,470,029
Peripheral products and components		—	10,574,844	1,004,610	—	21,338,596	921,827
Total		2,120,000	11,555,038	2,769,146	2,336,000	22,727,907	2,854,451

(VI) The sales volume and value of the last two years

Unit: Amount: NT\$ Thousand; Volume: unit

Sales Volume/Value	Year	2015				2014			
		Domestic sales		Exports		Domestic sales		Exports	
Main Products		Volume	Value	Volume	Value	Volume	Value	Volume	Value
PC chassis		—	—	452,676	346,958	—	—	743,262	589,475
Server computer chassis		1,998	16,950	760,421	2,479,756	4,524	27,997	812,821	2,572,101
Peripheral products and components		357,868	29,298	11,583,735	1,566,267	150,943	28,326	22,294,283	1,255,089
Total		359,866	46,248	12,796,832	4,392,981	155,467	56,323	23,850,411	4,416,665

III. Employees

The information of employees within the last two years and up to the printing date of the annual report

March 31, 2016

Year		2014	2015	March 31, 2016
Number of employees	Technicians	260	222	215
	Managerial personnel	285	326	317
	Direct labor	957	1,058	947
	Total	1,502	1,606	1,479
Average age		35.64	36.70	35.83
Average years of service		2.51	3.81	3.43
Academic qualification	Doctoral Degree	0	0	0
	Master's Degree	48	64	57
	Bachelor	122	152	147
	Bachelor's Degree	198	177	181
	High school	190	186	184
	Below high school	944	1,027	910

IV. Contribution to Environmental Protection

- (I) The losses (including compensation) and punitive fine amount suffered due to environmental pollution in the most recent year and up to the printing date of the annual report: None
- (II) Future countermeasures (including improvement measures) and potential future expenditure (including the potential losses due to failure in taking countermeasures and the estimated amount of punitive fine and compensation), if such amount cannot be reasonably estimated, please detail the reason why it cannot be reasonably estimated:

The Company is mainly engaged in the business operation of computer chassis design, production, and sales. Promote environmental protection, safety, and health operation throughout the production process; also, continue to improve the environment and health and safety hazards arising from the manufacturing process. In response to all potential emergencies and disasters, develop an overall contingency plan and comprehensive management system for loss prevention, emergency response, crisis management and post-disaster recovery. The operation of a contaminating business in the next three years is not expected.

In response to the Restriction of Hazardous Substances Directive (RoHS) management measures, including the appointment of personnel responsible for planning, response, and implementation, provide the related education and training, obtain the related supporting document, guide suppliers to establish a green supply chain, and regularly perform audits. The Company has gradually been qualified and certified by the clients. More manpower will be invested and countermeasures will be taken in the future to prevent losses and damages from occurring.

V. Employer and employee relationships

- (I) The Company's employee welfare measures, continuing education and training, employee working environment, personal safety and protection measures, the retirement system and its implementation, and labor relation and negotiation

(1) Employee welfare measures

- Reasonable working hours system:

Comply with the labor-related law and regulations with an 8-hour working day, two days off per week, and flexible working hours adopted so that employees can schedule their own working hours according to personal needs.

- Flexible leave system:

- A. Comply with the leave rules in the Labor Standards Law and the Act of Gender Equality in Employment. In addition to annual leave, personal leave, and sick leave, employees are also entitled to special leave, including marriage leave, maternity leave, paternity leave, bereavement leave, menstrual period leave, and family care leave.
- B. Respect employees' entitlement to asking for leave. Each leave is for minimum of 30 minutes, so that employees can take advantage of each category of leave flexibly.
- C. Employees in both sexes can apply for parental leave without pay in accordance with the Act of Gender Equality in Employment.

- Employee activity:

The Employee Welfare Committee for the best interests of the employees has enthusiastically planned various activities and welfare facilities, such as, Badminton Club, Yoga Club, Swimming Club, Baseball and Softball Club, and Bicycling Club, to create a lively working atmosphere and to boost employee morale. The Employee Welfare Committee and the Company had spent NT\$2.97 million together in 2015 for employee welfare related activities.

- Multiple benefit programs:

Such as, employee cafeteria, library, three-festival gift money, birthday and marriage gift money, yearend banquet, free annual health checks, employee travel, art and culture, and continuing education subsidies bereavement condolences, and other employee benefits. Purchase blood pressure monitors for employees and play soft music at 3:00 in the afternoon to remind colleagues to exercise timely.

- Comprehensive employee group insurance:

Increase the protection measures for employees. The Company provides employees with various insurance coverage, including life insurance, accident insurance, hospitalization insurance, medical insurance, cancer insurance, and occupational hazard insurance.

- **Employee Stock Ownership Trust (ESOP) system:**

The Company had the “Employee Stock Ownership Trust (ESOT)” plan initiated in March 2015 to allow employees participating in the Company’s growth and to embrace profits and optimized benefits.

- **Arrange soul-art seminars:**

For the mental and physical health of employees, the Company occasionally arranges telepathic communication seminar and musical and artistic performances for employees to enrich soul, to learn knowledge, and to relieve stress.

- **Bonus system:**

The Company’s employees are entitled to bonus benefit. The employee’s performance will be fully integrated with the reward policy to substantiate the business philosophy of “the company belongs to the employees.” The Company implemented the Employee Stock Ownership Trust plan in March 2015 to bring positive encouragement value to the employees.

- **Retirement System:**

Appropriate full amount of pension reserve for the old pension system according to the Labor Pension Reserve Appropriation System and appropriate and deposit an amount equivalent to 6% of the monthly salary to personal account with the Bureau of Labor Insurance, Ministry of Labor according to the Labor Pension Act or for employees who are entitled to the new pension system. Such employees may have additional pension reserve appropriated for an amount equivalent to maximum 6% of the monthly salary depending on personal need and willingness.

(2) Employee working environment and personal safety protection measures

- **Indoor air quality and ventilation equipment**

Plan appropriate work space to minimize an overcrowded environment

Office no-smoking policy

Photocopier and fax machine are placed in a separate place.

Regularly inspect and clean ventilation systems every year, including ventilation ducts, air filter, etc.

Set the appropriate room temperature to strengthen the circulation of fresh air and air refreshing frequency.

- **Illumination**

Switch to LED lighting with cover added to filter lights in order to reduce eye discomfort.

Walls, floors, and furniture are made of non-reflective materials.

- **Reduce the factors that cause physical discomfort from the use of computer.**

Use ergonomic chairs and adjust to the most comfortable working position for each individual.

Regularly exercise every day to minimize any physical discomfort due to prolonged immobilization.

- **Electrical safety**

Ask professionally qualified electricians to determine sufficient power outlets for use in order to avoid power overloading causing fire.

Occasionally inspect electrical equipment to ensure electrical safety.

Electrical appliances users shall immediately report any damages found.

- **Fire safety**

Provide the distribution of firefighting equipment and evacuation route map in the office with signs setup along the route clearly. Indicate the office evacuation route and install qualified extinguishers in the office that should be maintained and inspected occasionally to ensure their effectiveness. File a firefighting report with education and training provided to the new recruits, as well as fire seminar in order to identify the office firefighting equipment and evacuation information; also, setup the fire system lawfully to ensure fire safety in the workplace.

- **Stumble, slip, and fall**

Make sure the work place and halls with sufficient lighting installed to avoid a collision or overcrowded. In addition, a good working place cleaning helps keep the working environment tidy and avoid tripping and falling accidents.

(3) Employee continuing education and training

● Complete education and training system:

Chenbro values the human resources management system of “selecting, training, utilizing, retaining talents.” Apply the “Annual Strategic Planning” to establish the annual demand and training plan with massive funds invested in cultivating talents and organizing the responsible education and training units. New recruits must undergo rigorous pre-job basic education and professional training. The current in-service employees must receive the job education and training that are provided according to the job responsibilities and career plan by the job and position classification so that employees can “make the best of their talents” and the organization’s effective operation can be achieved and the quality of customer service can be enhanced. The Company spent a total of NT\$2.37 million for employee education and training in 2015.

The Company has enacted the “Rules Governing Employee Training and Continuing Education.” In addition to the work guidance given to the employees, the Company encourages colleagues to participate in the diversified external training, including short-term study and long-term degree and credit hour courses; also, provides education grants to employees for the aforementioned courses in order to fulfill the Company’s business operation and personal development needs.

Internal Training Curriculum

Class Date	Course content	Class Hours
2015.01.15	Internal control system self-evaluation seminar	1
2015.03.09	Reliability / verification units and laboratory introduction	1
2015.03.10	Heat flow unit & FEA software simulation introduction	1.5
2015.08.14	Inventory Management	2
2015.08.25	EIS – INV Report	1
2015.09.23	Component acceptance and rejection analysis and standard operating instructions	1.5
2015.10.15 2015.10.16	Strategies Conference	11
2015.11.25 2015.11.26	ISO 9001: 2008 Internal Audit Training	6
2015.12.24	Cpk (Capability of Accuracy)	2
2015.12.25	Orientation: Labor safety and firefighting courses	3
2015.12.28	Orientation: Product training, marketing strategy, and item number coding principles	5

External Training Curriculum

Class Date	Course content	Class Hours
2015.04.21 2015.04.22	Mold material selection, heat treatment, and surface treatment	14
2015.04.28 2015.04.29	Stamping formation problem solving analysis and stamping price estimation practice	14
2015.06.09 2015.06.10	Plastic mold design and cost appraisal analysis practice	12
2015.06.13	Preventive Failure Analysis (FMEA & FTA)	6
2015.07.17	Fire managers secondary training seminar and training	8
2015.08.13	<Digit universe & fraud mystery> How could internal auditors detect frauds from financial data?	6
2015.09.16 2015.09.17	Stamping mold design and stamping products appraisal	12
2015.10.07	Discussion on fraud risk from cycle control operation – workshop (I)	6
2015.11.30 2015.12.04	Analyzer (business intelligence technology)	35
2015.12.15	Discussion on fraud risk from cycle control operation – workshop (II)	6
2015.12.29	Statistical sampling and non-statistical sampling techniques of auditors	6

Note: All aforementioned information includes internal and external training.

(4) Retirement System and its implementation

Pension system	Old pension system	New pension system
Governing law	Labor Standards Law	Labor Pension Act
How to appropriate pension fund?	Pension fund is appropriated for an amount equivalent to 2% of the monthly salary of employees and deposited in the Bank of Taiwan account (formerly known as Central Trust of China)	Appropriate an amount equivalent to 6% of the monthly salary according to the insurance coverage level and deposited in the personal account with the Bureau of Labor Insurance.
Amount appropriated	Labor Pension reserves accumulated amount of NT\$2,676 thousand (Note)	Appropriated an amount of NT\$6,937 thousand in 2015.

Note: The appropriated pensions reserve is net of the pension already paid to employees.

A. Defined benefit plan

1. The Company had the defined benefit plan enacted in accordance with the Labor Standards Law that is applicable for all the service years of full-time employees accumulated before the implementation of the “Labor Pension Act” on July 1, 2005 and the subsequent service years of the employees who have chosen to be subject to the Labor Standards Law continuously after the implementation of the “Labor Pension Act”. When an employee meets the requirements of retirement, the payment of pension is based on service years and the average salary of the six months prior to retirement, with services within 15 years (inclusive) accumulating 2 basis points per year, and service years beyond 15 years accumulating 1 basis point per year up to a maximum of 45 basis points. The Company has pension fund appropriated for an amount equivalent to 2% of the monthly salary every month and deposited in the account with the Bank of Taiwan in the name of the Pension Reserve Committee. In addition, the Company has the labor pension reserve account balance referred to in the preceding paragraph estimated at the end of each fiscal year. If the account balance is insufficient to pay pension benefit to the employees who qualify for retirement within next year for the pension benefit calculated in the preceding paragraph, the Company will have the spread amount appropriated in a lump sum before the end of March next year.
2. The Company’s defined benefit plan fund assets are commissioned for operation in accordance with the items (deposited with domestic and foreign financial institutions, investment in domestic and foreign listed or privately placed equity securities, and investment in domestic and foreign real estate security-based instruments) defined in Article 6 of the “Regulations for Revenues, Expenditures, Safeguard, and Utilization of the Labor Retirement Fund” by the Bank of Taiwan according to the ratio and amount of the commissioned operating items defined in the fund investment plan. The Labor Pension Fund Committee is responsible for monitoring the implementation. For the use of this fund, the minimum earnings distribution every year shall not be for an amount less than the income calculated in accordance with the local bank’s two-year time deposit rate; also, the insufficient fund, if any, should be made up by the National Treasury with the approval of the competent authorities. The Company is not entitled to participating in fund operation and management; therefore, the classification of the fair value of the plan assets cannot be disclosed in accordance with Article 19 Paragraph 142 of the International Accounting Standards. For the fair value of the total fund assets on December 31, 2015 and 2014, respectively, please refer to the Annual Labor Pension Fund Application Report published by the government.

B. Defined contribution plan

1. The Company has the defined contribution pension plan enacted in accordance with the “Labor Pension Act” since July 1, 2005 for the application of the employees with the ROC nationality. The Company for the labor pension system enacted for the employees who chose to be subject to the “Labor Pension Act” has an amount not less than 6% of the monthly salary appropriated and deposited in the personal account with the Bureau of Labor Insurance every month. Pension payment is made on a monthly basis or in a lump sum according to the cumulative amount in the personal account.
2. For the pension plan of the overseas companies according to the local regulations, except for regularly appropriating fund according to local regulations regarding salary appropriation for retirement insurance or retirement reserve, the Company has no other obligation.
3. The Company had recognized pension cost in accordance with the aforementioned pension rules for an amount of NT\$6,937 and \$6,909 in 2015 and 2014, respectively.
4. The total net pension cost recognized in accordance with the requirements of the local governments by CHENBRO MICOM (USA) INCORPORATION, CHENBRO EUROPE BV, Chenbro GmbH, China Chin-Qin Science and Technology (Kunshan) Co., Ltd., Dongguan Zhangheju Electronics Ltd., and Chenbro Micom Co., Ltd. (Shenzhen) was NT\$18,074 and NT\$13,466 in 2015 and 2014, respectively.

C. Agreement between employees and employer

1. Arrange employer-employee meeting regularly to coordinate labor relations and to promote employer-employee cooperation.

2. Setup suggestion mailboxes for strengthening the employee grievance channels.
3. Adopt humane management for business operation in accordance with the Labor Standards Law.

(II) The Company's losses arising from labor disputes in the most recent year and up to the printing date of the annual report, the estimated current loss amount and future loss amount, and the countermeasures

The Company has good labor relations without any labor disputes or any losses arising from labor disputes occurred in the most recent year. In addition, there is no possibility of incurring any labor dispute currently; therefore, the possibility of labor dispute in the future is expected to be minimal.

VI. Major contracts

Code of Year	Contract title	Applying department	Covenant (Party A)	Covenant (Party B)	Contract signed / Date of revision	Restrictive clauses
15002	Mold Ordering and Custody Agreement	Business	USISH (Shenzhen)	Chenbro Micom Co., Ltd	2014/12/15	None
15003	Taidevelop Software Maintenance Agreement	Human resource	Chenbro Micom Co., Ltd	Taidevelop Information Corp.	2015/2/1	None
15005	Lease Agreement	Human resource	ORIX TAIWAN Corporation	Chenbro Micom Co., Ltd	2015/1/20	None
15008	Innovation Patent application form	Legal Affairs	Chenbro Micom Co., Ltd	Intellectual Property Office, MOEA	2015/1/22	None
15010	Project system establishment outsourcing contract	MIS	Chenbro Micom Co., Ltd	Bai-e Technology Corp.	2015/1/22	None
15012	Domestic Intellectual Property Right Agreement	Legal Affairs	Chenbro Micom Co., Ltd	Yun Cheng International Patent & Trademark Joint Office	2015/1/23	None
15014	YesTrip Corporate Annual Contract	Human resource	Chenbro Micom Co., Ltd	YesTrip Co., Ltd.	2015/1/6	None
15029	Health management services contract	Human resource	Chenbro Micom Co., Ltd	Taipei Beitou Health Management Hospital	2015/3/23	None
15031	Project Counseling Service contract	Human resource	Chenbro Micom Co., Ltd	Taipei Electronic Components Suppliers' Association	2015/3/19	None
15034	Consulting services contract	Human resource	Chenbro Micom Co., Ltd	Lan Shiang Information Technology Co., Ltd.	2015/3/26	None
15045	Health check contract	Human resource	Chenbro Micom Co., Ltd	Lianan Wellness Center	2015/4/28	None
15048	Network establishment contract	MIS	Chenbro Micom Co., Ltd	Groupdy Digital Marketing	2015/5/21	None
15052	Domestic Intellectual Property Right Agreement	Legal Affairs	Chenbro Micom Co., Ltd	Yun Cheng International Patent & Trademark Joint Office	2015/6/9	None
15053	The 2015 cleaning service contract	Human resource	Chenbro Micom Co., Ltd	Enjoy Life	2015/5/31	None
15055	ORACLE APPLICATIONS Consulting and Support Services Contract	MIS	Chenbro Micom Co., Ltd	Advanced TEK International Corp.	2015/6/2	None
15071	Software Maintenance Agreement	Thermal R&D	Chenbro Micom Co., Ltd	Flortrend Corporation	2015/7/29	None
15072	Domestic Intellectual Property Right Agreement	Legal Affairs	Chenbro Micom Co., Ltd	Yun Cheng International Patent & Trademark Joint Office	2015/7/14	None
15076	Financial Report auditing and attestation, quarterly business income tax auditing and attestation, etc.	Finance and Accounting	PwC Taiwan	Chenbro Micom Co., Ltd	2015/6/29	None
15084	Maintenance Agreement	MIS	Chenbro Micom Co., Ltd	M-Power Information Co., Ltd.	2015/9/24	None
15092	Transfer pricing contract	Finance and Accounting	Deloitte Taiwan	Chenbro Micom Co., Ltd	2015/11/27	None



Six.

Financial status

- I. Summarized financial information for the last 5 years**
- II. Financial analysis for the latest 5 years**
- III. Supervisor's report on the review of the latest financial reports**
- IV. Most recent annual financial statements including Independent Auditor's Report**
- V. The Company's individual financial statements audited and certified by a certified public accountant in the most recent fiscal year.**
- VI. If the company or any of its affiliated companies had, in the recent years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed.**

Six. Financial summary

I. Condensed balance sheet, comprehensive income statement, name of the CPAs, and their auditing opinions within the last five years

(I) Condensed balance sheet – The ROC Financial Accounting Standards (individual financial statements)

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		2011	2012	2013	2014	2015
Current assets		774,590	1,086,712	-	-	-
Funds and investments		1,623,981	1,808,674	-	-	-
Fixed assets (Note 2)		218,382	207,845	-	-	-
Intangible assets		5,911	6,004	-	-	-
Other assets		2,402	5,241	-	-	-
Total assets		2,625,266	3,114,476	-	-	-
Current liabilities	Before dividend distribution	534,506	882,559	-	-	-
	After dividend distribution	823,269	1,182,874	-	-	-
Long term liabilities		0	0	-	-	-
Other liabilities		32,706	35,796	-	-	-
Total liabilities	Before dividend distribution	567,234	918,355	-	-	-
	After dividend distribution	855,997	618,040	-	-	-
Share capital		1,155,057	1,201,260	-	-	-
Capital reserve		56,749	56,749	-	-	-
Retained earnings	Before dividend distribution	774,661	920,902	-	-	-
	After dividend distribution	439,695	620,587	-	-	-
Unrealized gain/loss on financial instrument		0	0	-	-	-
Cumulative translation adjustments		73,736	19,084	-	-	-
Net losses not recognized as pension costs		(2,171)	(1,874)	-	-	-
Total shareholders' equity (Note 3)	Before dividend distribution	2,058,032	2,196,121	-	-	-
	After dividend distribution	1,769,269	1,895,806	-	-	-

Note 1: The financial data within the last two years in the preceding paragraph were with the auditing and attestation performed by the CPAs (according to the ROC Financial Accounting Standards). The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the condensed balance sheet after the year of 2013 are illustrated as follows:

Note 2: No assets revaluation had been performed within the last five years for the financial data in the preceding paragraph.

Note 3: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

Condensed Balance Sheet - International Financial Reporting Standards (individual financial statements)

Unit: NTD thousand

Year Item		Financial information for the last 5 years (Note 1)					The financial data as of March 31, 2016 (Note 3)
		2011	2012	2013	2014	2015	
Current assets		757,775	1,072,913	821,592	1,458,290	1,202,374	-
Property, plant, and equipment (Note 2)		217,001	207,665	273,093	269,341	273,907	-
Intangible assets		4,815	5,456	7,515	10,767	9,706	-
Other assets		1,655,545	1,843,895	2,097,950	2,026,077	2,238,211	-
Total assets		2,635,136	3,129,929	3,200,150	3,764,475	3,724,198	-
Current liabilities	Before dividend distribution	538,479	886,532	830,898	1,065,482	921,356	-
	After dividend distribution	827,242	1,186,847	1,130,213	1,424,660	Not yet appropriated	-
Non-current liabilities		44,617	41,740	61,878	100,041	94,827	-
Total liabilities	Before dividend distribution	583,096	928,272	892,776	1,165,523	1,016,183	-
	After dividend distribution	871,859	1,228,587	1,192,091	1,524,701	Not yet appropriated	-
Attributable to owners of the parent company		2,052,040	2,201,657	2,307,374	2,598,952	2,708,015	-
Share capital		1,155,057	1,201,260	1,201,260	1,201,260	1,201,260	-
Capital reserve		56,749	56,749	56,749	56,749	56,749	-
Retained earnings	Before dividend distribution	840,234	983,106	1,022,678	1,264,701	1,407,689	-
	After dividend distribution	505,268	682,791	723,363	905,523	Not yet appropriated	-
Other equity		-	(39,458)	39,227	88,782	54,857	-
Treasury stock		-	-	(12,540)	(12,540)	(12,540)	-
non-controlling interests		-	-	0	0	0	-
Total equity	Before dividend distribution	2,502,040	2,201,657	2,307,374	2,598,952	2,708,015	-
	After dividend distribution	2,213,277	1,901,342	2,008,059	2,239,774	Not yet appropriated	-

Note 1: The financial data within the last five years in the preceding paragraph were with the auditing and attestation performed by the CPAs (using International Financial Reporting Standards).

