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Chenbro Micom Co., Ltd.

The 2016 general shareholders' meeting agenda

Time: June 23, 2016 (Thursday) at 9:00 am

Place: 2nd underground floor, Building A, No. 726, Zhongzheng Road, Zhonghe District, New Taipei City (Far Eastern Century Plaza, 1st Management Committee Service Center)

Meeting agenda:

I. Meeting in session

II. Speech of the Chairman

III. Discussion

Proposal I: The amendment of the Company's "Articles of Association"

IV. Reporting matters

Proposal I: The 2015 business report

Proposal II: The supervisor's review report on the 2015 financial reports

Proposal III: The 2015 remuneration to employees and remuneration to directors and supervisors report

Proposal IV: The reasons why shareholders' proposal not included in the general shareholders' meeting for discussion

Proposal V: Investment in Mainland China report

Proposal VI: Endorsement/guarantee and loan lending implementation report

Proposal VII: Treasury stock implementation report

V. Acknowledgements

Proposal I: The acknowledgement of the 2015 business report and financial reports

Proposal II: The acknowledgement of the 2015 statement of earnings distribution

VI. Other proposals and motions

VII. Meeting adjourned

[Discussion]

Proposal I

Proposed by the Board of Director

Cause of action: The amendment of the Company's "Articles of Association" is hereby presented for a resolution.

Explanations:

- I. The Company plans to amend the clauses of the Articles of Association relating to the remuneration appropriated and paid to the employees, directors, and supervisors and the distribution of earnings in response to the addition of 235.1 and the amendment of Article 235 of the Company Law in accordance with order Hua-Zong-Yi-Yi-Zi No. 10400058161 made on May 20, 2015. Please refer to Attachment I on page 10 of the Agenda Handbooks for the clauses amendment before and after.
- II. Article 24 of the "Articles of Association" regarding remuneration to employees and remuneration to directors and supervisors was resolved and passed by the Remuneration Committee on January 8, 2016.
- III. This proposal will be presented in the 2016 general shareholders' meeting after its being approved by the board of directors.

[Reporting matters]

Propose I

Cause of action: The 2015 business report is hereby presented for review and approval.

Explanations: Please refer to Attachment II in page 12 of the Agenda Handbooks for the 2015 business report.

Proposal II

Cause of action: The Supervisor's Review Report on the 2015 financial statements is hereby presented for review and approval.

Explanations: Please refer to Attachment III in Page 19 of the Agenda Handbooks for the supervisors' review report

Proposal III

Cause of action: The 2015 distribution of remuneration to employees and remuneration to directors and supervisors is hereby presented for review and approval.

Explanations:

1. It is processed in accordance with Jing-Shang-Zi No. 10402413890 Letter dated 6.11.2015 of the Ministry of Economic Affairs and Jing-Shang-Zi No. 10402427800 Letter dated 10.15.2015 of the Ministry of Economic Affairs.
2. The Company should have the remuneration to employees appropriated for an amount not less than 6% of the annual earnings and the remuneration to directors and supervisors for an amount not more than 3% of the annual earnings according to the amended Article 24 of the Company's Articles of Association resolved in the shareholders' meeting.
3. It was resolved in the Remuneration Committee meeting on March 11, 2016 to appropriate an amount of NT\$44,230,614 (equivalent to 6.8% of the annual earnings) as remuneration to employees and an amount of NT\$13,009,004 (equivalent to 2% of the annual earnings) as remuneration to directors and supervisors, paid in cash.
4. The proposal of earnings distribution will not be executed until the amendment of the Articles of Association resolved in the shareholders' meeting.

Proposal IV

Cause of action: The reasons why shareholders' proposal excluded for discussion in the general shareholders' meeting are hereby presented for review and approval.

Explanations: As of April 27, 2016 (shareholders' proposals accepting time period from April 18, 2016 to April 27, 2016), except for the proposals passed in the 2nd board meeting on March 22, 2016, there was not any proposal received from the Company's shareholders.

Proposal V

Cause of action: Investment in Mainland China report is hereby presented for review and approval.

Explanations: The Company's investment in Mainland China as of December 31, 2015:

Unit: NT\$1,000

Name of invested company in China	Main business operation	Paid-in capital
Chenbro Technology (ShenZhen) Co., Ltd.	Trading and sales	\$16,415
Chenbro Technology (Kunshan) Co., Ltd.	Engaging in computer housing manufacturing and processing business	\$328,300
Chenbro Technology (Beijing) Co., Ltd.	Engaged in technology service business	\$29,820
Chen-Sheng Electronics (Dongguan) Co., Ltd.	Engaging in computer housing manufacturing and processing business	\$411,754

Proposal VI

Cause of action: Endorsement/guarantee and loan lending implementation report is hereby presented for review and approval.