Note 2: No assets revaluation had been performed within the last five years for the financial data in the preceding paragraph.

Note 3: The Company did not prepare individual financial statements on March 31, 2016; therefore, the data of this form is not applicable.

Note 4: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

Note 5: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

Condensed balance sheet – The ROC Financial Accounting Standards (consolidated financial statements)

Unit: NTD thousand

Item \ Year		Financial information for the latest 5 years (Note 1)				
		2011	2012	2013	2014	2015
Current assets		2,603,559	2,839,177	-	-	-
Funds and investments		0	0	-	-	-
Fixed assets (Note 2)		874,057	774,916	-	-	-
Intangible assets		78,877	75,063	-	-	-
Other assets		45,665	48,048	-	-	-
Total assets		3,602,158	3,737,204	-	-	-
Current liabilities	Before dividend distribution	1,294,102	1,290,551	-	-	-
	After dividend distribution	1,582,865	1,590,866	-	-	-
Long term liabilities		191,619	183,751	-	-	-
Other liabilities		58,405	66,781	-	-	-
Total liabilities	Before dividend distribution	1,544,126	1,541,083	-	-	-
	After dividend distribution	1,832,889	1,841,398	-	-	-
Share capital		1,155,057	1,201,260	-	-	-
Capital reserve		56,749	56,749	-	-	-
Retained earnings	Before dividend distribution	774,661	920,902	-	-	-
	After dividend distribution	439,695	620,587	-	-	-
Unrealized gain/loss on financial instrument		0	0	-	-	-
Cumulative translation adjustments		73,736	19,084	-	-	-
Net losses not recognized as pension costs		(2,171)	(1,874)	-	-	-
Total shareholders' equity (Note 3)	Before dividend distribution	2,058,032	2,196,121	-	-	-
	After dividend distribution	1,769,269	1,895,806	-	-	-

Note 1: The financial data within the last two years in the preceding paragraph were with the auditing and attestation performed by the CPAs (according to the ROC Financial Accounting Standards). The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the condensed balance sheet after the year of 2013 are illustrated as follows:

Note 2: No assets revaluation had been performed within the last five years for the financial data in the preceding paragraph.

Note 3: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

Condensed Balance Sheet - International Financial Reporting Standards
(consolidated financial statements)

Unit: NTD thousand

Year Item		Financial information for the last 5 years (Note 1)					The financial data as of March 31, 2016 (Note 3)
		2011	2012	2013	2014	2015	
Current assets		2,579,289	2,817,878	2,479,302	3,126,564	3,086,512	2,972,180
Property, plant, and equipment (Note 2)		897,062	805,337	1,107,108	1,243,760	1,209,024	1,207,064
Intangible assets		5,890	6,259	8,687	12,719	10,662	10,678
Other assets		130,787	125,705	262,557	194,266	320,390	429,353
Total assets		3,613,028	3,755,179	3,857,654	4,577,309	4,626,588	4,619,275
Current liabilities	Before dividend distribution	1,299,074	1,296,927	1,293,940	1,715,556	1,650,124	1,558,147
	After dividend distribution	1,587,837	1,597,242	1,593,255	2,074,734	Not yet appropriated	Not yet appropriated
Non-current liabilities		261,914	256,595	256,340	262,801	268,449	244,923
Total liabilities	Before dividend distribution	1,560,988	1,553,522	1,550,280	1,978,357	1,918,573	1,803,070
	After dividend distribution	1,849,751	1,853,837	1,849,595	2,337,535	Not yet appropriated	Not yet appropriated
Attributable to owners of the parent company		2,052,040	2,201,657	2,307,374	2,598,952	27,058,015	2,816,205
Share capital		1,155,057	1,201,260	1,201,260	1,201,260	1,201,260	1,201,260
Capital reserve		56,749	56,749	56,749	56,749	56,749	56,749
Retained earnings	Before dividend distribution	840,234	983,106	1,022,678	1,264,701	1,407,689	1,519,119
	After dividend distribution	505,268	682,791	723,363	905,523	Not yet appropriated	Not yet appropriated
Other equity		0	(39,458)	39,227	88,782	54,857	51,617
Treasury stock		0	0	(12,540)	(12,540)	(12,540)	(12,540)
non-controlling interests		0	0	0	0	0	0
Total equity	Before dividend distribution	2,052,040	2,201,657	2,307,374	2,598,952	2,708,015	2,816,205
	After dividend distribution	1,763,277	1,901,342	2,008,059	2,239,774	Not yet appropriated	Not yet appropriated

Note 1: The financial data within the last five years in the preceding paragraph were with the auditing and attestation performed by the CPAs (using International Financial Reporting Standards).

Note 2: No assets revaluation had been performed within the last five years for the financial data in the preceding paragraph.

Note 3: The financial data of the most recent quarter has been reviewed by the CPAs. In addition, the said financial data complied with the International Financial Reporting Standards.

Note 4: The “amount after distribution” in the preceding paragraph refers to the amount resolved in the shareholders’ meeting in the following year.

Note 5: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

(II) Condensed income statement - The ROC Financial Accounting Standards (individual financial statements)

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenues	2,146,262	3,010,191	-	-	-
Operating gross profit	371,155	588,602	-	-	-
Operating gains and losses	135,753	294,646	-	-	-
Non-operating revenues and gains	351,308	250,759	-	-	-
Non-operating expenses and losses	4,868	1,627	-	-	-
Net income (loss) before tax of the continuing business units	482,193	543,778	-	-	-
Net income (loss) after of the continuing business units	444,670	481,207	-	-	-
Gains and losses from discontinued operations	0	0	-	-	-
Extraordinary gains and losses	0	0	-	-	-
The effect of changes in accounting principles	0	0	-	-	-
Current period profit (loss)	444,670	481,207	-	-	-
Earnings per share	3.86	4.01	-	-	-

Note 1: The financial data within the last two years in the preceding paragraph were with the auditing and attestation performed by the CPAs (according to the ROC Financial Accounting Standards). The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the condensed income statement after the year of 2013 are illustrated as follows:

Note 2: There was not any capitalized interest occurred within the last two years.

Note 3: The profit and loss of the discontinued department, extraordinary profit and loss, and the cumulative effect of changes in accounting principle are booked for an amount net of income tax.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

Condensed consolidated income statement – International Financial Reporting Standards (individual financial statements)

Unit: NTD thousand

Item \ Year	Financial information for the last 5 years (Note 1)					The financial data as of March 31, 2016 (Note 2)
	2011	2012	2013	2014	2015	
Operating revenues	-	3,010,191	3,191,006	3,641,492	3,038,008	-
Operating gross profit	-	588,602	595,921	799,057	668,238	-
Operating gains and losses	-	295,912	280,864	440,551	318,006	-
Non-operating revenues and expenses	-	242,177	124,031	221,565	273,273	-
Earnings before tax	-	538,089	404,895	662,116	591,279	-
Continuing business units Current period net profit	-	478,270	341,832	541,272	504,834	-
gain(loss) from discontinued operations	-	0	0	0	0	-
Current period net profit (loss)	-	478,270	341,832	541,272	504,834	-
Other comprehensive income for the period (post-tax profit or loss)	-	(39,889)	76,740	49,621	(36,593)	-

Item \ Year	Financial information for the last 5 years (Note 1)					The financial data as of March 31, 2016 (Note 2)
	2011	2012	2013	2014	2015	
Total comprehensive income for the period	-	438,381	418,572	590,893	468,241	-
Net income attributable to owners of the parent company	-	478,270	341,832	541,272	504,834	-
Net income attributable to non-controlling interests	-	0	0	0	0	-
Total comprehensive income attributable to owners of the parent company	-	438,831	418,572	590,893	468,241	-
Total comprehensive income attributable to non-controlling interests	-	0	0	0	0	-
Earnings per share	-	3.98	2.85	4.52	4.22	-

Note 1: The financial data within the last five years in the preceding paragraph were with the auditing and attestation performed by the CPAs (according to the ROC Financial Accounting Standards).

Note 2: The Company did not prepare individual financial statements on March 31, 2016; therefore, the data of this form is not applicable.

Note 3: The profit and loss of the discontinued department is booked for an amount net of income tax.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

Condensed income statement – The ROC Financial Accounting Standards (consolidated financial statement)

Unit: NTD thousand

Item \ Year	Financial information for the latest 5 years (Note 1)				
	2011	2012	2013	2014	2015
Operating revenues	3,946,287	3,965,080	-	-	-
Operating gross profit	1,026,805	1,138,451	-	-	-
Operating gains and losses	476,266	571,409	-	-	-
Non-operating revenues and gains	114,846	39,926	-	-	-
Non-operating expenses and losses	34,684	11,855	-	-	-
Net income (loss) before tax of the continuing business units	556,428	599,480	-	-	-
Net income (loss) after of the continuing business units	444,670	481,207	-	-	-
Gains and losses from discontinued operations	0	0	-	-	-
Extraordinary gains and losses	0	0	-	-	-
The effect of changes in accounting principles	0	0	-	-	-
Current period profit (loss)	444,670	481,207	-	-	-
Earnings per share	3.86	4.01	-	-	-

Note 1: The financial data within the last two years in the preceding paragraph were with the auditing and attestation performed by the CPAs (according to the ROC Financial Accounting Standards). The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the condensed income statement after the year of 2013 are illustrated as follows:

Note 2: There was not any capitalized interest occurred within the last three years.

Note 3: The profit and loss of the discontinued department, extraordinary profit and loss, and the cumulative effect of changes in accounting principle are booked for an amount net of income tax.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

**Condensed comprehensive income statement - International Financial Reporting Standards
(consolidated financial statements)**

Unit: NTD thousand

Item \ Year	Financial information for the last 5 years (Note 1)					The financial data as of March 31, 2016 (Note 2)
	2011	2012	2013	2014	2015	
Operating revenues	-	3,965,809	3,723,563	4,472,988	4,439,229	1,175,155
Operating gross profit	-	1,140,100	1,048,474	1,363,180	1,290,795	356,654
Operating gains and losses	-	574,822	420,930	652,376	593,209	180,751
Non-operating revenues and expenses	-	19,002	34,006	57,518	71,698	(13,158)
Earnings before tax	-	593,824	454,936	709,894	664,907	167,593
Continuing business units Current period net profit	-	478,270	341,832	541,272	504,834	111,430
gain(loss) from discontinued operations	-	0	0	0	0	0
Current period net profit (loss)	-	478,270	341,832	541,272	504,834	111,430
Other comprehensive income for the period (post-tax profit or loss)	-	(39,889)	76,740	49,621	(36,593)	(3,240)
Total comprehensive income for the period	-	438,381	418,572	590,893	468,241	108,190
Net income attributable to owners of the parent company	-	478,270	341,832	541,272	504,834	111,430
Net income attributable to non-controlling interests	-	-	0	0	0	0
Total comprehensive income attributable to owners of the parent company	-	438,381	418,572	590,893	468,241	108,190
Total comprehensive income attributable to non-controlling interests	-	-	0	0	0	0
Earnings per share	-	3.98	2.85	4.52	4.22	0.93

Note 1: The financial data within the last five years in the preceding paragraph were with the auditing and attestation performed by the CPAs (using International Financial Reporting Standards).

Note 2: The financial data of the most recent quarter has been reviewed by the CPAs. In addition, the said financial data complied with the International Financial Reporting Standards.

Note 3: The loss of the discontinued department is booked for an amount net of income tax.

Note 4: For the financial data corrected or recomposed internally upon the notice of the competent authorities, the corrected or recomposed amount should be applied to prepare the financial report with the fact and reason for correction or re-composition noted.

(III) Names of financial statement auditors in the last 5 years, and their audit opinions

Year	Name of auditor	Name of firm	Audit opinion
2011	YEH KUAN WEN and PAN HUI LING	PwC Taiwan	Modified unqualified opinion
2012	YEH KUAN WEN and PAN HUI LING	PwC Taiwan	Modified unqualified opinion
2013	YEH KUAN WEN and PAN HUI LING	PwC Taiwan	Modified unqualified opinion
2014	PAN HUI LING and CHIH PING CHUN	PwC Taiwan	Modified unqualified opinion
2015	PAN HUI LING and CHIH PING CHUN	PwC Taiwan	Modified unqualified opinion

II. Financial analysis for the latest 5 years

Financial analysis - The ROC Financial Accounting Standards (individual financial statements)

Analysis items (Note 2)		Year (Note 1)	Financial analysis for the last 5 years				
			2011	2012	2013	2014	2015
Financial structure (%)	Debt to assets ratio		21.61	29.49	-	-	-
	Long term capital as a percentage of fixed assets		922.22	1056.61	-	-	-
Solvency (%)	Current ratio		144.92	123.13	-	-	-
	Liquid ratio		111.78	97.35	-	-	-
	Interest coverage ratio		N/A	N/A	-	-	-
Operating efficiency	Account receivable turnover (times)		12.85	12.89	-	-	-
	Days sales in account receivable		28.40	28.32	-	-	-
	Inventory turnover (times)		9.78	11.24	-	-	-
	Account payable turnover (times)		5.95	4.92	-	-	-
	Average days in sales		37.32	32.47	-	-	-
	Fixed assets turnover (times)		9.98	14.12	-	-	-
	Total assets turnover (times)		0.88	1.05	-	-	-
Profitability	Return on assets (%)		18.21	16.77	-	-	-
	Return on shareholders' equity (%)		23.22	22.62	-	-	-
	Ratio to issued capital stock (%)	Operating profit	11.75	24.53	-	-	-
		Pre-tax net profit	41.75	45.27	-	-	-
	Net profit margin (%)		20.72	15.99	-	-	-
Cash flow	Earnings per share (\$)		3.86	4.01	-	-	-
	Cash flow ratio (%)		62.89	33.80	-	-	-
	Cash flow adequacy ratio (%)		103.03	85.77	-	-	-
Leverage	Cash flow reinvestment ratio (%)		2.58	0.39	-	-	-
	Operating leverage		2.25	1.62	-	-	-
	Financial leverage		1.00	1.00	-	-	-

The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the analysis of changes exceeding 20% is not applicable currently.

Note 1: The 2013 financial analysis is illustrated as follows. The 2011~2012 financial analysis were with the auditing and attestation performed by the CPAs.

Note 2: The financial analysis formulas are as follows:

1. Financial structure

(1) The ratio of total liabilities to total assets = total liabilities / total assets

(2) Long term capital to fixed assets ratio = (net shareholders' equity + long term liabilities) / net fixed assets.

2. Solvency

(1) Current ratio = current assets / current liabilities.

(2) Quick ratio = (current assets — inventories — prepaid expense) / current liabilities

(3) Interest coverage ratio = net profit before interest and income tax / interest expenses for the current period.

3. Operating efficiency

- (1) Receivable (including accounts receivable and notes receivable arising from business operation)
Turnover = net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance.
- (2) Days sales in account receivable = 365 / account receivable turnover (times).
- (3) Inventory turnover (times) = cost of goods sold / average inventory amount.
- (4) Payable (including accounts payable and notes payable arising from business operation) Turnover =
cost of goods sold / average payable (including accounts payable and notes payable arising from business operation) balance.
- (5) Average days in sales = 365 / inventory turnover (times).
- (6) Fixed assets turnover (times) = net sales / average net fixed assets.
- (7) Total assets turnover (times) = net sales / average total assets.

4. Profitability

- (1) Return on Assets = {net income (loss) + interest expense × (1 - tax rate)} / average total assets.
- (2) Return on shareholders' equity = net income (loss) / average shareholders' equity.
- (3) Profit ratio = net income (loss) / net sales.
- (4) Earnings per share = (net income (loss) - preferred stock dividends) / weighted average number of shares outstanding (Note 3).

5. Cash flow

- (1) Net cash flow ratio = net cash flow from operating activities / current liability.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + increase in inventory + cash dividend) within five years.
- (3) Cash reinvestment ratio = (net cash flow from operating activities - cash dividend) / (gross fixed assets + long-term investments + other assets + working capital) (Note 4).

6. Leverage

- (1) Operating leverage = (net operating income - changes in operating cost and expense) / operating profit (Note 5).
- (2) Financial leverage = operating profit / (operating profit - interest expense).

Note 3: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:

1. It is based on the weighted average number of common stock shares outstanding instead of the yearend outstanding stock shares.
2. If there is cash capitalization or Treasury stock trade, the calculation of the weighted average stock share should be with the outstanding period included for consideration.
3. If there is capitalization from earnings or additional paid-in capital, for the calculation of earnings per share annually and semi-annually, retroactive adjustment should be performed proportionally to the capitalization amount without considering the issue period of the capitalization.
4. If the prefer stock is inconvertible cumulative preferred stock, the current stock divided (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock divided should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.

Note 4: The cash flow analysis must take into account the following:

1. Net cash flow from operating activities refers to the net cash inflow from the operating activities in the Statement of Cash Flow.
2. Capital expenditure refers to the cash outflows from annual capital investment.
3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
4. Cash dividend includes the cash dividend of common stock and preferred stock.
5. Gross fixed assets refer to the total fixed assets before deducting the accumulated depreciation.

Note 5: The issuer should have the operating cost and operating expense classified as fixed and variable by the nature of operation. If it involves estimates or subjective judgments made, please pay attention to its rationality and consistency.

Financial Analysis - International Financial Reporting Standards (individual financial statements)

Analysis items (Note 2)		Year	Financial analysis for the latest 5 years (Note 1)					As of March 31, 2016 (Note 1)
			2011	2012	2013	2014	2015	
Financial structure (%)	Debt to assets ratio		-	29.66	27.9	30.96	27.29	-
	Ratio of long-term capital to property, plant and equipment		-	1080.3	867.56	1002.07	1023.28	-
Solvency %	Current ratio		-	121.02	98.88	136.87	130.50	-
	Liquid ratio		-	96.41	84.85	114.94	114.16	-
	Interest coverage ratio		-	-	1,294.59	251.60	447.59	-
Operating efficiency	Account receivable turnover (times)		-	12.89	7.2	6.43	4.66	-
	Days sales in account receivable		-	28.32	50.66	56.80	78.25	-
	Inventory turnover (times)		-	11.24	14.71	15.81	11.81	-
	Account payable turnover (times)		-	4.92	4.31	4.58	3.54	-
	Average days in sales		-	32.47	24.81	23.09	30.92	-
	property, plant, and equipment Turnover ratio (times)		-	14.18	13.27	13.43	11.18	-
	Total asset turnover (times)		-	1.04	1.01	1.05	0.81	-
Profitability	Return on assets (%)		-	16.59	10.81	15.60	13.51	-
	Return on equity (%)		-	22.49	15.16	22.06	19.03	-
	Ratio of net income before tax to paid-in capital (%) (Note 6)		-	44.79	33.71	53.72	49.22	-
	Net profit margin (%)		-	15.89	10.71	14.86	16.62	-
	Earnings per share (\$)		-	3.98	2.85	4.52	4.22	-
Cash flow	Cash flow ratio (%)		-	34.04	11.78	70.96	14.46	-
	Cash flow adequacy ratio (%)		-	710.2	117.92	310.75	321.34	-
	Cash re-investment ratio (%)		-	12.49	3.8	26.13	4.30	-
Leverage	Operating leverage		-	1.61	1.88	1.64	1.71	-
	Financial leverage		-	1.00	1.00	1.01	1.01	-
Please explain the reasons for the changes in financial ratios within the last two years. (If such changes are less than 20%, it needs not be analyzed.)								
<ol style="list-style-type: none"> 1. Increase of times interest earned ratio: Mainly due to the decrease of interest expense arising from the decrease of loan. 2. Decrease of accounts receivable turnover (times) and increase of days sales in accounts receivable: Mainly due to the increase of days sales in accounts receivable from some customers. 3. Decrease of inventory turnover (times) and account payable turnover (times), and average days in sales prolonged: Mainly due to the decrease of cost of goods sold arising from the decrease of operating income. 4. Decrease of total assets turnover (times): Mainly due to the decrease of operating income. 5. Decrease of cash flow ratio and cash reinvestment ratio: Mainly due to the decrease of net cash inflow from operating activities arising from the decrease of current profit, added with the earnings of the overseas subsidiary, China Chin-Qin Science and Technology (Kunshan) Co., Ltd., for an amount of NT\$302,406 thousand transferred back to the Company in 2014. Therefore, it did not happen in the current period. 								

Note 1: The 2012~2015 financial data in the preceding paragraph were with the auditing and attestation performed by the CPAs.

Note 2: The formula is as follow:

1. Financial structure
 - (1) The ratio of total liabilities to total assets = total liabilities/ total assets
 - (2) Ratio of long-term capital to property, plant and equipment=(Total equities + noncurrent liabilities) /net property, plant, and equipment .
2. Solvency
 - (1) Current ratio = current assets / current liabilities.

- (2) Quick ratio = (current assets — inventories — prepaid expense) / current liabilities.
- (3) Interest coverage ratio = net profit before interest and income tax / interest expenses for the current period.
3. Operating efficiency
- (1) Receivable (including accounts receivable and notes receivable arising from business operation) Turnover = net sales / average receivable (including accounts receivable and notes receivable arising from business operation) balance.
- (2) Days sales in account receivable = 365 / account receivable turnover (times).
- (3) Inventory turnover (times) = cost of goods sold / average inventory amount.
- (4) Payable (including accounts payable and notes payable arising from business operation) Turnover = cost of goods sold / average payable (including accounts payable and notes payable arising from business operation) balance.
- (5) Average days in sales = 365 / inventory turnover (times).
- (6) Property, plant, and equipment turnover (times) = net sales / net average property, plant, and equipment.
- (7) Total assets turnover (times) = net sales / average total assets.
4. Profitability
- (1) Return on assets = [after tax net profit + interest expenses x (1 - tax rate)] / average asset balance.
- (2) Return on shareholders' equity = after tax net profit / total average equity.
- (3) Profit ratio = net income / net sales.
- (4) Earnings per share = (profits or loss attributable to owners of the parent company — preferred stock dividend) / weighted average stock shares issued (Note 3).
5. Cash flow
- (1) Cash flow ratio = net cash flow from operating activities / current liabilities.
- (2) Cash flow adequacy ratio = net cash flow from operating activities within five years / (capital expenditure + inventory increase + cash dividend) within five years.
- (3) Cash re-investment ratio = (net cash flow from operating activity — cash dividend) / (gross property, plant, and equipment + long-term investment + other noncurrent assets + working capital) (Note 4).
6. Leverage:
- (1) Operating leverage = (net operating income — changes in operating cost and expense) / operating profit (Note 5).
- (2) Financial leverage = operating profit / (operating profit — interest expense).
- Note 3: The calculation of earnings per share in the preceding paragraph should be with the following matters taken into consideration for measurement:
1. It is based on the weighted average number of common stock shares outstanding instead of the yearend outstanding stock shares.
 2. If there is cash capitalization or Treasury stock trade, the calculation of the weighted average stock share should be with the outstanding period included for consideration.
 3. If there is capitalization from earnings or additional paid-in capital, for the calculation of earnings per share annually and semi-annually, retroactive adjustment should be performed proportionally to the capitalization amount without considering the issue period of the capitalization.
 4. If the prefer stock is inconvertible cumulative preferred stock, the current stock divided (regardless distributed or not) should be deducted from the net income or added to the net loss. If the prefer stock is not cumulative, the current stock divided should be deducted from the net income, if any, but without the need of making any adjustment if there is net loss instead of net income.
- Note 4: The cash flow analysis must take into account the following:
1. Net cash flow from operating activities refers to the net cash inflow from the operating activities in the Statement of Cash Flow.
 2. Capital expenditure refers to the cash outflows from annual capital investment.
 3. Increase in inventory will be counted only when the ending inventory amount exceeding the beginning inventory amount. The decrease in inventory at yearend will be treated as zero change.
 4. Cash dividend includes the cash dividend of common stock and preferred stock.
 5. The gross property, plant, and equipment refer to the total amount of property, plant, and equipment before deducting the accumulated depreciation.
- Note 5: The issuer should have the operating cost and operating expense classified as fixed and variable by the nature of operation. If it involves estimates or subjective judgments made, please pay attention to its rationality and consistency.
- Note 6: If the Company's stock is without a face value or without a NT\$10 par value, the ratio to paid-in capital in the preceding paragraph is then based on the shareholder's equity ratio of the parent company in the balance sheet instead.

Financial analysis - The ROC Financial Accounting Standards (consolidated financial statement)

Analysis items (Note 2)			Year (Note 1)	Financial analysis for the latest 5 years (Note 1)				
				2011	2012	2013	2014	2015
Financial structure (%)	Debt to assets ratio			42.87	41.24	-	-	-
	Long term capital as a percentage of fixed assets			257.38	307.11	-	-	-
Solvency (%)	Current ratio			201.19	220.00	-	-	-
	Liquid ratio			159.29	186.68	-	-	-
	Interest coverage ratio			106.18	112.01	-	-	-
Operating efficiency	Account receivable turnover (times)			8.07	7.73	-	-	-
	Days sales in account receivable			45.21	47.21	-	-	-
	Inventory turnover (times)			6.25	5.85	-	-	-
	Account payable turnover (times)			4.6	3.75	-	-	-
	Average days in sales			58.43	62.39	-	-	-
	Fixed assets turnover (times)			4.48	4.81	-	-	-
	Total assets turnover (times)			1.10	1.08	-	-	-
Profitability	Return on assets (%)			13.06	13.24	-	-	-
	Return on shareholders' equity (%)			23.22	22.62	-	-	-
	Ratio to issued capital stock (%) (Note 6)	Operating profit		41.23	47.57	-	-	-
		Pre-tax net profit		48.17	49.90	-	-	-
	Net profit margin (%)			11.27	12.14	-	-	-
	Earnings per share (\$)			3.86	4.01	-	-	-
Cash flow	Cash flow ratio (%)			41.23	60.03	-	-	-
	Cash flow adequacy ratio (%)			240.23	350.50	-	-	-
	Cash flow reinvestment ratio (%)			18.62	25.02	-	-	-
Leverage	Operating leverage			1.70	1.64	-	-	-
	Financial leverage			1.01	1.01	-	-	-
The International Financial Reporting Standards has been adopted since the year of 2013; therefore, the analysis of changes exceeding 20% is not applicable currently.								

Note 1: The financial data within the last five years in the preceding paragraph was with the auditing and attestation performed by the CPAs (The ROC Financial Accounting Standards).

Note 2: Please refer to the table above for the related formula.

Financial Analysis - International Financial Reporting Standards (consolidated financial statements)

Analysis items (Note 3) \ Year (Note 1)		Financial analysis for the last 5 years					As of March 31,
		2011	2012	2013	2014	2015	2016 (Note 2)
Financial structure (%)	Debt to assets ratio	-	41.37	40.19	43.22	41.47	39.03
	Ratio of long-term capital to property, plant and equipment	-	305.25	231.57	230.09	246.19	253.60
Solvency %	Current ratio	-	217.27	191.61	182.25	187.05	190.75
	Liquid ratio	-	185.4	159.25	144.21	151.37	149.36
	Interest coverage ratio	-	110.97	96.29	71.08	74.07	86.07
Operating efficiency	Account receivable turnover (times)	-	7.74	6.73	6.77	4.99	4.80
	Days sales in account receivable	-	47.17	54.27	53.94	73.14	76.08
	Inventory turnover (times)	-	5.85	6.00	5.14	5.63	4.69
	Account payable turnover (times)	-	3.79	3.67	3.98	3.38	3.49
	Average days in sales	-	62.41	60.79	71.07	64.83	77.83
	property, plant, and equipment Turnover ratio (times)	-	4.66	3.89	3.81	3.62	3.89
	Total asset turnover (times)	-	1.08	0.98	1.06	0.96	1.02
Profitability	Return on assets (%)	-	13.10	9.08	13.03	11.00	10.00
	Return on shareholders' equity (%)	-	22.49	15.16	22.06	19.00	16.00
	Ratio of net income before tax to paid-in capital Ratio (%) (Note 6)	-	49.43	37.87	59.10	55.35	55.81
	Net profit margin (%)	-	12.06	9.18	12.10	11.37	9.48
	Earnings per share (\$)	-	3.98	2.85	4.52	4.22	0.93
Cash flow	Cash flow ratio (%)	-	56.69	22.30	37.80	28.68	4.96
	Cash flow adequacy ratio (%)	-	436.92	142.29	200.97	199.88	172.83
	Cash re-investment ratio (%)	-	23.9	9.14	17.81	11.64	1.85
Leverage	Operating leverage	-	1.63	1.94	1.67	1.77	1.59
	Financial leverage	-	1.01	1.01	1.02	1.02	1.01
Please explain the reasons for the changes in financial ratios within the last two years. (If such changes are less than 20%, it needs not be analyzed.)							
1. Decrease of accounts receivable turnover (times) and increase of days sales in accounts receivable: Mainly due to the increase of days sales in accounts receivable from some customers.							
2. Decrease of cash flow ratio and cash reinvestment ratio: Mainly due to the decrease of cash flow from operating activities arising from the decrease of current profit.							

Note 1: The financial data within the last five years in the preceding paragraph was with the auditing and attestation performed by the CPAs (according to the International Accounting Standards, IAS).

Note 2: The 2016 Q1 financial statements were reviewed by the CPAs.

Note 3: Please refer to the table above for the related formula.

III. Supervisor's report on the review of the latest financial reports

Please refer to [Appendix II] Page 117.

IV. Most recent annual financial statements including Independent Auditor's Report

Please refer to [Appendix III] Page 118.

V. The Company's individual financial statements audited and certified by a certified public accountant in the most recent fiscal year

Please refer to [Appendix IV] Page 179.

VI. If the company or any of its affiliated companies had, in the recent years up until the publishing of this annual report, experienced financial distress, the impacts to the company's financial status must be disclosed

None.



Seven.

The review and analysis of financial position and financial performance, and the risk matters

I. Financial status

II. Financial Performance

III. Cash flow

IV. Material capital expenditures in the latest year and impacts on business performance

V. The major causes for profits or losses incurred by investments during the most recent year; rectifications and investment plans for the next year

VI. Risk analysis and assessment

VII. Key Performance Indicators (KPI)

VIII. Other Material Issues

Seven. Review of financial status, business performance, and risk management issues

I. Financial status

Consolidated Financial Statements

Unit: NTD thousand

Item \ Year	2015.12.31	2014.12.31	Difference		Remarks
			Amount	%	
Current assets	3,086,512	3,126,564	(40,052)	(1.28)	2
property, plant, and equipment	1,209,024	1,243,760	(34,736)	(2.79)	2
Other assets	331,052	206,985	124,067	59.94	1
Total assets	4,626,588	4,577,309	49,279	1.08	2
Current liabilities	1,650,124	1,715,556	(65,432)	(3.81)	2
Long term liabilities	268,449	262,801	5,648	2.15	2
Total liabilities	1,918,573	1,978,357	(59,784)	(3.02)	2
Share capital	1,201,260	1,201,260	0	0	2
Capital reserve	56,749	56,749	0	0	2
Retained earnings	1,407,689	1,264,701	142,988	11.31	2
Total shareholders' equity	2,708,015	2,598,952	109,063	4.20	2

Details:

- Increase of other assets, mainly due to the increase of prepayment for equipment
- If the increase or decrease ratio is less than 20% and it is for an amount less than NT\$10 million, an analysis is not necessary.

II. Financial Performance

(I) Comparative analysis of operating results

Consolidated Financial Statements

Unit: NTD thousand

Item \ Year	2015	2014	Increase (decrease)	Variation
Net operating income	4,439,229	4,472,988	(33,759)	(0.75)
Operating cost	(3,148,434)	(3,109,808)	38,626	1.24
Operating gross profit	1,290,795	1,363,180	(72,385)	(5.31)
Operating expenses	(697,586)	(710,804)	(13,218)	(1.86)
Operating profit	593,209	652,376	(59,167)	(9.07)
Non-operating revenues and expenses	71,698	57,518	14,180	24.65
Earnings before tax	664,907	709,894	(44,987)	(6.34)
Income tax expense	(160,073)	(168,622)	(8,549)	(5.07)
Net profit after tax	504,834	541,272	(36,438)	(6.73)
Other comprehensive profit and loss (net)	(36,593)	49,621	(86,214)	(173.74)
Total comprehensive income for the period	468,241	590,893	(122,652)	(20.76)

Analysis and description of increase and decrease ratio change: (ratio change between two terms exceeds 20% and for an amount more than NT\$10 million)

Increase of non-operating income and expense, mainly due to the increase of foreign exchange gains.

Decrease of other comprehensive net profit or loss, mainly due to the decrease of exchange spread resulted from the denominated financial statements of the foreign operating institution.

Decrease of current comprehensive profit or loss, mainly due to the decrease of profit and the decrease of exchange spread arising from the denominated financial statements of the foreign operating institution.

(II) Expected sales and the basis of estimation, the likely impacts on The Company's future financial position, and responsive plans

Main products	Sales volume (thousand units)
PC chassis	700
Server Chassis	1,000
Components and others	12,000

The expected sales volume in the preceding paragraph, according to the industrial environment and market demand and supply, is estimated by the salespersons in accordance with the actual business contact with the customers, the industrial environment, and market supply and demand; also, it is estimated by the sales manager by taking into account the overall industrial economy and regional differences.

III. Cash flow

(I) Changes of cash flow in recent years analysis (Consolidated Financial Statements)

Unit: NTD thousand

Opening cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Finance plans
1,597,947	473,182	637,052	1,434,077	0	0
<p>1. Changes of cash flow in current year analysis:</p> <p>(1) Operating activities: NT\$473,182, mainly arising from the operating profit and depreciation without cash expense.</p> <p>(2) Investing activities: (NT\$180,924), mainly due to the purchase of real estate and related equipment.</p> <p>(3) Financing activities: (NT\$456,128), mainly due to the payment of cash dividends and bank loan.</p> <p>2. Responsive measures and liquidity analysis on cash flow deficits: Not applicable.</p>					

(II) Analysis of cash flow within one year (Consolidated Financial Statements)

Unit: NTD thousand

Opening cash balance	Annual net cash flow from operating activities	Annual cash outflow	Cash surplus (deficit)	Financing of cash deficits	
				Investment plans	Finance plans
1,434,077	520,641	919,112	1,035,606	0	0
<p>1. Changes of cash flow in current year analysis:</p> <p>(1) Operating activities: NT\$520,641, mainly because that the operating income in this year is expected to grow and cash inflow will be increased.</p> <p>(2) Investing activities: (NT\$615,294), mainly because that there is a net cash outflow expected in this year for the purchase of fixed assets.</p> <p>(3) Financing activities: (NT\$303,818), mainly for paying cash dividend to shareholders and repayment of loan.</p> <p>2. Responsive measures and liquidity analysis on cash flow deficits: Not applicable.</p>					

IV. Material capital expenditures in the latest year and impacts on business performance

(I) Significant capital expenditures and fund sources:(NT\$ Thousands)

Plans	Actual or expected source of funds	Actual or expected date of completion	Total funds required	Actual or expected uses of funds				
				2015	2016	2017	2018	2019
Shanghai Office	Proprietary funds and bank loans	2016.06	292,984	158,521	134,463			
Plant expansion of China Chin-Qin Science and Technology (Kunshan) Co., Ltd.	Proprietary funds and bank loans	2016.06	350,000	31,071	318,928	0	0	0
Mold equipment	Proprietary funds and bank loans	2016.12	101,759	81,000	101,759	0	0	0
R&D and machinery equipment	Proprietary funds and bank loans	2016.12	110,406	0	110,406	0	0	0

(II) Expected effects:

1. Shanghai Office is planned as the operational headquarters and creative R&D Center in China in order to facilitate the recruitment of personnel, market development, and operation in China.
2. The plant expansion of China Chin-Qin Science and Technology (Kunshan) Co., Ltd. is in response to the emerging of the cloud industry, the steady growth of purchase orders, and increasing production capacity to meet future market demand.
3. Additional purchase of mold equipment

In response to business development and meeting consumer demand, the Company intends to increase new products related mold equipment. Allow the Company to develop new products continuously by retiring or replacing the production line so that the products will be more competitive with higher market share cornered.

4. R&D and machinery equipment

For product development, verification, and testing, purchase automation equipment and replace the old units with new ones in order to improve productivity and production efficiency.

V. The transfer investment policy and the main reason for the profit or loss in recent years, and the improvement plans and investment plan in the coming year

None.

VI. Risk analysis and assessment

(I) The impact of changes in interest rate, exchange rate, and inflation on the Company's profit or loss in recent years, and future response measures

The Company's 2015 interest and foreign exchange gains and losses are listed as follows:

Consolidated Financial Statements

Unit: NTD thousand

Item	Year	2015
Net exchange gain (loss)		59,296
Net operating income		4,439,229
Earnings before tax		664,907
Ratio of net exchange gain (loss) to net operation income		1.34%
Ratio of net exchange gain (loss) to net income before tax		8.92%
Interest income		22,518
Ratio of net interest income to net operating income		0.51%
Ratio of net interest income to net income before tax		3.39%
Interest expenses		(9,100)
Ratio of interest expense to net operating income		0.20%
Ratio of interest expense to net income before tax		1.37%

Data source: Financial statements with the auditing and attestation performed by the CPAs.

Since the Company's products are mostly for export, so the changes in the exchange rate of Taiwan Dollar against the US dollar will influence the Company's profit and loss to some extent. The 2015 exchange gain and loss was accounted for less than 1.34% of the consolidated net operating income. In terms of interest rate, since the market interest rates continue to drop, deposit interest rates and loan rates are also declining synchronously. The ratio of interest income to net income before tax is not high; therefore, the impact of changes in interest rates on the Company's profit and loss is limited. The global economy is beginning to grow this year and the market demand remains high; therefore, the inflation risk of the world's major economies, such as, the US, Europe, and China, is increasing.

In addition, the Company's main purchase items include plastic injection products, metal stamping products, and electronic components. In recent years, the acquisition cost is constantly growing, so the impact of inflation is worsening along with the increasing cost of raw material worldwide.

The Company's profit and loss is affected by exchange rate and inflation to some extent; therefore, the future response measures for changes in exchange rate are as follows:

1. The Finance and Accounting Department is to maintain a close contact with the foreign exchange sector of each financial institution in order to collect information about changes in the exchange rates at any time and to fully grasp the information of the domestic and foreign exchange rate movements and changes in order to reduce the negative impact arising from the changes in exchange rate.
2. Maintain the foreign currency positions in the foreign currency deposit bank accounts in response to the foreign exchange fund demand; also, adjust the foreign exchange positions in a timely manner depending on the changes in foreign exchange rate in order to reduce the impact of changes in exchange rates.
3. For a significant change in exchange rate, adopt other instruments to hedge foreign exchange risks, for example, the strategies of borrowing in US dollars, the trade of forward foreign exchange, and natural hedging.
4. The Company should have the Procedures for derivatives trading stipulated in accordance with the "Procedures for the Acquisition or Disposal of Assets" and strengthen the risk control and management system.
5. Inject working capital into the subsidiaries so that each subsidiary will be able to hedge changes in exchange rate in a natural and balanced way.

(II) The policy of engaging in high-risk, highly leveraged investments, loaning of funds, endorsements and guarantee, and derivatives trading, the main reason for profit or loss, and future response measures:

The Company is not engaged in any high-risk and highly leveraged investment activities. The Company had engaged in the borrowing in US dollars, pre-sale of forward foreign exchange contracts or natural hedging to hedge the risk of changes in exchange rate in recent years.

The Company had made endorsement and guarantee for the related party, PROCASE & MOREX CORP, Cloudwell Holdings, LLC, and Chenbro Micom (USA) Incorporation directly for an amount of NT\$344,715 thousand, NT\$183,848 thousand, and NT\$131,320 thousand in recent years, respectively; however, the actual amount applied was for NT\$232,368 thousand. If the related party fails to perform the contract, the maximum possible loss amount is equivalent to the guarantee and endorsement provided.

The Company has no loaning of fund made in current year.

(III) Future R&D plans and expected R&D expense in recent years:

The Company has upheld the belief in independent R&D since the inception to cultivate the professional technicians as the main source of technology; also, maintained a close partnership with the upstream component suppliers and power supply manufacturers. Moreover, the Company has actively recruited R&D personnel in the industry in recent years. The main R&D programs in recent years are mainly toward barebones products, thermal solutions, hard drive noise reduction, product screw-free design and introducing modules design concept with the related products gradually planned and completed. The Company will continue to engage in R&D efforts within the year. In addition, the Company currently has commissioned the production to the sub-subsidiary in Mainland China and domestic professional manufacturers; therefore, the newly developed products are without any production timing issue. The Company's future success in R&D lies on the quality of R&D personnel, hardware and software, and industrial design technology, and customer demand-oriented business opportunity. The Company will rely on the long-term accumulation of R&D results to improve product performance in order to obtain competitive advantage.

(IV) The impact of the changes in domestic and foreign major policies and law on the Company's finance and business in the most recent years, and the response measures:

The changes in domestic and foreign major policies and law in the most recent year have no significant impact on the Company. In addition to occasionally collecting and evaluating the impact of changes in domestic and foreign major policies on the Company's finance and business in the future, the Company will also consult relevant professionals to take response measures in a timely manner.

(V) The impact of the changes in technology and industry on the Company's finance and business in the most recent years, and the response measures:

Since PC development has gradually moved towards personalized and differentiated accessories. The traditional standardized PC rack has gradually been replaced, added with the price competition from the industry; therefore, product price tends to decline. The Company will have the product development direction adjusted in a timely manner. Switch to the customer-oriented barebones product development with the R&D technology of the existing chassis professional production; in addition, cope with the market demand for low-cost personal computer.

In addition, the Company will focus on the R&D of a complete line of server computer chassis in line with market demand and consumer demand. Moreover, in response to the introduction of new generation CPU of Intel and other chips manufacturers, actively engage in the development of exclusive cooling solution for products in order to meet the needs of high-end server systems market.

(VI) The impact of changes in corporate image on the Company's crisis management and the response measures

The Company is with a good corporate image and there is no significant change that will require the Company to perform crisis management in recent years.

(VII) The expected benefits from mergers and acquisitions, the potential risks associated, and the responsive measures:

The Company is without any merger plan; therefore, it is not applicable.

(VIII) The expected effect and possible risk of the plant expansion, and the response measures:

(1) Plant expansion effect

The Company has gradually started Chin-Qin Stage III plant expansion plan this year, mainly due to the high expectation in cloud industry development and the stable growth of purchase order. The Company focuses on the production of chassis for server and related cloud products with productivity increased to meet market demand and to help the Company grow.

(2) Possible risks and response measures

The Company's investment in plant expansion is a capital-intensive project with the potential risks of declining economy, purchase order less than expected, and low capacity utilization causing burdens to the Company and resulting in low profit. The Company will actively develop purchase orders from global customers and grasp industrial trend and pulsation in order to reduce the risk of low capacity utilization.