Explanations:

1. The company's total endorsement/guarantee amounted to NT\$1,624,809 thousand (60% of the company's net Assets) as of December 31, 2015. The endorsement/guarantee for one single enterprise is limited to NT\$541,603 thousand (20% of the company's net Assets). The endorsement/guarantee for the wholly-owned subsidiary (90% and more) is limited to NT\$1,354,008 thousand (50% of the company's net Assets). The actual implementation of the endorsement/guarantee is as follows:

Unit: NT\$1,000

Subject of endorsement/guarantee		Current maximum endorsement / guarantee amount	Ending balance of endorsement / guarantee	Ratio of accumulated endorsement / guarantee amount to the net worth on the most recent financial report
Company name	Relationship			
Chenbro Micom(USA) Incorporation	The Company's subsidiary	541,603	131,320	5%
CLOUDWELL HOLDINGS,LLC	The Company's subsidiary	541,603	183,848	7%
Procace & Morex Corporation	The 100% wholly-owned company of the subsidiary	541,603	344,715	13%

2. The Company did not have any loan lending made to others as of December 31, 2015.

Proposal VII

Cause of action: Treasury stock implementation report

Explanations:

Frequency of repurchase	The 1 st time	The 2 nd time
Date of Board resolution	11/27/2008	08/12/2013
Expected repurchase period	11/28/2008 ~ 1/27/2009	08/13/2013 ~ 10/12/2013
Expected repurchase shares	2,000,000 shares	1,000,000 shares
Expected repurchase price	6.20 ~ 14.00	22.00 ~ 49.80
Actual repurchase period	11/28/2008 ~ 12/12/2008	08/20/2013 ~ 10/09/2013
Actual repurchase shares	543,000	400,000
Actual repurchase amount	NT\$4,737,028	NT\$12,539,980
Average repurchase price per share	NT\$8.72	NT\$31.35
Ratio to the current shareholdings	0.49%	0.33%
Purpose of repurchase	Transferred to employees	Transferred to employees
Reasons for not completing the transaction	—	The treasury stock has not been transferred completely due to the consideration of global economic situation, the effective use of the company funds, and maintaining shareholders' equity.
Repurchase shares transferred	543,000 shares	0 share

[Acknowledgements]

Proposal I

Proposed by the Board of Directors

Cause of action: The 2015 business report and financial statements (including proprietary and consolidated financial reports) are presented for acknowledgement.

Explanations:

- I. The CPA had audited the Company's 2015 financial reports, including balance sheet, comprehensive income statement, statement of changes in equity, and statement of cash flows, with a Modified unqualified audit report issued that are also reviewed by the supervisors with a rewritten review report issued and filed for record.
- II. Please refer to Page 12 [Attachment II] and Page 20 [Attachment IV] of the Agenda Handbooks for the 2015 business report, financial statements (including proprietary and consolidated financial statements), and independent auditor's report.
- III. Please acknowledge.

Resolutions:

Proposal II

Proposed by the Board of Directors

Cause of action: The Company's 2015 statement of earnings distribution is hereby proposed for acknowledgement.

Explanations:

- I. For the 2015 earnings distribution, the Board of Directors has the 2015 statement of earnings distribution prepared in accordance with the Company Law and the Company's Articles of Association.
- II. Please refer to Page 35 [Attachment V] of the Agenda Handbooks for the statement of earnings distribution.

- III. The Company plans to distribute cash dividend for an amount of NT\$2.60 per share, which will be distributed proportionally to the shareholding of the shareholders listed in the shareholder registry on the ex-dividend date as soon as the proposal of earnings distribution resolved at the shareholders' meeting and the board of directors is authorized to scheduled the ex-dividend date and the related matters. For the change in the shareholders' dividend rate as a result of the repurchase shares, transfer or cancellation of treasury stock, the exercise of convertible corporate bonds, or employee stock option right, the idea is to propose it in the shareholders' meeting having the board of directors authorized to have it adjusted accordingly.
- IV. The cash dividend will be distributed proportionally to the shareholding and the distribution amount will be rounded up to dollar. The total odd shares that are less than NT\$1 will be booked as other income of the Company.
- V. Please acknowledge.