(IX) The risk of concentrated purchase or sales and the response measures:

The transaction value of the Company's largest customer accounted for only 28% of the consolidated net operating income. There is no single customer sale amount exceeding 50% of the total sale amount. Therefore, there is no risk of concentrated sales. In addition, the transaction value of the Company's largest supplier accounted for 2.39% of the consolidated net purchase amount; therefore, there is no risk of concentrated purchase.

(X) The risks and impacts of significant shareholding transfers by directors, supervisors, or major shareholders with more than 10% ownership interest, and the responsive measures to such risks:

The Company's Directors, Supervisors, or shareholders with more than 10% shareholding are without any material equity transfer or replacement; therefore, it is not applicable.

(XI) The effects, risks and responsive measures associated with changes in management:

The Company did not experience any change in management right; therefore, it is not applicable.

(XII) If the result of the material litigation, non-litigation, or administrative dispute that is sentenced or in proceeding faced by the Company and the Company's Directors, Supervisors, President, the real person in charge, the major shareholder with more than 10% shareholding, and the invested company may have a significant impact on shareholders' equity or securities price, the content of such incident, the amount, litigation starting date, the main litigant, and the process up to the printing date of the annual report should be disclosed: None.

(XIII) Other important risks and response measures: None.

VII. Other Material Issues

None.

Eight.

Special remarks

- I. Affiliated companies
- II. Private placement of securities during the latest year up till the publication date of this annual report
- III. The disposal of the Company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report
- IV. Other necessary supplementary information
- V. There had any of the events defined in Article 36 Paragraph 3 Section 2 of the Act that would have significant impact on the shareholders' equity or securities price occurred in the most recent year and up to the printing date of the annual report

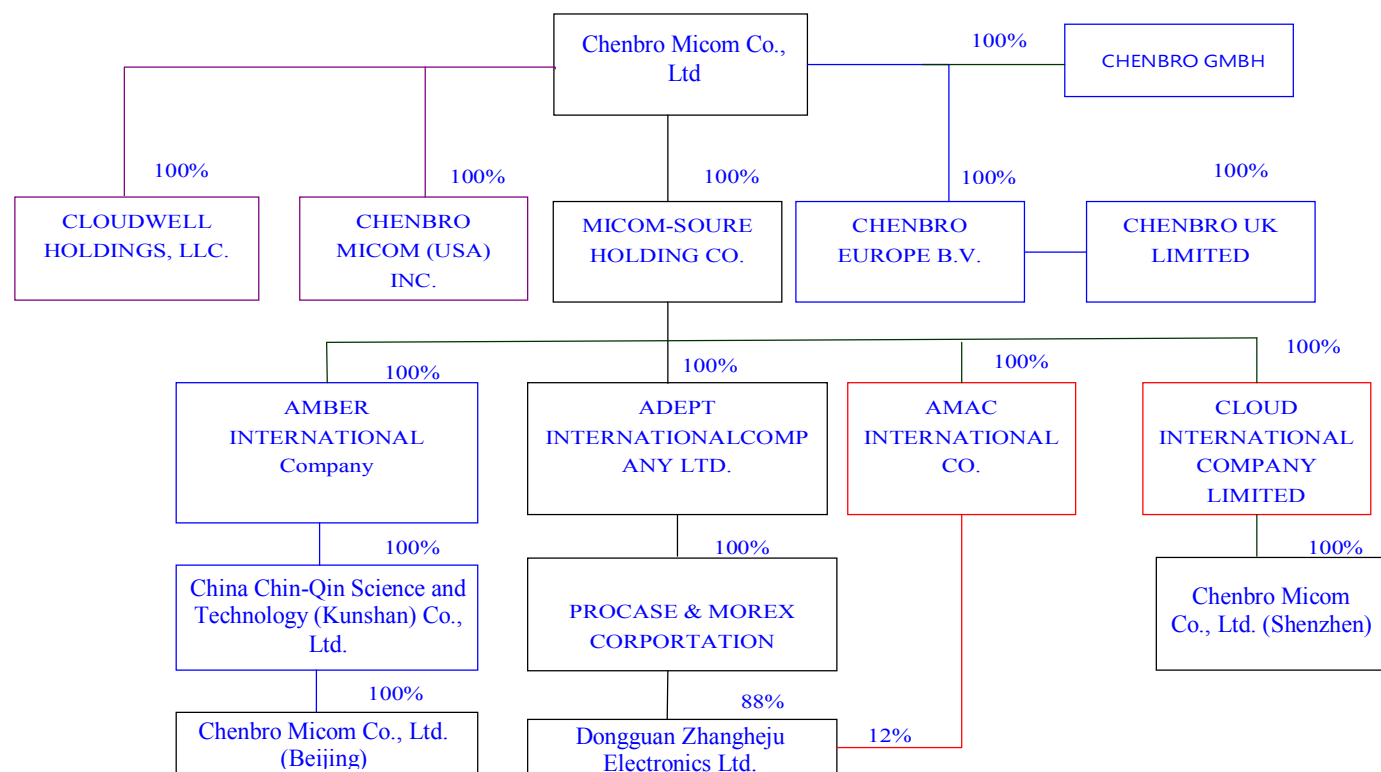
Eight. Special remarks

I. Affiliated companies

(I) Affiliated company's consolidated financial statements

1. Affiliated company

(1) Affiliated company's organization chart



(2) Basic information of each affiliated company

Name of enterprise	Date of foundation	Address	Paid-up Capital	Main business activities
Chenbro Micom Co., Ltd	1983.12.05	15F, No. 150, Jian 1st Road, Zhonghe District, New Taipei City	NT\$1,201,260 thousand	The R&D, production, processing, and trade of computer chassis and server
Chenbro Europe B.V.	1998.07.24	Avignonlaan 35, 5627 GA Eindhoven, The Netherlands	EUR 91 thousand	Trade of computer chassis and server
Chenbro Micom (USA) INC.	2000.01.25	2800 E. JURUPA STREET, ONTARIO CA 91761	US\$1,000 thousand	Trade of computer chassis and server
Cloudwell Holdings, LLC.	2013.7.12	2800 E. JURUPA STREET, ONTARIO CA 91761	US\$2,600 thousand	Real estate leasing company
Micom-Source Holding Co.	1999.01.19	Cayman Islands	US\$20,450 thousand	Holdings
AMAC International Co.	2001.12.07	Cayman Islands	US\$6,453 thousand	Holdings
AMBER International Company	2005.12.07	Cayman Islands	US\$8,240 thousand	Holdings
China Chin-Qin Science and Technology (Kunshan) Co., Ltd.	2003.09.08	Technology and Science Industrial Park in the Development Zone, Kunshan City, Jiangsu Province	US\$10,000 thousand	Production and processing of computer chassis and server
Chenbro UK Limited	2008.08.24	Suite 11B, Crossford Court, Dane Road, Sale, Manchester, M33 7BZ, U.K.	EUR 25 thousand	Marketing Services Company
Dongguan Zhangheju Electronics Ltd.	1995.12.18	Hong Yeh Industrial District, Tang Xia Town, Dongguan City	HK\$85,600 thousand	Production and processing of computer chassis and server
ADEPT International Company LTD.	2007.02.22	The British Virgin Islands	US\$15,800 thousand	Holdings
PROCASE & MOREX Corporation	1997.10.03	The British Virgin Islands	US\$17,751 thousand	Trade of computer chassis and server
CLOUD INTERNATIONAL COMPANY LIMITED	2012.04.23	Samo	US\$550 thousand	Holdings
Chenbro Micom Co., Ltd. (Shenzhen)	2012.05.24	Futian Center, Shenzhen City, Guangdong Province	US\$500 thousand	Trade of computer chassis and server
Chenbro Micom Co., Ltd. (Beijing)	2014.06.06	Changping District, Beijing City	RMB 6,000 thousand	Technology R&D
Chenbro GmbH	2015.02.10	Carl-Friedrich-Benz-Str. 13, 47877 Willich, Germany	EUR 250 thousand	Marketing Services Company

(3) The reason for the presumption of a control and subordination relationship and the relevant information of the personnel: None.

(4) Business contact and the division of labor between the affiliated companies

Name of enterprise	Business contact and division of labor
Chenbro Micom Co., Ltd.	Parent Company, it controls the business operation of all subsidiaries
Chenbro Europe B.V.	It is a subsidiary with independent sales ability
Chenbro Micom (USA) INC.	It is a subsidiary with independent sales ability
Micom-Source Holding Co.	It is a holding company incorporated in a third country lawfully
Cloudwell Holdings, LLC.	It is a subsidiary with independent real estate leasing
AMAC International Co.	It is a holding company incorporated in a third country lawfully
AMBER International Co.	It is a holding company incorporated in a third country lawfully
ADEPT International Company LTD.	It is a holding company incorporated in a third country lawfully
PROCASE & MOREX Corporation	It is a trading company setup in a third country lawfully
Chenbro UK Limited	It is a sub-subsidiary with independent marketing service
China Chin-Qin Science and Technology (Kunshan) Co., Ltd.	It is a subsidiary of the sub-subsidiary with independent production and sales
Dongguan Zhangheju Electronics Ltd.	It is a sub-subsidiary of the sub-subsidiary with independent production and sales
Cloud International Company Limited	It is a holding company incorporated in a third country lawfully
Chenbro Micom Co., Ltd. (Shenzhen)	It is a subsidiary of the sub-subsidiary with independent sales ability
Chenbro Micom Co., Ltd. (Beijing)	It is a sub-subsidiary of the sub-subsidiary of a technology R&D Center
Chenbro GmbH	It is a subsidiary with independent marketing service

(5) The Directors, Supervisors, and President of the affiliated companies

Name of enterprise	Title	Name
Chenbro Europe B.V.	Director	CHEN MEI CHI and CHEN CHIH FEN
Chenbro Micom (USA) INC.	Director	CHEN MEI CHI and WANG LEE YA MI
Micom- Source Holding Co.	Director	CHEN MEI CHI
Cloudwell Holdings, LLC.	Director	CHEN YUN PENG
AMAC International Co.	Director	CHEN MEI CHI
AMBER International Company	Director	CHEN MEI CHI
China Chin-Qin Science and Technology (Kunshan) Co., Ltd.	Director	CHEN FENG MING, CHEN CHIH FEN, and CHEN SU YU
Chenbro UK Limited	Director	CHEN MEI CHI and CHEN FENG MING
Dongguan Zhangheju Electronics Ltd.	Director	CHEN CHIH FEN
ADEPT International Company LTD.	Director	CHEN MEI CHI
PROCASE & MOREX CORPORATION	Director	CHEN MEI CHI
CLOUD INTERNATIONAL COMPANY LIMITED	Director	CHEN MEI CHI
Chenbro Micom Co., Ltd. (Shenzhen)	Director	CHEN FENG CHENG
Chenbro Micom Co., Ltd. (Beijing)	Director	CHEN FENG CHENG
Chenbro GmbH	Director	CHEN MEI CHI

(6) The business operations of each affiliated company

Unit: NTD thousand

Name of enterprise	Share capital	Total assets	Total liabilities	Net value	Operating revenues	Operating profit	Current period profit (after tax)
Chenbro Europe B.V.	3,556	76,630	19,935	56,695	143,228	(3,899)	(2,917)
Chenbro Micom (USA) INC.	30,280	513,543	428,928	84,615	1,668,254	19,085	11,894
Cloudwell Holdings, LLC.	77,740	255,947	168,390	87,557	0	(5,063)	946
Micom- Source Holding Co.	619,223	2,064,256	34,331	2,029,925	0	(25,369)	238,020
AMAC International Co.	195,389	53,914	0	53,914	0	(174)	30,425
China Chin-Qin Science and Technology (Kunshan) Co., Ltd.	383,754	1,934,122	425,229	1,508,893	1,122,683	143,113	137,234
AMBER International Company	249,504	1,508,902	70,590	1,438,312	0	(137)	136,491
ADEPT International Company LTD.	474,044	492,195	86,179	406,016	0	(19)	74,858
PROCASE & MOREX Corporation	537,500	961,582	471,156	490,426	1,707,273	4,020	77,882
Dongguan Zhangheju Electronics Ltd.	483,589	984,234	536,008	448,226	1,389,483	103,111	254,905
Chenbro UK Limited	973	3,174	1,208	1,966	0	(4,448)	35
CLOUD INTERNATIONAL COMPANY LIMITED	16,233	27,711	0	27,711	0	(29)	2,920
Chenbro Micom Co., Ltd. (Shenzhen)	14,975	42,177	16,027	26,150	89,932	1,349	2,891
Chenbro Micom Co., Ltd. (Beijing)	30,540	26,618	2,805	23,813	24,011	411	504
Chenbro GmbH	9,019	10,111	925	9,186	0	306	306

(II) The companies that are to be included in the Company's affiliates consolidated financial report are same as the companies included in the parent-subsidiary consolidated financial report in accordance with Statements of Financial Accounting Standards No. 7; therefore, an affiliate consolidated financial report will not be prepared separately. The declaration is made as follows:

Chenbro Micom Co., Ltd. and its subsidiaries
The Affiliate's Declaration of Consolidated Financial Statements

The companies that are to be included in the Company's 2015 (January 1 ~ December 31, 2015) affiliates consolidated financial report in accordance with the "Regulations governing the preparation of affiliates consolidated business report, affiliates consolidated financial statements, and relationship report" are the same as the companies included in the parent-subsidiary consolidated financial report in accordance with International Accounting Standards (IAS) No. 10. In addition, the information to be disclosed in the affiliates consolidated financial report has been disclosed in the parent-subsidiary consolidated financial report referred to above; therefore, an affiliate consolidated financial report will not be prepared separately.

Declared by:

Company Name: Chenbro Micom Co., Ltd. and
its subsidiaries

Person in charge: CHEN MEI CHI

March 22, 2016

(III) Relationship Report: Not applicable.

II. The handling of securities private placement in the most recent year and up to the printing date of the annual report.

None.

III. The disposal of the Company's shares by its subsidiaries during the latest financial year, up to the publication date of this annual report

None.

IV. Other necessary supplementary information

None.

V. There had any of the events defined in Article 36 Paragraph 3 Section 2 of the Act that would have significant impact on the shareholders' equity or securities price occurred in the most recent year and up to the printing date of the annual report

None.

[Appendix I] Internal Control System Declaration

Chenbro Micom Co., Ltd. Declaration of Internal Control Policies

Date: March 22, 2016

The Company's 2015 Internal Control System Declaration is declared as follows in accordance with the self-assessment results:

- I. The Company is aware that the establishment, execution, and maintenance of its internal control policies are the responsibilities The Company's Board of Directors and managers. These policies were implemented throughout The Company. The purpose is to provide reasonable assurance on the achievement of operating effectiveness and efficiency (including profits, performance, and assets safeguarding), reporting matters with reliability, timeliness, and transparency, and compliance with the relevant law and regulations.
- II. Internal control policies are prone to limitations. No matter how robustly designed, effective internal control policies merely provide reasonable assurance to the achievements of the three goals above. Furthermore, environmental and situational changes may affect the effectiveness of internal control policies. However, self-supervision measures were implemented within The Company's internal control policies to facilitate immediate rectification once procedural flaws have been identified.
- III. The Company has based on the criteria of the internal control system effectiveness in the "Regulations Governing the Establishment of Internal Control System by Public Companies" (referred to as the "Regulations" hereinafter) to determine the effectiveness of the internal control system design and implementation. Regarding the internal control system criteria in the "Regulations," the internal control system is divided into five composing elements in accordance with the management and control process: 1. environment control, 2. risk assessment, 3. control operation, 4. information and communication, and 5. supervise operation. Each element further contains several items. Please refer to "Regulations" for details.
- IV. The Company has adopted the internal control system criteria in the preceding paragraph to assess the effectiveness of the internal control system design and implementation.
- V. The Company based on the assessment results in the preceding paragraph believes that the Company's internal control system (including the supervision and management of subsidiaries) as of December 31, 2015, including the achievement of operating effectiveness and efficiency, reporting matters with reliability, timeliness, transparency, and compliance with the relevant specifications, and the compliance with the relevant law and regulations, and the related internal control system design and implementation, is effective and is able to reasonably ensure achieving the above objectives.
- VI. The "Internal Control System Declaration" will be the main content of the Company's annual report and prospectus for the reference of the public. Any illegal misrepresentation or non-disclosure relating to the public statement above are subject to the legal consequences under Articles 20, 32, 171, and 174 of the Securities Exchange Act.
- VII. The "Internal Control System Declaration" was resolved in the Board of Directors meeting on March 22, 2016 without any objection from any of the seven (7) attending Board Directors. The attending Board Directors approved the "Internal Control System Declaration" unanimously.

Chenbro Micom Co., Ltd.

Chairman and President: CHEN MEI CHI

Seal and Signature

[Appendix II] Supervisor Review Report

Supervisors' Review Report

The Supervisors have duly audited the Business Report, Financial Statements, and Schedule of Earnings Distribution prepared by the Board of Directors for the year of 2015, and found the same to be true and correct. Therefore, the Supervisors' Report is hereby issued in accordance with Article 219 of the Company Law. The Supervisor Report is hereby enclosed for reference.

Sincerely yours,

The Company's 2016 Shareholders' Meeting

Chenbro Micom Co., Ltd.

Supervisor: CHEN HUANG LI LONG

Supervisor: CHEN JEN SHYANG

Supervisor: WANG LEE YA MI

March 22, 2016

[Appendix III]

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(15) PWCR15003355

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

We have audited the accompanying consolidated balance sheets of Chenbro Micom Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. As disclosed in Note 4(3), we did not audit the financial statements of certain subsidiaries, whose statements reflect total assets of NT\$331,281 thousand and NT\$909,716 thousand, constituting 7% and 20% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and net operating revenues of NT\$143,228 thousand and NT\$1,777,815 thousand, constituting 3% and 40% of the consolidated total net operating revenue for the years ended December 31, 2015 and 2014, respectively. Those financial statements and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the consolidated financial statements referred to in the first paragraph present fairly, in all material respects, the financial position of Chenbro Micom Co., Ltd. and its subsidiaries as of December 31, 2015 and 2014, and their financial performance and cash flows for the years then ended in conformity with the "Rules Governing the Preparation of Financial Statements by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

We have also audited the parent company only financial statements of Chenbro Micom Co., Ltd. as of and for the years ended December 31, 2015 and 2014, and have expressed a modified unqualified opinion on such financial statements.

PricewaterhouseCoopers, Taiwan

March 22, 2016

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
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Assets			2015		2014			
			AMOUNT	%	AMOUNT	%		
Current assets								
1100	Cash and cash equivalents	6(1)	\$	1,434,077	31	\$	1,597,947	35
1125	Available-for-sale financial assets	6(2)						
	- current			-	-		63,625	2
1150	Notes receivable, net			3,670	-		455	-
1170	Accounts receivable, net	6(3)		1,012,935	22		744,903	16
1180	Accounts receivable - related parties, net	7		1,517	-		3,252	-
1200	Other receivables, net	6(4) and 7		43,743	1		62,281	1
1220	Current income tax assets			1,858	-		1,456	-
130X	Inventories	6(5)		519,745	11		599,103	13
1410	Prepayments			61,322	2		52,261	1
1470	Other current assets	8		7,645	-		1,281	-
11XX	Total current assets			3,086,512	67		3,126,564	68
Non-current assets								
1600	Property, plant and equipment	6(6) and 8		1,209,024	26		1,243,760	27
1780	Intangible assets	6(7)		10,662	-		12,719	1
1840	Deferred income tax assets	6(20)		76,287	2		90,413	2
1900	Other non-current assets	6(6)(8) and 8		244,103	5		103,853	2
15XX	Total non-current assets			1,540,076	33		1,450,745	32
1XXX	Total assets		\$	4,626,588	100	\$	4,577,309	100

(Continued)

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

Liabilities and Equity		Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 131,350	3	\$ 221,550	5
2150	Notes payable		656	-	492	-
2170	Accounts payable		951,512	20	877,210	19
2180	Accounts payable - related parties	7	12,877	-	20,320	
2200	Other payables	6(11) and 7	474,650	10	452,131	10
2230	Current income tax liabilities		31,523	1	122,810	3
2300	Other current liabilities	6(10)	47,556	1	21,043	-
21XX	Total current liabilities		1,650,124	35	1,715,556	37
Non-current liabilities						
2540	Long-term borrowings	6(10)	159,948	3	160,613	4
2570	Deferred income tax liabilities	6(20)	69,531	2	66,948	1
2600	Other non-current liabilities	6(12)	38,970	1	35,240	1
25XX	Total non-current liabilities		268,449	6	262,801	6
2XXX	Total liabilities		1,918,573	41	1,978,357	43
Share capital		6(13)				
3110	Share capital - common stock		1,201,260	26	1,201,260	26
Capital surplus		6(14)				
3200	Capital surplus		56,749	1	56,749	1
Retained earnings		6(15)				
3310	Legal reserve		408,404	9	354,277	8
3320	Special reserve		65,573	2	65,573	1
3350	Unappropriated retained earnings		933,712	20	844,851	19
Other equity interest		6(16)				
3400	Other equity interest		54,857	1	88,782	2
3500	Treasury stocks	6(13)	(12,540)	-	(12,540)	-
3XXX	Total equity		2,708,015	59	2,598,952	57
Significant contingent liabilities and unrecorded contract commitments		9				
Significant events after the balance sheet date		6(15) and 11				
3X2X	Total liabilities and equity		\$ 4,626,588	100	\$ 4,577,309	100

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31

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

	Items	Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
4000	Operating revenue	7	\$ 4,439,229	100	\$ 4,472,988	100
5000	Operating costs	6(5)(19) and 7	(3,148,434)	(71)	(3,109,808)	(69)
5950	Net operating margin		<u>1,290,795</u>	<u>29</u>	<u>1,363,180</u>	<u>31</u>
	Operating expenses	6(19) and 7				
6100	Selling expenses		(256,324)	(6)	(276,960)	(6)
6200	General and administrative expenses		(279,071)	(6)	(282,677)	(6)
6300	Research and development expenses		(162,191)	(4)	(151,167)	(4)
6000	Total operating expenses		(697,586)	(16)	(710,804)	(16)
6900	Operating profit		<u>593,209</u>	<u>13</u>	<u>652,376</u>	<u>15</u>
	Non-operating income and expenses					
7010	Other income	6(17) and 7	30,395	1	43,338	1
7020	Other gains and losses	6(18)	50,403	1	24,310	-
7050	Finance costs		(9,100)	-	(10,130)	-
7000	Total non-operating income and expenses		<u>71,698</u>	<u>2</u>	<u>57,518</u>	<u>1</u>
7900	Profit before income tax		<u>664,907</u>	<u>15</u>	<u>709,894</u>	<u>16</u>
7950	Income tax expense	6(20)	(160,073)	(3)	(168,622)	(4)
8200	Profit for the year		<u>\$ 504,834</u>	<u>12</u>	<u>\$ 541,272</u>	<u>12</u>
	Other comprehensive (loss) income					
	Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311	(Loss) gain on remeasurement of defined benefit plans	6(12)	(\$ 3,215)	-	\$ 80	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	<u>547</u>	-	(14)	-
8310	Components of other comprehensive (loss) income that will not be reclassified to profit or loss		(2,668)	-	66	-
	Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361	Exchange differences on translation	6(16)	(41,287)	(1)	58,631	1
8399	Income tax relating to the components of other comprehensive income	6(16)(20)	<u>7,362</u>	-	(9,076)	-
8360	Components of other comprehensive (loss) income that will be reclassified to profit or loss		(33,925)	(1)	49,555	1
8300	Other comprehensive (loss) income for the year, net of tax		(\$ 36,593)	(1)	\$ 49,621	1
8500	Total comprehensive income for the year		<u>\$ 468,241</u>	<u>11</u>	<u>\$ 590,893</u>	<u>13</u>
	Profit attributable to:					
8610	Owners of the parent		<u>\$ 504,834</u>	<u>12</u>	<u>\$ 541,272</u>	<u>12</u>
	Comprehensive income attributable to:					
8710	Owners of the parent		<u>\$ 468,241</u>	<u>11</u>	<u>\$ 590,893</u>	<u>13</u>
	Earnings per share (in dollars)	6(21)				
9750	Basic earnings per share		<u>\$ 4.22</u>		<u>\$ 4.52</u>	
9850	Diluted earnings per share		<u>\$ 4.15</u>		<u>\$ 4.47</u>	

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2016.

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

Notes	Equity attributable to owners of the parent								
	Capital Reserves			Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total equity
	Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings			
Balance at January 1, 2014	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 320,094	\$ 65,573	\$ 637,011	\$ 39,227	(\$ 12,540)	\$ 2,307,374
Distribution of 2013 earnings									
Provision for legal reserve	6(15)	-	-	34,183	-	(34,183)	-	-	-
Distribution of cash dividends	6(15)	-	-	-	-	(299,315)	-	-	(299,315)
Consolidated net income after tax for 2014		-	-	-	-	541,272	-	-	541,272
Other comprehensive income for 2014	6(16)	-	-	-	-	66	49,555	-	49,621
Balance at December 31, 2014	<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 354,277</u>	<u>\$ 65,573</u>	<u>\$ 844,851</u>	<u>\$ 88,782</u>	<u>(\$ 12,540)</u>	<u>\$ 2,598,952</u>
Balance at January 1, 2015	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 354,277	\$ 65,573	\$ 844,851	\$ 88,782	(\$ 12,540)	\$ 2,598,952
Distribution of 2014 earnings									
Provision for legal reserve	6(15)	-	-	54,127	-	(54,127)	-	-	-
Distribution of cash dividends	6(15)	-	-	-	-	(359,178)	-	-	(359,178)
Consolidated net income after tax for 2015		-	-	-	-	504,834	-	-	504,834
Other comprehensive loss for 2015	6(16)	-	-	-	-	(2,668)	(33,925)	-	(36,593)
Balance at December 31, 2015	<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 408,404</u>	<u>\$ 65,573</u>	<u>\$ 933,712</u>	<u>\$ 54,857</u>	<u>(\$ 12,540)</u>	<u>\$ 2,708,015</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2016.

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

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 664,907	\$ 709,894
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of allowance for doubtful accounts	6(3)	(3,624)	(2,828)
Depreciation	6(6)(19)	130,717	129,116
Amortisation	6(7)(19)	6,518	5,757
Interest expense		9,100	10,130
Interest income	6(17)	(22,518)	(33,216)
(Gain) loss on disposal of property, plant and equipment	6(18)	(18)	1,091
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		(3,215)	(455)
Accounts receivable		(264,393)	(185,419)
Accounts receivable - related parties, net		1,735	(1,263)
Other receivables		24,504	7,638
Inventories		79,358	(221,827)
Prepayments		(9,061)	(13,710)
Other current assets		(6,364)	1,659
Other non-current assets		183	(796)
Changes in operating liabilities			
Notes payable		164	492
Accounts payable		74,302	228,368
Accounts payable - related parties		(7,443)	4,666
Other payables (including related parties)		19,695	92,856
Other current liabilities		11,124	(998)
Other non-current liabilities		515	(83)
Cash inflow generated from operations		706,186	731,072
Interest received		16,552	44,227
Interest paid		(9,123)	(9,803)
Income tax paid		(240,433)	(116,931)
Net cash flows from operating activities		473,182	648,565

(Continued)

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

	<u>Notes</u>	<u>2015</u>	<u>2014</u>
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Decrease (increase) in available-for-sale financial assets –			
non-current		\$ 63,625	(\$ 63,625)
Acquisition of property, plant and equipment	6(22)	(241,309)	(114,122)
Proceeds from disposal of property, plant and equipment	6(6)	757	575
Acquisition of intangible assets	6(7)	(3,997)	(9,744)
Increase in other non-current assets	6(6)	-	(186)
Net cash flows used in investing activities		(180,924)	(187,102)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
(Decrease) increase in short-term borrowings		(90,200)	21,823
Increase in guarantee deposits		14,910	-
Repayment of long-term borrowings (including current			
portion)		(6,199)	(5,964)
Payment of cash dividends	6(15)	(359,178)	(299,315)
Net cash flows used in financing activities		(440,667)	(283,456)
Effect on foreign exchange difference		(15,461)	7,725
Net (decrease) increase in cash and cash equivalents		(163,870)	185,732
Cash and cash equivalents at beginning of year	6(1)	1,597,947	1,412,215
Cash and cash equivalents at end of year	6(1)	<u>\$ 1,434,077</u>	<u>\$ 1,597,947</u>

The accompanying notes are an integral part of these consolidated financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2015 AND 2014

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

1. HISTORY AND ORGANIZATION

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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These consolidated financial statements were authorized for issuance by the Board of Directors on March 22, 2016.

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”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as “the 2013 version of IFRS”) in preparing the consolidated financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. Additional disclosures are required for defined benefit plans.

B. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Group will adjust its presentation of the statement of comprehensive income.

C. IFRS 12, 'Disclosure of interests in other entities'

The standard integrates the disclosure requirements for subsidiaries, joint arrangements, associates and unconsolidated structured entities. Also, the Group will disclose additional information about its interests in consolidated entities and unconsolidated entities accordingly.

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

None.

(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 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014

New Standards, Interpretations and Amendments	Effective Date by International Accounting
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Group is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

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,		Description
			2015	2014	
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	Note 2
Chenbro Micom Co., Ltd.	Chenbro Europe B.V.	General trading company	100	100	Note 2
Chenbro Micom Co., Ltd.	CLOUDWELL HOLDINGS, LLC.	Real estate leasing company	100	100	Note 2
Chenbro Micom Co., Ltd.	Chenbro GmbH	Marketing Services	100	-	Note 1
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	
Chenbro Europe B.V.	Chenbro UK Limited	General trading company	100	100	Note 2
Cloud International Company Limited	Chenbro Micom (Shenzhen) Co., Ltd.	Trading / Order taking company	100	100	
AMBER International Company	Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing of computer cases	100	100	
Chenbro Technology (Kunshan) Co., Ltd.	Chenbro Micom (Beijing) Co., Ltd.	Research and development of technical skills	100	100	

Name of investor	Name of subsidiary	Main business activities	Ownership (%) December 31,		Description
			2015	2014	
ADEPT International Company	PROCASE & MOREX Corporation	Trading / Order taking company	100	100	
PROCASE & MOREX Corporation	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	88	88	
AMAC International Company	Dongguan Procace Electronic Co., Ltd.	Manufacturing of computer cases	12	12	

Note 1: The subsidiary was established on February 12, 2015.

Note 2: The financial statements of certain immaterial subsidiaries, Chenbro Europe B.V., Chenbro UK Limited and CLOUDWELL HOLDINGS, LLC. for the years ended December 31, 2015 and 2014 and the financial statements of Chenbro Micom (USA) Incorporation for the year ended December 31, 2015 were audited by other independent accountants. The immaterial subsidiaries whose statements reflect total assets of \$331,281 and \$909,716, constituting 7% and 20% of the consolidated total assets as of December 31, 2015 and 2014, respectively, and net operating revenues of \$143,228 and \$1,777,815, constituting 3% and 40% of the consolidated total net operating revenue for the years ended December 31, 2015 and 2014, respectively.

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, even 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) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognised and derecognised using trade date accounting.
- C. Available-for-sale financial assets are initially recognised at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognised in other comprehensive income.

(8) 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.

(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) 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;
 - (c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (d) Observable data indicating 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 have 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; however, 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 progress 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) 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	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

(13) 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.

(14) Impairment of non-financial assets

The Group assesses at each balance sheet date the recoverable amounts of those assets where 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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.

(19) 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 defined benefit net 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. Remeasurement 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', directors' and supervisors' remuneration

Employees' remuneration 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.

(20) Income tax

- 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 it is probable 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.

(21) Share capital

- 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.

(22) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved 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.

(23) 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 the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

(24) 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; critical accounting estimates are mainly about the evaluation of inventories, and the related information is addressed below:

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, 2015, the carrying amount of inventories was \$519,745.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Petty cash and cash on hand	\$ 1,111	\$ 603
Demand deposits	53,309	93,029
Checking accounts	11,546	31,836
Time deposits (including foreign currencies)	602,721	1,035,232
Foreign currency deposits	765,390	437,247
Total	<u>\$ 1,434,077</u>	<u>\$ 1,597,947</u>

- 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 Company has reclassified cash and cash equivalents pledged to 'other current assets' and 'other non-current assets'. Details are provided in Note 8.

(2) Available-for-sale financial assets

Items	December 31, 2015	December 31, 2014
Current items:		
Financial instruments that are principal guaranteed but not profit guaranteed	\$ -	\$ 63,625

A. There were no changes in available-for-sale financial assets for the years ended December 31, 2015 and 2014.

B. The Group has no available-for-sale financial assets pledged to others.

(3) Accounts receivable

	December 31, 2015	December 31, 2014
Accounts receivable	\$ 1,031,553	\$ 767,160
Less: allowance for bad debts	(18,618)	(22,257)
	<u>\$ 1,012,935</u>	<u>\$ 744,903</u>

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

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, 2015	December 31, 2014
Level 1	\$ -	\$ 4,610
Level 2	880,966	397,346
Level 3	12,256	257,353
	<u>\$ 893,222</u>	<u>\$ 659,309</u>

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 are listed in level 2 under approval of the chairman starting from January 30, 2015.

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, 2015	December 31, 2014
Up to 30 days	\$ 95,558	\$ 69,674
31 to 90 days	16,348	22,850
91 to 180 days	7,999	617
Over 181 days	3,909	15
	<u>\$ 123,814</u>	<u>\$ 93,156</u>

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, 2015 and 2014, the Group's accounts receivable that were individually determined to be impaired amounted to \$14,517 and \$14,695, respectively.

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

2015			
	Individual provision	Group provision	Total
At January 1	\$ 14,695	\$ 7,562	\$ 22,257
Reversal of impairment	(178)	(3,446)	(3,624)
Effects of foreign exchange	-	(15)	(15)
December 31	<u>\$ 14,517</u>	<u>\$ 4,101</u>	<u>\$ 18,618</u>

2014			
	Individual provision	Group provision	Total
At January 1	\$ 17,352	\$ 7,704	\$ 25,056
Reversal of impairment	(2,657)	(171)	(2,828)
Effects of foreign exchange	-	29	29
December 31	<u>\$ 14,695</u>	<u>\$ 7,562</u>	<u>\$ 22,257</u>

E. The Company 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, 2015 and 2014, the related information is as follows:

December 31, 2015

Purchaser of <u>accounts receivable</u>	Accounts receivable transferred (Note 1)	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 12,868	\$ 12,868	\$ 30,000	\$ -		

December 31, 2014

Purchaser of <u>accounts receivable</u>	Accounts receivable transferred (Note 1)	Amount derecognised	Facilities	Amount advanced	Interest rate of amount advanced	Footnote
Chang Hwa Bank	\$ 8,548	\$ 8,548	\$ 30,000	\$ -		
Yuanta Bank	27,036	27,036	94,950	-		Note 2

Note 1: Shown as 'other receivables'.

Note 2: Accounts receivable factored are USD 854 thousand and the credit line is USD 3,000 thousand.

(5) Inventories

December 31, 2015

	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 203,797	(\$ 42,104)	\$ 161,693
Semi-finished goods	9,983	-	9,983
Work in process	66,090	(279)	65,811
Finished goods	385,531	(103,273)	282,258
Total	<u>\$ 665,401</u>	<u>(\$ 145,656)</u>	<u>\$ 519,745</u>

December 31, 2014

	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 162,203	(\$ 32,080)	\$ 130,123
Semi-finished goods	10,203	-	10,203
Work in process	42,990	(17)	42,973
Finished goods	528,748	(112,944)	415,804
Total	<u>\$ 744,144</u>	<u>(\$ 145,041)</u>	<u>\$ 599,103</u>

The cost of inventories recognised as expense for the year:

	Years ended December 31,	
	2015	2014
Cost of goods sold	\$ 3,145,599	\$ 3,072,154
Sale of scraps	(7,224)	(13,383)
Loss on decline in market value	11,693	54,692
Gain on physical inventory	(1,634)	(3,655)
	<u>\$ 3,148,434</u>	<u>\$ 3,109,808</u>

(6) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Mold equipment</u>	<u>Computer communication equipment</u>	<u>Testing equipment</u>	<u>Transportation equipment</u>	<u>Office equipment</u>	<u>Others</u>	<u>Unfinished construction and equipment under acceptance</u>	<u>Total</u>	<u>Prepayments for business facilities (Note1)</u>
<u>At January 1, 2015</u>												
<u>Cost</u>	\$ 214,570	\$1,098,799	\$ 531,882	\$ 228,679	\$ 30,391	\$ 23,601	\$ 21,055	\$ 47,756	\$ 33,579	\$ -	\$2,230,312	\$ 19,168
<u>Accumulated depreciation and impairment</u>	-	(367,292)	(312,098)	(199,618)	(17,248)	(19,763)	(14,874)	(29,839)	(25,820)	-	(986,552)	-
	<u>\$ 214,570</u>	<u>\$ 731,507</u>	<u>\$ 219,784</u>	<u>\$ 29,061</u>	<u>\$ 13,143</u>	<u>\$ 3,838</u>	<u>\$ 6,181</u>	<u>\$ 17,917</u>	<u>\$ 7,759</u>	<u>\$ -</u>	<u>\$1,243,760</u>	<u>\$ 19,168</u>
<u>2015</u>												
<u>Opening net book amount</u>	\$ 214,570	\$ 731,507	\$ 219,784	\$ 29,061	\$ 13,143	\$ 3,838	\$ 6,181	\$ 17,917	\$ 7,759	\$ -	\$1,243,760	\$ 19,168
<u>Additions</u>	-	2,339	4,614	31,095	2,928	1,897	-	4,493	655	36,648	84,669	159,487
<u>Disposals</u>	-	-	(437)	-	-	(2)	(40)	(105)	(155)	-	(739)	-
<u>Transfers (Note 2)</u>	-	-	16,689	668	-	-	-	-	-	(1,061)	16,296	(17,541)
<u>Effects of foreign exchange</u>	2,753	(1,970)	(4,840)	(34)	195	(78)	63	191	(108)	(417)	(4,245)	(2,258)
<u>Depreciation charge</u>	-	(50,030)	(41,855)	(25,709)	(4,295)	(1,174)	(958)	(4,190)	(2,506)	-	(130,717)	-
<u>Closing net book amount</u>	<u>\$ 217,323</u>	<u>\$ 681,846</u>	<u>\$ 193,955</u>	<u>\$ 35,081</u>	<u>\$ 11,971</u>	<u>\$ 4,481</u>	<u>\$ 5,246</u>	<u>\$ 18,306</u>	<u>\$ 5,645</u>	<u>\$ 35,170</u>	<u>\$1,209,024</u>	<u>\$ 158,856</u>
<u>At December 31, 2015</u>												
<u>Cost</u>	\$ 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
<u>Accumulated depreciation and impairment</u>	-	(410,405)	(343,682)	(218,575)	(20,295)	(20,804)	(14,824)	(33,523)	(27,878)	-	(1,089,986)	-
	<u>\$ 217,323</u>	<u>\$ 681,846</u>	<u>\$ 193,955</u>	<u>\$ 35,081</u>	<u>\$ 11,971</u>	<u>\$ 4,481</u>	<u>\$ 5,246</u>	<u>\$ 18,306</u>	<u>\$ 5,645</u>	<u>\$ 35,170</u>	<u>\$1,209,024</u>	<u>\$ 158,856</u>

Note 1: Prepayments for business facilities are shown as 'other non-current assets'. Details are provided in Note 6(8).

Note 2: The current transfers of \$1,245 are prepayments for business facilities that were transferred to intangible assets and other non-current assets amounting to \$500 and \$745, respectively.

- 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.

	Land	Buildings	Machinery and equipment	Mold equipment	Computer communication equipment	Testing equipment	Transportation equipment	Office equipment	Others	Total	Prepayments for business facilities (Note)
<u>At January 1, 2014</u>											
Cost	\$ 210,278	\$ 945,642	\$ 449,042	\$ 239,657	\$ 21,127	\$ 24,273	\$ 14,467	\$ 36,020	\$ 30,689	\$ 1,971,195	\$ 133,919
Accumulated depreciation and impairment	-	(311,974)	(263,892)	(188,642)	(15,903)	(20,953)	(12,486)	(26,819)	(23,418)	(864,087)	-
	<u>\$ 210,278</u>	<u>\$ 633,668</u>	<u>\$ 185,150</u>	<u>\$ 51,015</u>	<u>\$ 5,224</u>	<u>\$ 3,320</u>	<u>\$ 1,981</u>	<u>\$ 9,201</u>	<u>\$ 7,271</u>	<u>\$ 1,107,108</u>	<u>\$ 133,919</u>
<u>2014</u>											
Opening net book amount	\$ 210,278	\$ 633,668	\$ 185,150	\$ 51,015	\$ 5,224	\$ 3,320	\$ 1,981	\$ 9,201	\$ 7,271	\$ 1,107,108	\$ 133,919
Additions	-	17,556	30,362	10,755	7,253	1,336	5,156	10,276	3,262	85,956	28,551
Disposals	-	-	(119)	(920)	(1)	(299)	(168)	(153)	(6)	(1,666)	-
Transfers	-	101,188	36,515	620	3,167	898	-	1,296	-	143,684	(143,684)
Effects of foreign exchange	4,292	24,811	7,011	192	271	92	237	724	164	37,794	382
Depreciation charge	-	(45,716)	(39,135)	(32,601)	(2,771)	(1,509)	(1,025)	(3,427)	(2,932)	(129,116)	-
Closing net book amount	<u>\$ 214,570</u>	<u>\$ 731,507</u>	<u>\$ 219,784</u>	<u>\$ 29,061</u>	<u>\$ 13,143</u>	<u>\$ 3,838</u>	<u>\$ 6,181</u>	<u>\$ 17,917</u>	<u>\$ 7,759</u>	<u>\$ 1,243,760</u>	<u>\$ 19,168</u>
<u>At December 31, 2014</u>											
Cost	\$ 214,570	\$ 1,098,799	\$ 531,882	\$ 228,679	\$ 30,391	\$ 23,601	\$ 21,055	\$ 47,756	\$ 33,579	\$ 2,230,312	\$ 19,168
Accumulated depreciation and impairment	-	(367,292)	(312,098)	(199,618)	(17,248)	(19,763)	(14,874)	(29,839)	(25,820)	(986,552)	-
	<u>\$ 214,570</u>	<u>\$ 731,507</u>	<u>\$ 219,784</u>	<u>\$ 29,061</u>	<u>\$ 13,143</u>	<u>\$ 3,838</u>	<u>\$ 6,181</u>	<u>\$ 17,917</u>	<u>\$ 7,759</u>	<u>\$ 1,243,760</u>	<u>\$ 19,168</u>

Note: Prepayments for business facilities are shown as 'other non-current assets'. Details are provided in Note 6(8)

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.

(7) Intangible assets

	Trademarks	Computer software	Others	Total
<u>At January 1, 2015</u>				
Cost	\$ 501	\$ 24,041	\$ 821	\$ 25,363
Accumulated amortisation	(149)	(11,677)	(818)	(12,644)
	<u>\$ 352</u>	<u>\$ 12,364</u>	<u>\$ 3</u>	<u>\$ 12,719</u>
<u>2015</u>				
At January 1	\$ 352	\$ 12,364	\$ 3	\$ 12,719
Additions	-	3,738	259	3,997
Transfers	-	500	-	500
Amortisation charge	(40)	(6,417)	(61)	(6,518)
Effects of foreign exchange	-	(36)	-	(36)
At December 31	<u>\$ 312</u>	<u>\$ 10,149</u>	<u>\$ 201</u>	<u>\$ 10,662</u>
<u>December 31, 2015</u>				
Cost	\$ 501	\$ 26,942	\$ 460	\$ 27,903
Accumulated amortisation	(189)	(16,793)	(259)	(17,241)
	<u>\$ 312</u>	<u>\$ 10,149</u>	<u>\$ 201</u>	<u>\$ 10,662</u>
	Trademarks	Computer Software	Others	Total
<u>At January 1, 2014</u>				
Cost	\$ 210	\$ 14,530	\$ 821	\$ 15,561
Accumulated amortisation	(72)	(6,015)	(787)	(6,874)
	<u>\$ 138</u>	<u>\$ 8,515</u>	<u>\$ 34</u>	<u>\$ 8,687</u>
<u>2014</u>				
At January 1	\$ 138	\$ 8,515	\$ 34	\$ 8,687
Additions	291	9,453	-	9,744
Transfers	-	58	1	59
Amortisation charge	(77)	(5,648)	(32)	(5,757)
Effects of foreign exchange	-	(14)	-	(14)
At December 31	<u>\$ 352</u>	<u>\$ 12,364</u>	<u>\$ 3</u>	<u>\$ 12,719</u>
<u>December 31, 2014</u>				
Cost	\$ 501	\$ 24,041	\$ 821	\$ 25,363
Accumulated amortisation	(149)	(11,677)	(818)	(12,644)
	<u>\$ 352</u>	<u>\$ 12,364</u>	<u>\$ 3</u>	<u>\$ 12,719</u>

Details of amortisation on intangible assets are as follows:

	Years ended December 31,	
	2015	2014
Operating costs	\$ 704	\$ 689
Selling expenses	384	322
Administrative expenses	3,284	2,955
Research and development expenses	2,146	1,791
Total	<u>\$ 6,518</u>	<u>\$ 5,757</u>

(8) Other non-current assets

	December 31, 2015	December 31, 2014
Long-term prepaid rents - land use right (Note)	\$ 66,112	\$ 69,084
Prepayments for business facilities	158,856	19,168
Others	19,135	15,601
	<u>\$ 244,103</u>	<u>\$ 103,853</u>

Note: On December 23, 1997, the Group's subsidiary, Dongguan Procace Electronic Co., Ltd. signed a land use right contract with People's Republic of China for industrial use of the land in Hungyeh Industrial Zone, Tanghsia Town, Dongguan City, Guangdong Province with 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 People's Republic of China for use of the land in Yushan Town, Kunshan City with both terms of 50 years. The Group recognised rental expenses of \$1,111 and \$1,081 for the years ended December 31, 2015 and 2014, respectively.

(9) Short-term borrowings

Type of borrowings	December 31, 2015	Interest rate range	Collateral
Short-term borrowings	<u>\$ 131,350</u>	0.82%~2.75%	A promissory note of the same amount was issued as collateral.

Type of borrowings	December 31, 2014	Interest rate range	Collateral
Short-term borrowings	<u>\$ 221,550</u>	0.90%~2.50%	A promissory note of the same amount was issued as collateral.

As of December 31, 2015 and 2014, the joint credit line of the Company and its indirect subsidiary, PROCASE & MOREX Corporation ("Procace") was USD 3 million, and as of that date, the Company nor Procace has not yet made a drawdown.

(10) Long-term borrowings

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2015</u>
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 USA	
				\$ 166,707
Less: current portion (shown as 'other current liabilities')				(6,759)
				<u>\$ 159,948</u>

<u>Type of borrowings</u>	<u>Borrowing period and repayment term</u>	<u>Interest rate range</u>	<u>Collateral</u>	<u>December 31, 2014</u>
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 USA	
				\$ 166,894
Less: current portion (shown as 'other current liabilities')				(6,281)
				<u>\$ 160,613</u>

The secured borrowing contract of the subsidiary, CLOUDWELL HOLDINGS, LLC., requires that the interest coverage ratio for each year not be lower than 1.2. If the requirement is not met, the subsidiary shall prepare to repay or provide bank deposits as collateral. As of December 31, 2015, the subsidiary, CLOUDWELL HOLDINGS, LLC., has not violated the requirements of the abovementioned secured borrowing contract.

(11) Other payables

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Wages and bonus payable	\$ 117,462	\$ 107,009
Compensation due to directors and supervisors and employee bonus payable	59,171	73,135
Payables for investment	86,179	83,081
Payables for mold	43,562	25,244
Payables for export freight and customs clearance charges	27,296	27,195
Payables for service fees	11,228	8,014
Payables for consumable goods	8,212	2,862
Payables for machinery and equipment	5,221	2,374
Others	116,319	123,217
	<u>\$ 474,650</u>	<u>\$ 452,131</u>

(12) 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:

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Present value of defined benefit obligations	\$ 41,496	\$ 37,132
Fair value of plan assets	(2,676)	(1,994)
Net liability recognised in the balance sheet (shown as 'other non-current liabilities')	<u>\$ 38,820</u>	<u>\$ 35,138</u>

(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
<u>Year ended December 31, 2015</u>			
Balance at January 1	\$ 37,132	(\$ 1,994)	\$ 35,138
Current service cost	316	-	316
Interest expense (income)	743	(40)	703
	<u>38,191</u>	<u>(2,034)</u>	<u>36,157</u>
Remeasurements:			
Return on plan assets	-	(90)	(90)
Change in financial assumptions	1,304	-	1,304
Experience adjustments	2,001	-	2,001
	<u>3,305</u>	<u>(90)</u>	<u>3,215</u>
Pension fund contribution	-	(552)	(552)
Balance at December 31	<u>\$ 41,496</u>	<u>(\$ 2,676)</u>	<u>\$ 38,820</u>
	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
<u>Year ended December 31, 2014</u>			
Balance at January 1	\$ 39,383	(\$ 4,581)	\$ 34,802
Current service cost	301	-	301
Interest expense (income)	788	(92)	696
	<u>40,472</u>	<u>(4,673)</u>	<u>35,799</u>
Remeasurements:			
Return on plan assets	-	(10)	(10)
Experience adjustments	(71)	-	(71)
	<u>(71)</u>	<u>(10)</u>	<u>(81)</u>
Pension fund contribution	-	(580)	(580)
Paid pension	(3,269)	3,269	-
Balance at December 31	<u>\$ 37,132</u>	<u>(\$ 1,994)</u>	<u>\$ 35,138</u>

(d) The Bank of Taiwan was commissioned to manage the Fund of the Company's and domestic subsidiaries' 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-the-counter, 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, 2015 and 2014 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,	
	2015	2014
Discount rate	1.70%	2.00%
Future salary increases	3.00%	3.00%

Assumptions regarding future mortality experience for the years ended December 31, 2015 and 2014 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 1%	Decrease 1%	Increase 1%	Decrease 1%
<u>December 31, 2015</u>				
Effect on present value of defined benefit obligation	(\$ 4,131)	\$ 4,797	\$ 4,239	(\$ 3,754)

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 Company for the year ending December 31, 2016 are \$23,333.

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 plans of the Company for the years ended December 31, 2015 and 2014 were \$6,937 and \$6,909, respectively.
- (d) The pension costs under the defined contribution pension plans of CHENBRO MICOM (USA) INCORPORATION, CHENBRO EUROPE B.V., Chenbro GmbH, Chenbro Technology (Kunshan) Co., Ltd., Dongguan Procace Electronic Co., Ltd. and CHENBRO MICOM (ShenZhen) Co., Ltd. for the years ended December 31, 2015 and 2014 were \$18,074 and \$13,466, respectively.

(13) Ordinary share

A. As of December 31, 2015, the Company's authorized 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 \$1,201,260 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

B. Treasury shares

- (a) Reason for share reacquisition and movements in the number of the Company's treasury shares are as follows:

Name of company holding the shares	Reason for reacquisition	December 31, 2015	
		Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	400	\$ 12,540

Name of company holding the shares	Reason for reacquisition	December 31, 2014	
		Number of shares (in thousands)	Carrying amount
The Company	To be reissued to employees	400	\$ 12,540

- (b) Pursuant to the R.O.C. Securities and Exchange Law, the number of shares bought back as treasury share should not exceed 10% of the number of the Company's issued and outstanding shares and the amount bought back should not exceed the sum of retained earnings, paid-in capital in excess of par value and realised capital surplus.
- (c) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should not be pledged as collateral and is not entitled to dividends before it is reissued.

- (d) Pursuant to the R.O.C. Securities and Exchange Law, treasury shares should be reissued to the employees within three years from the reacquisition date and shares not reissued within the three-year period are to be retired.

(14) 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.

(15) Retained earnings

- A. Under the Company's original 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. The remaining shall be distributed as employees' compensation that account for at least 6% and directors' and supervisors' remuneration that account for no less than 2%, taking 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 is based on the shareholding ratio 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 11, 2015 and June 20, 2014, the shareholders proposed the appropriations of 2014 and 2013 earnings as follows:

	Year ended December 31, 2014		Year ended December 31, 2013	
	Amount	Dividend per share (in dollars)	Amount	Dividend per share (in dollars)
Legal reserve	\$ 54,127	\$ -	\$ 34,183	\$ -
Cash dividends to shareholders	359,178	3.0	299,315	2.5
Total	<u>\$ 413,305</u>	<u>\$ 3.0</u>	<u>\$ 333,498</u>	<u>\$ 2.5</u>

The cash dividend was originally proposed at \$2 per share by the Board of Directors on March 24, 2014 and was changed to \$2.5 per share based on the appropriation of 2013 earnings resolved by shareholders subsequently. The distribution amounts as resolved by the shareholders are reflected in these financial statements.

- F. On March 22, 2016, the Board of Directors has proposed the appropriation of 2015 earnings as follows:

	Year ended December 31, 2015	
	Amount	Dividend per share (in dollars)
Legal reserve	\$ 50,483	\$ -
Cash dividends to shareholders	311,287	2.60
Total	<u>\$ 361,770</u>	<u>\$ 2.60</u>

As of March 22, 2016, the abovementioned appropriation of 2015 earnings has not yet been resolved by the shareholders.

- G. For the information relating to employees' remuneration (bonuses) and directors' and supervisors' remuneration, please refer to Note 6(19).

(16) Other equity items

	Year ended December 31,	
	2015	2014
At January 1	\$ 88,782	\$ 39,227
Currency translation differences:		
–Group	(41,287)	58,631
–Tax on Group	7,362	(9,076)
At December 31	<u>\$ 54,857</u>	<u>\$ 88,782</u>

(17) Other income

	Years ended December 31,	
	2015	2014
Interest income	\$ 22,518	\$ 33,216
Other income	7,877	9,470
Rental revenue	-	652
Total	<u>\$ 30,395</u>	<u>\$ 43,338</u>

(18) Other gains and losses

	Years ended December 31,	
	2015	2014
Net currency exchange gains	\$ 59,296	\$ 28,079
Gains (losses) on disposal of property, plant and equipment	18	(1,091)
Other expenses	(8,911)	(2,678)
Total	<u>\$ 50,403</u>	<u>\$ 24,310</u>

(19) Employee benefit, depreciation and amortisation expense

	Years ended December 31,	
	2015	2014
Wages and salaries	\$ 578,656	\$ 597,102
Labour and health insurance fees	29,575	28,576
Pension costs	26,030	21,372
Other personnel expenses	29,951	55,899
Employee benefit expense	<u>\$ 664,212</u>	<u>\$ 702,949</u>
Depreciation charges on property, plant and equipment	<u>\$ 130,717</u>	<u>\$ 129,116</u>
Amortisation charges on intangible assets	<u>\$ 6,518</u>	<u>\$ 5,757</u>

A. According to the original Articles of Incorporation of the Company, the Company shall distribute bonus to employees and pay remuneration to the directors and supervisors that

account for at least 6% and 2%, respectively, of the remaining earnings, taking into account income tax, accumulated deficit, legal reserve and special reserve.

However, in accordance with the Company Act amended on May 20, 2015, a company shall distribute employee compensation, based on the profit of the current year distributable, in a fixed amount or a ratio of profits. If a company has accumulated deficit, earnings should be channelled to cover losses. A company may, by a resolution adopted by a majority vote at a meeting of board of directors attended by two-thirds of the total number of directors, have the profit distributable as employees' compensation distributed in the form of shares or in cash; and in addition thereto a report of such distribution shall be submitted to the shareholders' meeting. Qualification requirements of employees, including the employees of subsidiaries of the company meeting certain specific requirements, entitled to receive aforementioned stock or cash may be specified in the Articles of Incorporation. The Board of Directors of the Company has approved the amended Articles of Incorporation of the Company on January 21, 2016. According to the amended articles, a ratio of profit of the current year distributable, after covering accumulated losses, 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. The amended articles will be resolved in the shareholders' meeting in 2016.

- B. For the years ended December 31, 2015 and 2014, employees' compensation (bonus) was accrued at \$45,723 and \$58,508, respectively; while directors' and supervisors' remuneration was accrued at \$13,448 and \$14,627, respectively. The aforementioned amounts were recognised in salary expenses.

The expenses recognised for 2015 were accrued based on the profit of current year distributable. For the year ended December 31, 2015, employees' bonus and directors' and supervisors' remuneration amounted to \$44,231 and \$13,009 as resolved by the shareholders, respectively, the differences with the amounts recognized in the current year's financial statements amounted to \$1,492 and \$439, respectively. Where the accrued amounts for employees' bonus and directors' and supervisors' remuneration are different from the actual distributed amounts as resolved by the stockholders at the stockholders' meeting subsequently, the differences are accounted for as changes in estimates.

The expenses recognised for 2014 were accrued based on the net income of 2014 and fixed ratio for employees and directors/supervisors, taking into account other factors such as legal reserve. For the year ended December 31, 2014, employees' bonus and directors' and supervisors' remuneration amounted to \$58,508 and \$14,627 as resolved by the shareholders, respectively, which were in agreement with those amounts recognised in the current year's financial statements. The earnings for 2014 have been distributed on July 21, 2015. Information about employees' compensation and directors' and supervisors' remuneration of the Company as resolved by the meeting of Board of Directors will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(20) Income tax

A. Income tax expense

(a) Components of income tax expense:

	Years ended December 31,	
	2015	2014
Current tax:		
Current tax on profits for the year	\$ 137,234	\$ 219,040
Adjustments in respect of prior years	(1,779)	2,022
Total current tax	<u>135,455</u>	<u>221,062</u>
Deferred tax:		
Origination and reversal of temporary differences	24,618	(52,440)
Income tax expense	<u>\$ 160,073</u>	<u>\$ 168,622</u>

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

	Years ended December 31,	
	2015	2014
Currency translation differences	<u>\$ 7,362</u>	<u>(\$ 9,076)</u>
Remeasurement of defined benefit obligations	<u>\$ 547</u>	<u>(\$ 14)</u>

B. Reconciliation between income tax expense and accounting profit

	Years ended December 31,	
	2015	2014
Tax calculated based on profit before tax and statutory tax rate	\$ 164,526	\$ 214,056
Effect from expenses disallowed by tax regulation	(15,471)	(48,289)
10% tax on undistributed earnings	12,797	833
Prior year income tax (over) underestimate	(1,779)	2,022
Tax expenses	<u>\$ 160,073</u>	<u>\$ 168,622</u>

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

	2015			
	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	\$ 27,192	(\$ 1,402)	\$ -	\$ 25,790
Unrealised loss on inter-affiliate accounts	52,758	(13,878)	-	38,880
Amount of allowance for bad debts that exceed the limit for tax purpose	3,488	(241)	-	3,247
Unused compensated absences	980	(7)	-	973
Pension expense payable	2,668	-	547	3,215
Pension expense that exceeds the limit for tax purpose	1,326	79	-	1,405
Capitalised repairs and maintenance expense	23	(8)	-	15
Capitalised deed tax	54	(1)	-	53
Unrealised warranty provision	-	1,020	-	1,020
Others	1,924	(235)	-	1,689
	<u>90,413</u>	<u>(14,673)</u>	<u>547</u>	<u>76,287</u>
-Deferred tax liabilities:				
Investment income	(61,241)	(11,440)	7,362	(65,319)
Unrealised exchange gain	(1,933)	1,216	-	(717)
Book-tax difference of depreciation charges on fixed assets	(3,774)	304	-	(3,470)
Others	-	(25)	-	(25)
	<u>(66,948)</u>	<u>(9,945)</u>	<u>7,362</u>	<u>(69,531)</u>
Total	<u>\$ 23,465</u>	<u>(\$ 24,618)</u>	<u>\$ 7,909</u>	<u>\$ 6,756</u>

	2014			
	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	\$ 12,021	\$ 15,171	\$ -	\$ 27,192
Unrealised loss on inter-affiliate accounts	21,661	31,097	-	52,758
Amount of allowance for bad debts that exceed the limit for tax purpose	3,642	(154)	-	3,488
Unused compensated absences	970	10	-	980
Pension expense payable	2,682	-	(14)	2,668
Pension expense that exceeds the limit for tax purpose	1,255	71	-	1,326
Capitalised repairs and maintenance expense	30	(7)	-	23
Capitalised deed tax	-	54	-	54
Unrealised exchange loss	111	(111)	-	-
Others	1,573	351	-	1,924
	<u>43,945</u>	<u>46,482</u>	<u>(14)</u>	<u>90,413</u>
-Deferred tax liabilities:				
Investment income	(61,917)	9,752	(9,076)	(61,241)
Unrealised exchange gain	-	(1,933)	-	(1,933)
Book-tax difference of depreciation charges on fixed assets	(1,913)	(1,861)	-	(3,774)
	<u>(63,830)</u>	<u>5,958</u>	<u>(9,076)</u>	<u>(66,948)</u>
Total	<u>(\$ 19,885)</u>	<u>\$ 52,440</u>	<u>(\$ 9,090)</u>	<u>\$ 23,465</u>

- D. The Company has not recognised taxable temporary differences associated with investment in subsidiaries as deferred tax liabilities. As of December 31, 2015 and 2014, the amounts of temporary differences unrecognised as deferred tax liabilities were \$194,090 and \$152,220, respectively.
- E. The Company's income tax returns through 2012 have been assessed and approved by the Tax Authority.
- F. Unappropriated retained earnings:

	December 31, 2015	December 31, 2014
Earnings generated in and before 1997	\$ 12,886	\$ 12,886
Earnings generated in and after 1998	920,826	831,965
	<u>\$ 933,712</u>	<u>\$ 844,851</u>

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

	<u>December 31, 2015</u>	<u>December 31, 2014</u>
Balance of the imputation tax credit account	<u>\$ 156,076</u>	<u>\$ 72,797</u>
	<u>2015 (estimated)</u>	<u>2014 (actual)</u>
Creditable tax rate	<u>16.99%</u>	<u>19.57%</u>

(21) Earnings per share

	<u>Year ended December 31, 2015</u>		
		Weighted average shares outstanding (shares in thousands)	Earnings per share (in dollars)
	<u>Amount after tax</u>		
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	<u>\$ 504,834</u>	119,726	<u>\$ 4.22</u>
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 504,834		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	<u>-</u>	<u>1,853</u>	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	<u>\$ 504,834</u>	<u>121,579</u>	<u>\$ 4.15</u>

	Year ended December 31, 2014		
	Amount after tax	Weighted average shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 541,272	119,726	\$ 4.52
<u>Diluted earnings per share</u>			
Profit attributable to ordinary shareholders of the Company	\$ 541,272		
Assumed conversion of all dilutive potential ordinary shares			
Employees' bonus	-	1,448	
Profit attributable to ordinary shareholders of the Company plus assumed conversion of all dilutive potential ordinary shares	\$ 541,272	121,174	\$ 4.47

(22) Supplemental cash flow information

A. Investing activities with partial cash payments:

	Years ended December 31,	
	2015	2014
Purchase of property, plant and equipment	\$ 244,156	\$ 114,507
Add: opening balance of payable on equipment	2,374	1,989
Less: ending balance of payable on equipment	(5,221)	(2,374)
Cash paid during the year	\$ 241,309	\$ 114,122

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) Significant related party transactions

A. Operating revenue and other income

	Years ended December 31,	
	2015	2014
Sales of goods - Other related parties	\$ 5,367	\$ 7,684
Other income - Other related parties (rent revenue)	-	652
	\$ 5,367	\$ 8,336

(a) Sales of goods: Goods are sold based on normal prices and terms. Payment term is 60 days

after monthly billings.

- (b) Rent revenue: Rent revenue arises from leasing certain plants in Kunshan, Mainland China to other related parties. Rents are collected quarterly. The lease terms are from January 1 to June 30, 2014.

B. Purchases and other expenses

	Years ended December 31,	
	2015	2014
Purchases of goods - Other related parties	\$ 53,215	\$ 76,136

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.

C. Receivables from related parties

	December 31,	
	2015	2014
Accounts receivable - Other related parties	\$ 1,517	\$ 3,252

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

D. Payables to related parties

	December 31,	
	2015	2014
Accounts payable - Other related parties	\$ 12,877	\$ 20,320

Accounts payable bear no interest.

(3) Key management compensation

	Years ended December 31,	
	2015	2014
Short-term employee benefits	\$ 32,733	\$ 53,211
Post-employment benefits	255	592
Other long-term benefits	1,227	910
Total	\$ 34,215	\$ 54,713

8. PLEDGED ASSETS

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

Pledged asset	Book value		Purpose
	December 31, 2015	December 31, 2014	
Time deposits (shown as ‘other current assets’)	\$ 1,341	\$ 1,000	Customs duty guarantee
Cash in banks (shown as ‘other non-current assets’)	\$ 3,296	\$ 3,169	Long-term borrowings (Note)
Land and buildings	\$ 249,984	\$ 245,437	Long-term borrowings (Note)

Note: In August 2013, the subsidiary, CLOUDWELL HOLDINGS, LLC., signed a long-term borrowing contract of 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 present values of estimated future lease payments for land use contracts signed by subsidiaries are as follows:

	December 31, 2015	December 31, 2014
Not later than one year	\$ 2,645	\$ 2,709
Later than one year but not later than three years	5,208	5,238
Over three years	88,902	92,986
Total	\$ 96,755	\$ 100,933

(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, 2015	December 31, 2014
Not later than one year	\$ 107,706	\$ 4,337
Later than one year but not later than three years	2,191	3,717
Over three years	1,133	1,440
Total	\$ 111,030	\$ 9,494

10. SIGNIFICANT DISASTER LOSS

None.

11. SIGNIFICANT EVENTS AFTER THE BALANCE SHEET DATE

Aside from Note 6(15) F. on the appropriation of earnings, in order to establish the China operation center and research and development center, the board of directors of the Company has approved on March 22, 2016, to invest USD 1 million in China to establish a Shanghai Foreign Trading Company through the Company’s sub-subsidiary company, Amber International Company.

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 to 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 (including related parties), short-term loans, notes payable, accounts payable (including related parties) and other payables (including related parties)) approximate to their fair values. The fair value information of financial instruments measured at fair value is provided in Note 12(3).

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, 2015			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 45,753	32.83	\$ 1,502,071
USD:RMB	27,326	6.60	896,347
<u>Non-monetary items</u>			
USD:NTD	3,981	32.83	130,688
RMB:NTD	403,840	4.97	2,007,082
EUR:NTD	1,789	35.88	64,187
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 34,943	32.83	\$ 1,147,179
RMB:NTD	3,000	4.97	14,910
USD:RMB	10,972	6.60	359,904

December 31, 2014			
	Foreign currency amount (In thousands)	Exchange rate	Book value (NTD)
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ 42,623	31.65	\$ 1,349,018
RMB:NTD	55,625	5.09	283,131
USD:RMB	29,424	6.20	928,563
<u>Non-monetary items</u>			
USD:NTD	2,386	31.65	75,506
RMB:NTD	325,205	5.09	1,655,291
EUR:NTD	1,588	38.47	61,083
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ 36,058	31.65	\$ 1,141,236
RMB:NTD	3,600	5.09	18,324
USD:RMB	16,962	6.20	535,287

- 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, 2015			
	Exchange gain (loss)		
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	32.83	\$ 31,442
USD:RMB	3,800	6.60	18,886
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:RMB	(\$ 2,376)	6.60	(\$ 11,809)

Year ended December 31, 2014			
Exchange gain (loss)			
	Foreign currency amount (In thousands)	Exchange rate	Book value
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.65	\$ 40,479
USD:RMB	2,229	6.20	11,346
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	\$ -	31.65	(\$ 30,918)
USD:RMB	203	6.20	1,033

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

Year ended December 31, 2015			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 15,021	-
USD:RMB	1%	8,963	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	11,472	-
RMB:NTD	1%	149	-
USD:RMB	1%	3,599	-

Year ended December 31, 2014			
Sensitivity analysis			
	Degree of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)			
<u>Financial assets</u>			
<u>Monetary items</u>			
USD:NTD	1%	\$ 13,490	-
RMB:NTD	1%	2,831	-
USD:RMB	1%	9,286	-
<u>Financial liabilities</u>			
<u>Monetary items</u>			
USD:NTD	1%	11,412	-
RMB:NTD	1%	183	-
USD:RMB	1%	5,353	-

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, 2015 and 2014, the Group's borrowings were denominated in the USD.

(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, 2015 and 2014, 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:

<u>December 31, 2015</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 to 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 131,773	\$ -	\$ -	\$ -
Notes payable	656	-	-	-
Accounts payable	951,512	-	-	-
Accounts payable - related party	12,877	-	-	-
Other payables	474,650	-	-	-
Other current liabilities	40,797	-	-	-
Long-term borrowings (including current portion)	12,895	25,791	25,791	164,416
Guarantee deposits received	-	150	-	-

<u>December 31, 2014</u>	<u>Less than 1 year</u>	<u>Between 1 and 3 years</u>	<u>Between 3 to 5 years</u>	<u>Over 5 years</u>
Short-term borrowings	\$ 222,523	\$ -	\$ -	\$ -
Notes payable	492	-	-	-
Accounts payable	877,210	-	-	-
Accounts payable - related party	20,320	-	-	-
Other payables	452,131	-	-	-
Other current liabilities	14,762	-	-	-
Long-term borrowings (including current portion)	12,432	24,864	24,864	170,938
Guarantee deposits received	-	102	-	-

- 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

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The related information of financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities at December 31, 2014 is as follows, and there is no financial instruments measured at fair value as of December 31, 2015:

<u>December 31, 2014</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets				
<u>Recurring fair value measurements</u>				
Available-for-sale financial assets	\$ -	\$ 63,625	\$ -	\$ 63,625

- C. The methods and assumptions the Group used to measure fair value are as follows:

The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Group's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk and etc. In

accordance with the Group's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the consolidated balance sheet. The inputs and pricing information used during valuation are carefully assessed and adjusted based on current market conditions.

D. For the years ended December 31, 2015 and 2014, there was no transfer between Level 1 and Level 3.

E. The fair value of financial instruments that are not traded in an active market (for example, over-the-counter derivatives) is determined by using valuation techniques. These valuation techniques maximise the use of observable market data where it is available and rely as little as possible on entity specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

13. SUPPLEMENTARY DISCLOSURES

(1) Significant transactions information

A. Loans to others: None.

B. Provision of endorsements and guarantees to others: Please refer to table 1.

C. Holding of marketable securities at the end of the period (not including subsidiaries, associates and joint ventures): None.

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 2.

H. Receivables from related parties reaching \$100 million or 20% of paid-in capital or more: Please refer to table 3.

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

J. Significant inter-company transactions during the reporting periods: Please refer to table 4.

(2) Information on investees

The information of certain subsidiaries were disclosed from the financial statements those audited by other independent accountant. The investment transactions with subsidiaries were eliminated when preparing the consolidated financial statement, the information disclosed below is for reference. Names, locations and other information of investee companies (not including investees in Mainland China): Please refer to table 5.

(3) Information on investments in Mainland China

A. Basic information: Please refer to table 6.

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

The Company purchased through the third-tier subsidiary, PROCASE & MOREX Corporation (Procaser). For the year ended December 31, 2015, Procaser purchased raw materials of iron pieces amounting to \$1,013,102, for manufacturing computer cases, from the Company's fourth-tier subsidiary in Mainland China, Dongguan Procaser Electronic Co., Ltd.. Balance of accounts payable amounted to \$195,096, comprising 46% of the accounts payable of Procaser. For the year ended December 31, 2015, Procaser sold finished goods of computer cases to the Company, amounting to \$1,111,812, comprising 65% of Procaser's sales in 2015. Balance of accounts payable to Dongguan Procaser Electronic Co., Ltd. amounted to \$258,871, comprising 39% of the accounts payable of the Company.

For the year ended December 31, 2015, the Company provided research and development technical skills to Dongguan Procaser Electronic Co., Ltd., and received royalty of \$11,322. Other receivables from Dongguan Procaser Electronic Co., Ltd. amounted to \$11,322, comprising 8% of other receivables of the Company.

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, also, selling methods and customer categories are alike, the Company's and subsidiaries' chief operating decision-maker aggregates 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 reports provided to the chief operating decision-maker are 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

Detail of revenue balance is as follows:

	Years ended December 31,	
	2015	2014
Computer server cases	\$ 2,496,706	\$ 2,600,098
Peripheral products and components	1,447,190	1,001,314
Personal computer cases	346,958	589,475
Molds	148,375	282,101
Total	<u>\$ 4,439,229</u>	<u>\$ 4,472,988</u>

(6) Geographical information

Geographical information for the years ended December 31, 2015 and 2014 is as follows:

	Years ended December 31,			
	2015		2014	
	Sales revenue	Non-current assets	Sales revenue	Non-current assets
US	\$ 1,695,673	\$ 301,758	\$ 1,554,342	\$ 299,079
China	1,428,601	871,446	1,077,658	773,653
Taiwan	664,560	287,033	890,241	284,231
Others	650,395	256	950,747	200
Total	<u>\$ 4,439,229</u>	<u>\$ 1,460,493</u>	<u>\$ 4,472,988</u>	<u>\$ 1,357,163</u>

(7) Major customer information

Major customer information of the Group for the years ended December 31, 2015 and 2014 is as follows:

	Years ended December 31,			
	2015		2014	
	Sales revenue	Percentage in the consolidated net operating income	Net sales revenue	Percentage in the consolidated net operating income
Company A	\$ 1,254,169	28%	\$ 1,053,220	24%
Company B	859,652	19%	948,198	21%

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Provision of endorsements and guarantees to others

Year ended December 31, 2015

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

Table 1

<u>Party being endorsed/guaranteed</u>														
Number (Note 1)	Endorser/ guarantor	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, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	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	\$ 541,603	\$ 131,320	\$ 131,320	\$ 65,660	\$ -	5	\$ 1,624,809	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	CLOUDWELL HOLDINGS, LLC.	1	541,603	183,848	183,848	166,708	-	7	1,624,809	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	PROCASE & MOREX Corporation	2	541,603	344,715	344,715	-	-	13	1,624,809	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.

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, 2015

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

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		
			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	(\$ 1,414,293)	47	T/T 120 days	Note 1	Note 1	\$ 325,093	47	Note 2
Procace & Morex Corporation	CHENBRO MICOM CO., LTD.	Parent-subsiary company	Sales	(1,111,812)	65	60 days after monthly billing	Note 1	Note 1	258,871	57	Note 2
Procace & Morex Corporation	Dongguan Procace Electronic Co., Ltd.	Parent-subsiary company	Sales	(516,023)	30	Based on agreement	Note 1	Note 1	170,370	38	Note 2
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsiary company	Sales	(1,013,102)	73	Based on agreement	Note 1	Note 1	195,096	53	Note 2
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsiary company	Sales	(417,256)	37	60 days after monthly billing	Note 1	Note 1	131,823	37	Note 2
CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	The Company's subsidiary	Sales	(114,214)	4	T/T 45 days	Note 1	Note 1	14,699	2	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

December 31, 2015

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

Table 3

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015 (Note 3)	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
					Amount	Action taken		
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Accounts receivable \$ 325,093	4.21	\$ -	-	\$ 220,008	\$ -
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Other receivables \$ 12,325	None	-	-	7,484	-
Procace & Morex Corporation	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 258,871	4.57	460	Subsequent collection	231,304	-
Procace & Morex Corporation	Dongguan Procace Electronic Co., Ltd.	Parent-subsidiary company	Accounts receivable \$ 170,370	2.24	-	-	53,717	-
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsidiary company	Accounts receivable \$ 195,096	5.93	187,965	Offset with accounts payable subsequent to the balance sheet date	137,814	-
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsidiary company	Other receivables \$ 6,106	None	6,106	Offset with accounts payable subsequent to the balance sheet date	-	-
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 131,823	2.44	-	-	41,905	-

Note 1: Subsequent collections as of March 22, 2016.

Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts is accrued.

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, 2015

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

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 5)
				General ledger account	Amount (Notes 3, 6 and 7)	Transaction terms	
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Sales	\$ 1,414,293	Note 4	32
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Accounts receivable	325,093	Note 4	7
0	CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	1	Sales	114,214	Note 4	3
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	417,256	Note 4	9
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	131,823	Note 4	3
2	Dongguan Procace Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	3	Sales	1,013,102	Note 4	23
2	Dongguan Procace Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	3	Accounts receivable	195,096	Note 4	4
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Sales	1,111,812	Note 4	25
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Accounts receivable	258,871	Note 4	6
3	PROCASE & MOREX CORPORATION	Dongguan Procace Electronic Co., Ltd.	3	Sales	516,023	Note 4	12
3	PROCASE & MOREX CORPORATION	Dongguan Procace Electronic Co., Ltd.	3	Accounts receivable	170,370	Note 4	4

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, 2015 is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES
Information on investees (not including inestees in Mainland China)
Year ended December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015 (Note 7)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 7)	Footnote
				Balance as at December 31, 2015 (Note 7)	Balance as at December 31, 2014 (Note 7)	Number of shares	Ownership (%)	Book value (Note 7)			
CHENBRO MICOM CO., LTD.	Micom Source Holding Company	Cayman Islands	Holding company	\$ 663,518	\$ 663,518	20,449,890	100	\$ 2,007,507	\$ 238,020	\$ 238,044	Note 1 and 6
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	USA	General trading company	32,408	32,408	10,000,000	100	43,131	11,894	3,570	Note 1 and 6
CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	Netherlands	General trading company	2,837	2,837	20,000	100	55,001 (2,917) (2,015)	Note 1 and 6
CHENBRO MICOM CO., LTD.	Cloudwell Holdings, LLC.	USA	Real estate leasing company	77,740	77,740	-	100	87,557	946	946	Note 2 and 6
CHENBRO MICOM CO., LTD.	Chenbro GmbH	Germany	Marketing Services	9,019	-	-	100	9,186	306	306	Note 2 and 6
Micom Source Holding Company	Cloud International Company Limited	British Virgin Islands	Holding company	18,057	18,057	550,000	100	27,711	2,920	-	Note 3 and 6
Micom Source Holding Company	AMAC International Company	Cayman Islands	Holding company	211,852	211,852	6,452,738	100	53,914	30,425	-	Note 3 and 6
Micom Source Holding Company	AMBER International Company	Cayman Islands	Holding company	270,519	270,519	8,239,890	100	1,498,872	136,491	-	Note 3 and 6
Micom Source Holding Company	ADEPT International Company	British Virgin Islands	Holding company	518,714	518,714	31,600	100	458,365	74,858	-	Note 3 and 6
Chenbro Europe B.V.	Chenbro UK Limited	UK	General trading company	897	897	20,000	100	1,966	35	-	Note 4 and 6
ADEPT International Company	PROCASE & MOREX Corporation	British Virgin Islands	Trading/ order taking company	279,055	279,055	35,502	100	490,426	77,882	-	Note 5 and 6

Note 1: Investment income (loss) recognised for the year ended December 31, 2015 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions, and effects of different tax rates between the purchaser and seller.

Note 2: The investor does not hold any share in the investee because the investee is a limited 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: Investment income / loss recognised by ADEPT International Company.

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

Note 7: Except for current profit (loss) for the year ended December 31, 2015 which is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

CHENBRO MICOM CO., LTD. AND SUBSIDIARIES

Information on investments in Mainland China

Year ended December 31, 2015

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

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for year ended December 31, 2015			Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
				Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Remitted to Mainland China	Remitted back to Taiwan							
CHENBRO MICOM (ShenZhen) Co., Ltd.	Trading and order taking	\$ 16,415	Note 1	\$ 16,415	\$ -	\$ -	\$ 16,415	\$ 2,891	100	\$ 2,891	\$ 26,150	\$ -	Note 1, 7 and 8
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	328,300	Note 3	328,300	-	-	328,300	137,234	100	137,234	1,508,893	302,406	Note 3, 6, 7 and 8
CHENBRO MICOM (BEIJING) CO.,LTD	Rendering technical service	29,820	Note 5	-	-	-	-	504	100	504	23,813	-	Note 5, 7 and 8
Dongguan Procace Electronic Co., Ltd.	Manufacturing and processing of computer cases	411,754	Note 4	98,359	-	-	98,359	254,905	100	254,905	448,226	-	Note 4, 7 and 8

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: According to the Company's financial statements audited by independent accountants.

Note 3: The Company reinvested through Amber International Company.

Note 4: The Company reinvested through Procace & 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 transactions were eliminated when preparing the consolidated financial statements.

Note 8: Except current profit (loss) for the year ended December 31, 2015 is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	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 9)
CHENBRO MICOM CO., LTD.	\$ 443,074	\$ 322,888	\$ -

Note 9: Pursuant to the Gong-Zhi-Zi Order No. 10320431220, certificate for qualified operational headquarters, issued by Industrial Development Bureau, Ministry of Economic Affairs on December 11, 2014, there is no ceiling on accumulated investments in Mainland China for the period from November 25, 2014 to November 24, 2017.

[Appendix IV]

REPORT OF INDEPENDENT ACCOUNTANTS TRANSLATED FROM CHINESE

(15) PWCR15003300

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

We have audited the accompanying balance sheets of Chenbro Micom Co., Ltd. as of December 31, 2015 and 2014, and the related parent company only statements of comprehensive income, of changes in equity and of cash flows for the years then ended. These financial statements are the responsibility of Chenbro Micom Co., Ltd.'s management. Our responsibility is to express an opinion on these financial statements based on our audits. As stated in Note 6(5), we did not audit the financial statements of certain investees accounted for using equity method. The related investment loss amounted to NT\$1,069 thousand and NT\$1,262 thousand for the years ended December 31, 2015 and 2014, respectively, and the long-term equity investments amounted to NT\$142,558 thousand and NT\$164,736 thousand as of December 31, 2015 and 2014, respectively. The financial statements of these investees and the information disclosed in Note 13 were audited by other independent accountants whose reports thereon have been furnished to us, and our opinion expressed herein is based solely on the audit reports of the other independent accountants.

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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the reports of other independent accountants provide a reasonable basis for our opinion.

In our opinion, based on our audits and the reports of other independent accountants, the financial statements referred to above present fairly, in all material respects, the financial position of Chenbro Micom Co., Ltd. as of December 31, 2015 and 2014, and its financial performance and cash flows for the years then ended in conformity with the “Rules Governing the Preparation of Financial Statements by Securities Issuers”.

PricewaterhouseCoopers, Taiwan

March 22, 2016

The accompanying 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 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.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Assets			2015		2014	
			AMOUNT	%	AMOUNT	%
Current assets						
1100	Cash and cash equivalents	6(1)	\$ 210,074	6	\$ 507,220	14
1150	Notes receivable, net		232	-	455	
1170	Accounts receivable, net	6(2)	350,783	9	240,953	6
1180	Accounts receivable - related parties	7	345,524	9	357,647	10
1200	Other receivables	6(3)	30,852	1	41,350	1
1210	Other receivables - related parties	7	114,363	3	77,093	2
130X	Inventory	6(4)	145,808	4	227,656	6
1410	Prepayments		3,540	-	4,754	-
1470	Other current assets	8	1,198	-	1,162	-
11XX	Total current assets		1,202,374	32	1,458,290	39
Non-current assets						
1550	Investments accounted for under equity method	6(5)(15)	2,202,382	59	1,977,508	53
1600	Property, plant and equipment	6(6)	273,907	8	269,341	7
1780	Intangible assets	6(7)	9,706	-	10,767	-
1840	Deferred income tax assets	6(20)	28,900	1	34,109	1
1900	Other non-current assets	6(6)(8)	6,929	-	6,499	-
15XX	Total non-current assets		2,521,824	68	2,298,224	61
1XXX	Total assets		\$ 3,724,198	100	\$ 3,756,514	100

(Continued)

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Liabilities and Equity		Notes	2015		2014	
			AMOUNT	%	AMOUNT	%
Current liabilities						
2100	Short-term borrowings	6(9)	\$ 65,690	2	\$ 94,950	3
2150	Notes payable		18	-	492	-
2170	Accounts payable		254,516	7	231,747	6
2180	Accounts payable - related parties	7	404,907	11	457,257	12
2200	Other payables	6(10)	167,133	4	162,252	4
2220	Other payables - related parties	7	22,823	1	19,004	1
2230	Current income tax liabilities		374	-	90,288	2
2300	Other current liabilities		5,895	-	9,492	-
21XX	Total current liabilities		921,356	25	1,065,482	28
Non-current liabilities						
2570	Deferred income tax liabilities	6(20)	56,007	1	56,942	2
2600	Other non-current liabilities	6(11)	38,820	1	35,138	1
25XX	Total non-current liabilities		94,827	2	92,080	3
2XXX	Total liabilities		1,016,183	27	1,157,562	31
Equity						
Share capital						
3110	Share capital - common stock	6(12)	1,201,260	32	1,201,260	32
Capital surplus						
3200	Capital surplus	6(13)	56,749	1	56,749	1
Retained earnings						
3310	Legal reserve	6(14)	408,404	11	354,277	9
3320	Special reserve		65,573	2	65,573	2
3350	Unappropriated retained earnings		933,712	25	844,851	23
Other equity interest						
3400	Other equity interest	6(15)	54,857	2	88,782	2
3500	Treasury stocks	6(12)	(12,540)	-	(12,540)	-
3XXX	Total equity		2,708,015	73	2,598,952	69
Significant contingent liabilities and unrecognized contract commitments						
Significant events after the balance sheet date						
3X2X	Total liabilities and equity		\$ 3,724,198	100	\$ 3,756,514	100

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF INCOME
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except for earnings per share amount)

Items	Notes	2015		2014	
		AMOUNT	%	AMOUNT	%
4000 Operating revenue	6(16) and 7	\$ 3,038,008	100	\$ 3,641,492	100
5000 Operating costs	6(4)(19) and 7	(2,386,061)	(79)	(2,795,651)	(77)
5900 Net operating margin		<u>651,947</u>	<u>21</u>	<u>845,841</u>	<u>23</u>
5910 Unrealized profit from sales		(67,434)	(2)	(83,725)	(2)
5920 Realized profit on from sales		<u>83,725</u>	<u>3</u>	<u>36,941</u>	<u>1</u>
Unrealized loss (profit) from sales	6(5)	<u>16,291</u>	<u>1</u>	<u>(46,784)</u>	<u>(1)</u>
5950 Net operating margin		<u>668,238</u>	<u>22</u>	<u>799,057</u>	<u>22</u>
Operating expenses	6(19) and 7				
6100 Selling expenses		(108,151)	(4)	(123,489)	(4)
6200 General and administrative expenses		(109,626)	(4)	(112,224)	(3)
6300 Research and development expenses		(132,455)	(4)	(122,793)	(3)
6000 Total operating expenses		<u>(350,232)</u>	<u>(12)</u>	<u>(358,506)</u>	<u>(10)</u>
6900 Operating profit		<u>318,006</u>	<u>10</u>	<u>440,551</u>	<u>12</u>
Non-operating income and expenses					
7010 Other income	6(17) and 7	18,084	1	10,228	-
7020 Other gains and losses	6(18)	15,662	-	19,354	1
7050 Finance costs		(1,324)	-	(2,575)	-
7070 Share of profit of associates and joint ventures accounted for using equity method, net	6(5)	<u>240,851</u>	<u>8</u>	<u>194,558</u>	<u>5</u>
7000 Total non-operating income and expenses		<u>273,273</u>	<u>9</u>	<u>221,565</u>	<u>6</u>
7900 Profit before income tax		<u>591,279</u>	<u>19</u>	<u>662,116</u>	<u>18</u>
7950 Income tax expense	6(20)	(86,445)	(3)	(120,844)	(3)
8200 Profit for the year		<u>\$ 504,834</u>	<u>16</u>	<u>\$ 541,272</u>	<u>15</u>
Other comprehensive (loss) income					
Components of other comprehensive (loss) income that will not be reclassified to profit or loss					
8311 (Loss) gain on remeasurement of defined benefit plans		(\$ 3,215)	-	\$ 80	-
8349 Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	6(20)	<u>547</u>	-	<u>(14)</u>	-
8310 Components of other comprehensive (loss) income that will not be reclassified to profit or loss		<u>(2,668)</u>	-	<u>66</u>	-
Components of other comprehensive (loss) income that will be reclassified to profit or loss					
8361 Other comprehensive income, before tax, exchange differences on translation	6(15)	(41,287)	(1)	58,631	1
8399 Income tax relating to the components of other comprehensive income	6(15)(20)	<u>7,362</u>	-	<u>(9,076)</u>	-
8360 Components of other comprehensive (loss) income that will be reclassified to profit or loss		<u>(33,925)</u>	<u>(1)</u>	<u>49,555</u>	<u>1</u>
8300 Other comprehensive (loss) income for the year		<u>(\$ 36,593)</u>	<u>(1)</u>	<u>\$ 49,621</u>	<u>1</u>
8500 Total comprehensive income for the year		<u>\$ 468,241</u>	<u>15</u>	<u>\$ 590,893</u>	<u>16</u>
Earnings per share (in dollars)	6(21)				
9750 Basic earnings per share		<u>\$ 4.22</u>		<u>\$ 4.52</u>	
9850 Diluted earnings per share		<u>\$ 4.15</u>		<u>\$ 4.47</u>	

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars)

Notes	Share capital - common stock	Capital Reserves		Retained Earnings			Financial statements translation differences of foreign operations	Treasury stocks	Total equity
		Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings			
6(14)	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 320,094	\$ 65,573	\$ 637,011	\$ 39,227	(\$ 12,540)	\$ 2,307,374
	-	-	-	34,183	-	(34,183)	-	-	-
	-	-	-	-	-	(299,315)	-	-	(299,315)
	-	-	-	-	-	541,272	-	-	541,272
6(15)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>66</u>	<u>49,555</u>	<u>-</u>	<u>49,621</u>
	<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 354,277</u>	<u>\$ 65,573</u>	<u>\$ 844,851</u>	<u>\$ 88,782</u>	<u>(\$ 12,540)</u>	<u>\$ 2,598,952</u>
6(14)	\$ 1,201,260	\$ 42,127	\$ 14,622	\$ 354,277	\$ 65,573	\$ 844,851	\$ 88,782	(\$ 12,540)	\$ 2,598,952
	-	-	-	54,127	-	(54,127)	-	-	-
	-	-	-	-	-	(359,178)	-	-	(359,178)
6(15)	-	-	-	-	-	(2,668)	(33,925)	-	(36,593)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>504,834</u>	<u>-</u>	<u>-</u>	<u>504,834</u>
	<u>\$ 1,201,260</u>	<u>\$ 42,127</u>	<u>\$ 14,622</u>	<u>\$ 408,404</u>	<u>\$ 65,573</u>	<u>\$ 933,712</u>	<u>\$ 54,857</u>	<u>(\$ 12,540)</u>	<u>\$ 2,708,015</u>

Note 1: The directors' and supervisors' remuneration amounting to \$9,424 and employees' bonuses amounting to \$37,696 has been deducted from comprehensive income for 2013.

Note 2: The directors' and supervisors' remuneration amounting to \$14,627 and employees' bonuses amounting to \$58,508 has been deducted from comprehensive income for 2014.

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31
(Expressed in thousands of New Taiwan dollars, except as otherwise indicated)

	Notes	2015	2014
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>			
Profit before tax		\$ 591,279	\$ 662,116
Adjustments			
Adjustments to reconcile profit (loss)			
Reversal of allowance for doubtful accounts	6(2)	(4,362)	(3,083)
Depreciation	6(6)(19)	31,309	35,874
Amortisation	6(7)(19)	5,184	4,188
Interest expense		1,324	2,575
Interest income	6(17)	(3,954)	(3,463)
(Gain) loss on disposal of property, plant and equipment	6(18)	(420)	120
Share of profit of subsidiaries, associates and joint ventures accounted for using equity method	6(5)	(240,851)	(194,558)
Net unrealised profit from sales	6(5)	(16,291)	46,784
Changes in operating assets and liabilities			
Changes in operating assets			
Notes receivable, net		223	(455)
Accounts receivable		(105,468)	73,226
Accounts receivable - related parties		12,123	(146,111)
Other receivables		9,337	(11,842)
Other receivables - related parties		(37,270)	(43,070)
Inventories		81,848	(123,038)
Prepayments		1,214	4,861
Other current assets		(36)	1,205
Changes in operating liabilities			
Notes payable		(474)	492
Accounts payable		22,769	56,636
Accounts payable - related parties		(52,350)	100,962
Other payables (including related parties)		1,683	46,413
Other current liabilities		(3,597)	1,315
Other non-current liabilities		467	416
Cash inflow generated from operations		293,687	511,563
Interest received		5,115	4,602
Cash dividends received from subsidiaries	6(5)	-	302,406
Interest paid		(1,359)	(2,375)
Income tax paid		(164,176)	(60,105)
Net cash flows from operating activities		133,267	756,091
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>			
Acquisition of investments accounted for using equity method	6(5)	(9,019)	-
Acquisition of property, plant and equipment	6(22)	(29,216)	(32,956)
Proceeds from disposal of property, plant and equipment		420	47
Acquisition of intangible assets		(3,624)	(7,439)
Increase in other non-current assets		(536)	(2,607)
Net cash flows used in investing activities		(41,975)	(42,955)
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>			
Decrease in short-term borrowings		(29,260)	(24,290)
Payment of cash dividends	6(14)	(359,178)	(299,315)
Net cash flows used in financing activities		(388,438)	(323,605)
Net (decrease) increase in cash and cash equivalents		(297,146)	389,531
Cash and cash equivalents at beginning of year	6(1)	507,220	117,689
Cash and cash equivalents at end of year	6(1)	\$ 210,074	\$ 507,220

The accompanying notes are an integral part of these financial statements.
See report of independent accountants dated March 22, 2016.

CHENBRO MICOM CO., LTD.
NOTES TO THE FINANCIAL STATEMENTS
YEARS ENDED DECEMBER 31, 2015 AND 2014

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

1. HISTORY AND ORGANIZATION

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 is 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 AUTHORIZATION FOR ISSUANCE OF THE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These financial statements were authorised for issuance by the Board of Directors on March 22, 2016.

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”)

According to Financial-Supervisory-Securities-Auditing No. 1030010325 issued by FSC on April 3, 2014, commencing 2015, companies with shares listed on the TWSE or traded on the Taipei Exchange or Emerging Stock Market shall adopt the 2013 version of IFRS (not including IFRS 9, ‘Financial instruments’) as endorsed by the FSC and Regulations Governing the Preparation of Financial Reports by Securities Issuers effective January 1, 2015 (collectively referred herein as “the 2013 version of IFRS”) in preparing the financial statements. The impact of adopting the 2013 version of IFRS is listed below:

A. IAS 19 (revised), ‘Employee benefits’

The revised standard makes amendments that net interest amount, calculated by applying the discount rate to the net defined benefit asset or liability, replaces the finance charge and expected return on plan assets. Additional disclosures are required for defined benefit plans.

B. IAS 1, ‘Presentation of financial statements’

The amendment requires entities to separate items presented in OCI classified by nature into two groups on the basis of whether they are potentially reclassifiable to profit or loss subsequently when specific conditions are met. If the items are presented before tax then the tax related to each of the two groups of OCI items (those that might be reclassified and those that will not be reclassified) must be shown separately. Accordingly, the Company will adjust its presentation of the statement of comprehensive income.

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

None.

(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 2013 version of IFRSs as endorsed by the FSC:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

The Company is assessing the potential impact of the new standards, interpretations and amendments above. The impact will be disclosed when the assessment is complete.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

The financial statements of the Company have been prepared in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

(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 financial statements have been prepared under the historical cost convention.
- B. The preparation of financial statements in conformity with International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC (collectively referred herein as the “IFRSs”) requires the use of certain critical accounting estimates. It also requires management to exercise its judgment in the process of applying the Company’s accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements of the Company are measured using the currency of the primary economic environment in which the Company operates (the “functional currency”). The financial statements are presented in New Taiwan Dollars.

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 foreign exchange gains and losses 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 Company entities, associates and jointly controlled entities 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 Company 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.

(4) 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.

(5) 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.

(6) Accounts receivable

Accounts receivable are 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.

(7) Impairment of financial assets

- A. The Company 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 (a 'loss event') 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 Company uses to determine whether there is objective evidence of an impairment loss is as follows:
 - (a) Significant financial difficulty of the debtor;
 - (b) The Company, for economic or legal reasons relating to the borrower's financial difficulty, granted the borrower a concession that a lender would not otherwise consider;
 - (c) It becomes probable that the borrower will enter bankruptcy or other financial reorganisation;
 - (d) Observable data indicating that 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 Company 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.

(8) Derecognition of financial assets

The Company 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; however, the Company has not retained control of the financial asset.

(9) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the weighted-average method. 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.

(10) Investments accounted for using equity method / subsidiaries

- A. Subsidiaries are all entities controlled by the Company. The Company controls an entity when the Company 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.
- B. Unrealised gains or losses on transactions between the Company and its subsidiaries have been eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognised in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognised in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company continues to recognise losses proportionate to its ownership.

- D. Pursuant to the “Regulations Governing the Preparation of Financial Reports by Securities Issuers,” profit (loss) of the current period and other comprehensive income in the parent company only financial statements shall equal to the amount attributable to owners of the parent in the financial statements prepared with basis for consolidation. Owners’ equity in the parent company only financial statements shall equal to equity attributable to owners of the parent in the financial statements prepared with basis for consolidation.

(11) 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 Company 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	10～50 years
Machinery and equipment	6 years
Mold equipment	2～4 years
Computer communication equipment	3～4 years
Testing equipment	3～4 years
Transportation equipment	5 years
Office equipment	3 years
Other equipment	3～4 years

(12) 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 3 to 4 years.

(13) Impairment of non-financial assets

The Company assesses at each balance sheet date the recoverable amounts of those assets where 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 recognising 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.

(14) 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.

(15) 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.

(16) 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.

(17) 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.

(18) 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 Company 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 defined benefit net 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. Remeasurement 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' bonus and directors' and supervisors' remuneration

Employees' remuneration 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.

(19) Income tax

- 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. 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 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 Company 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 it is probable 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.

(20) Share capital

- 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.

(21) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved 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.

(22) Revenue recognition

The Company 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 Company's activities. Revenue arising from the sales of goods is recognised when the Company 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 Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

CHENBRO MICOM CO., LTD.

Provision of endorsements and guarantees to others

Year ended December 31, 2015

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

Table 1

Party being endorsed/guaranteed

Number (Note 1)	Endorser/ guarantor	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, 2015	Outstanding endorsement/ guarantee amount at December 31, 2015	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	\$ 541,603	\$ 131,320	\$ 131,320	\$ 65,660	\$ -	5	\$ 1,624,809	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	CLOUDWELL HOLDINGS, LLC.	1	541,603	183,848	183,848	166,708	-	7	1,624,809	Y	N	N	Note 3
0	CHENBRO MICOM CO., LTD.	PROCASE & MOREX Corporation	2	541,603	344,715	344,715	-	-	13	1,624,809	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.

CHENBRO MICOM CO., LTD.

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, 2015

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

Table 2

Purchaser/seller	Counterparty	Relationship with the counterparty	Transaction				Differences in transaction terms compared to third party transactions		Notes/accounts receivable (payable)		Footnote
			Purchases (sales)	Amount	Percentage of total purchases (sales)	Credit term	Unit price	Credit term	Balance	Percentage of total notes/accounts receivable (payable)	
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	The Company's subsidiary	Sales	(\$ 1,414,293)	47	T/T 120 days	Note	Note	\$ 325,093	47	
Procace & Morex Corporation	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	(1,111,812)	65	60 days after monthly billing	Note	Note	258,871	57	
Procace & Morex Corporation	Dongguan Procace Electronic Co., Ltd.	Parent-subsidiary company	Sales	(516,023)	30	Based on agreement	Note	Note	170,370	38	
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsidiary company	Sales	(1,013,102)	73	Based on agreement	Note	Note	195,096	53	
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Sales	(417,256)	37	60 days after monthly billing	Note	Note	131,823	37	
CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	The Company's subsidiary	Sales	(114,214)	4	T/T 45 days	Note	Note	14,699	2	

Note : Terms and prices for the abovementioned transactions are the same with third parties.

CHENBRO MICOM CO., LTD.
Receivables from related parties reaching \$100 million or 20% of paid-in capital or more
December 31, 2015
Expressed in thousands of New Taiwan dollars, except as otherwise indicated

Table 3

Creditor	Counterparty	Relationship with the counterparty	Balance as at December 31, 2015	Turnover rate	Overdue receivables		Amount collected subsequent to the balance sheet date (Note 1)	Allowance for doubtful accounts (Note 2)
					Amount	Action taken		
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Accounts receivable \$ 325,093	4.21	\$ -	-	\$ 220,008	\$ -
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	Parent-subsidiary company	Other receivables \$ 12,325	None	-	-	7,484	-
Procace & Morex Corporation	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 258,871	4.57	460	Subsequent collection	231,304	-
Procace & Morex Corporation	Dongguan Procace Electronic Co., Ltd.	Parent-subsidiary company	Accounts receivable \$ 170,370	2.24	-	-	53,717	-
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsidiary company	Accounts receivable \$ 195,096	5.93	187,965	Offset with accounts payable subsequent to the balance sheet date	137,814	-
Dongguan Procace Electronic Co., Ltd.	Procace & Morex Corporation	Parent-subsidiary company	Other receivables \$ 6,106	None	6,106	Offset with accounts payable subsequent to the balance sheet date	-	-
Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	Parent-subsidiary company	Accounts receivable \$ 131,823	2.44	-	-	41,905	-

Note 1: Subsequent collections as of March 22, 2016.

Note 2: As the related parties have excellent credit condition, no allowance for doubtful accounts is accrued.

CHENBRO MICOM CO., LTD.

Significant inter-company transactions during the reporting periods

Year ended December 31, 2015

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

Table 4

Number (Note 1)	Company name	Counterparty	Relationship (Note 2)	Transaction			Percentage of consolidated total operating revenues or total assets (Note 5)
				General ledger account	Amount (Notes 3, and 6)	Transaction terms	
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Sales	\$ 1,414,293	Note 4	32
0	CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	1	Accounts receivable	325,093	Note 4	7
0	CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	1	Sales	114,214	Note 4	3
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Sales	417,256	Note 4	9
1	Chenbro Technology (Kunshan) Co., Ltd.	CHENBRO MICOM CO., LTD.	2	Accounts receivable	131,823	Note 4	3
2	Dongguan Procace Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	3	Sales	1,013,102	Note 4	23
2	Dongguan Procace Electronic Co., Ltd.	PROCASE & MOREX CORPORATION	3	Accounts receivable	195,096	Note 4	4
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Sales	1,111,812	Note 4	25
3	PROCASE & MOREX CORPORATION	CHENBRO MICOM CO., LTD.	2	Accounts receivable	258,871	Note 4	6
3	PROCASE & MOREX CORPORATION	Dongguan Procace Electronic Co., Ltd.	3	Sales	516,023	Note 4	12
3	PROCASE & MOREX CORPORATION	Dongguan Procace Electronic Co., Ltd.	3	Accounts receivable	170,370	Note 4	4

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 \$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: Except current profit (loss) for the year ended December 31, 2015 is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

CHENBRO MICOM CO., LTD.

Information on investees (not including inestees in Mainland China)

Year ended December 31, 2015

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

Table 5

Investor	Investee	Location	Main business activities	Initial investment amount		Shares held as at December 31, 2015			Net profit (loss) of the investee for the year ended December 31, 2015 (Note 6)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 6)	Footnote
				Balance as at December 31, 2015 (Note 6)	Balance as at December 31, 2014 (Note 6)	Number of shares	Ownership (%)	Book value (Note 6)			
CHENBRO MICOM CO., LTD.	Micom Source Holding Company	Cayman Islands	Holding company	\$ 663,518	\$ 663,518	20,449,890	100	\$ 2,007,507	\$ 238,020	\$ 238,044	Note 1
CHENBRO MICOM CO., LTD.	Chenbro Micom (USA) Incorporation	USA	General trading company	32,408	32,408	10,000,000	100	43,131	11,894	3,570	Note 1
CHENBRO MICOM CO., LTD.	Chenbro Europe B.V.	Netherlands	General trading company	2,837	2,837	20,000	100	55,001 (2,917) (2,015)	Note 1
CHENBRO MICOM CO., LTD.	Cloudwell Holdings, LLC.	USA	Real estate leasing company	77,740	77,740	-	100	87,557	946	946	Note 2
CHENBRO MICOM CO., LTD.	Chenbro GmbH	Germany	Marketing Services	9,019	-	-	100	9,186	306	306	Note 2
Micom Source Holding Company	Cloud International Company Limited	British Virgin Islands	Holding company	18,057	18,057	550,000	100	27,711	2,920	-	Note 3
Micom Source Holding Company	AMAC International Company	Cayman Islands	Holding company	211,852	211,852	6,452,738	100	53,914	30,425	-	Note 3
Micom Source Holding Company	AMBER International Company	Cayman Islands	Holding company	270,519	270,519	8,239,890	100	1,498,872	136,491	-	Note 3
Micom Source Holding Company	ADEPT International Company	British Virgin Islands	Holding company	518,714	518,714	31,600	100	458,365	74,858	-	Note 3
Chenbro Europe B.V	Chenbro UK Limited	UK	General trading company	897	897	20,000	100	1,966	35	-	Note 4
ADEPT International Company	PROCASE & MOREX Corporation	British Virgin Islands	Trading/ order taking company	279,055	279,055	35,502	100	490,426	77,882	-	Note 5

Note 1: Investment income (loss) recognised for the year ended December 31, 2015 includes recognition and elimination of realised and unrealised gain (loss) on upstream transactions, and effects of different tax rates between the purchaser and seller.

Note 2: The investor does not hold any share in the investee because the investee is a limited 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: Investment income / loss recognised by ADEPT International Company.

Note 6: Except for current profit (loss) for the year ended December 31, 2015 which is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

CHENBRO MICOM CO., LTD.

Information on investments in Mainland China

Year ended December 31, 2015

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

Table 6

Investee in Mainland China	Main business activities	Paid-in capital	Investment method	Amount remitted from Taiwan to Mainland China/ Amount remitted back to Taiwan for year ended December 31, 2015		Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2015	Remitted to Mainland China	Remitted back to Taiwan	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	Net income of investee for the year ended December 31, 2015	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2015 (Note 2)	Book value of investments in Mainland China as of December 31, 2015	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2015	Footnote
CHENBRO MICOM (ShenZhen) Co., Ltd.	Trading and order taking	\$ 16,415	2	\$ 16,415	\$ -	\$ -	\$ -	\$ -	\$ 16,415	\$ 2,891	100	\$ 2,891	\$ 26,150	\$ -	Note 1, and 7
Chenbro Technology (Kunshan) Co., Ltd.	Manufacturing and processing of computer cases	328,300	2	328,300	-	-	-	-	328,300	137,234	100	137,234	1,508,893	302,406	Note 3, 6, and 7
CHENBRO MICOM (BEIJING) CO.,LTD	Rendering technical service	29,820	2	-	-	-	-	-	-	504	100	504	23,813	-	Note 5, and 7
Dongguan Procace Electronic Co., Ltd.	Manufacturing and processing of computer cases	411,754	2	98,359	-	-	-	-	98,359	254,905	100	254,905	448,226	-	Note 4, and 7

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: According to the Company's financial statements audited by independent accountants.

Note 3: The Company reinvested through Amber International Company.

Note 4: The Company reinvested through Procace & 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: Except for current profit (loss) for the year ended December 31, 2015 which is translated using the yearly average exchange rate in 2015, amounts in currencies other than NTD disclosed by investees are translated using the spot rate at December 31, 2015.

Company name	Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2015	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 8)
CHENBRO MICOM CO., LTD.	\$ 443,074	\$ 322,888	\$ -

Note 8: Pursuant to the Gong-Zhi-Zi Order No. 10320431220, certificate for qualified operational headquarters, issued by Industrial Development Bureau, Ministry of Economic Affairs on December 11, 2014, there is no ceiling on accumulated investments in Mainland China for the period from November 25, 2014 to November 24, 2017.



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