Resolutions:

[Motions]

[Meeting adjourned]

Attachments

Articles of Association amendment before and after

Amended clause	Clause before amendment	Reason for amendment
<p>Article 24: <u>The Company's annual profits, if any, should be with not less than 6% appropriated as remuneration to employees and with not more than 3% appropriated as remuneration to directors and supervisors.</u> <u>The remuneration to employees paid with stock or cash resolved by the board of directors is also available to the qualified employees of the subsidiaries; in addition, the Board of Directors is authorized to regulate the related matters.</u> <u>If the Company is with accumulated losses, an amount for making up the losses should be reserved in advance before having the remuneration to employees appropriated.</u></p>	<p>Article 24: The Company's annual profits, if any, should be applied to pay business tax and making up the losses of prior years, and with the remaining amount, if any, used for appropriating 10% legal reserve and appropriating or reversing special reserve according to the governing law. The remaining amount thereafter, if any, should be applied to appropriate bonus to employees for an amount not less than 6% of the remaining balance and for remuneration to directors and supervisors for an amount not less than 2% of the remaining balance. The remaining amount, if any, plus the accumulated unappropriated retained earnings of the prior years should be applied for the distribution of bonuses to shareholders proposed by the board of directors and resolved in the shareholders' meeting.</p>	<p>1. In response to the amendment of Article 235 and Article 235.1 of the Company Law, the Company shall prescribe a certain amount or percentage of the earnings as remuneration to employees. In addition, the distribution of remuneration to employees and the ratio in the Articles of Association should be amended in accordance with the said amendment.</p> <p>2. According to the Jing-Shang-Zi No. 10402413890 Letter dated June 11, 2015 of the Ministry of Economic Affairs, the statement of earnings distribution must be prepared without the accounting title of "bonus to employees"; moreover, remuneration to directors and supervisors should be handled the same way as bonus to employees. However, the Company can still prescribe a certain amount or percentage of the earnings as remuneration to directors and supervisors in the Articles of Association. In addition, the distribution of remuneration to directors and supervisors and the ratio in the Articles of Association should be amended in accordance with said amendment.</p> <p>3. According to the interpretation of the Letter referred to above, if the Company has accumulated losses. In addition, the remuneration to employees and the remuneration to directors and supervisors are both detailed in the Articles of Association, the remuneration to employees, directors, and supervisors should be calculated in accordance with the current earnings (net income before tax) net of the accumulated losses.</p>

Amended clause	Clause before amendment	Reason for amendment
<p>Article 24.1</p> <p><u>The Company's annual net income is distributed orderly as follows:</u></p> <p><u>1. Paying taxes.</u></p> <p><u>2. Making up losses.</u></p> <p><u>3. Appropriating 10% legal reserve, unless the legal reserve is equivalent to the paid-in capital.</u></p> <p><u>4. Having special reserve appropriated or reversed according to the law and regulations or the requirements of the securities competent authorities.</u></p>		<p>1. A new clause enacted.</p> <p>2. This clause is amended to have the earnings distribution methods clearly defined in accordance with Article 232 and Article 237 of the Company Law.</p>
<p><u>5. The remaining balance, if any, plus the accumulated unappropriated earnings of prior periods are to be reserved or applied for the distribution of bonus to shareholders depending on the current fund planning and economic development in accordance with the approval of the board of directors and the resolution reached in the shareholders' meeting.</u></p>		
<p><u>Article 24.2:</u></p> <p>The Company's dividend policy is based on the current profitability and the Company's future growth, capital budget planning, and measurement of capital needs; in addition, <u>taking into account the interests of shareholders and the company's long-term financial planning to have shareholder dividend distributed in cash or with stock dividend depending on the appropriation of the distributable earnings.</u> Cash dividend shall not be less than 10% of the total amount of dividends. Cash dividends for less than NT\$0.2 per share will not be distributed and it will be replaced with stock dividend.</p>	<p>Article 24.1:</p> <p>The Company's dividend policy is based on the current profitability and the Company's future growth, capital budget planning, and measurement of capital needs. The needed funds will be satisfied with retained earnings and dividend and the remaining earnings are distributed with cash dividend paid. Cash dividends shall not be less than 10% of the total amount of dividends. Cash dividends for less than NT\$0.2 per share will not be distributed and it will be replaced with stock dividend.</p>	<p>1. The dividend distribution method is not detailed in the original clause; therefore, an amendment is made to the said clause.</p>
<p><u>Article 21:</u></p> <p><u>The 22nd amendment was made on June 23, 2016.</u></p>	<p>Article 21:</p> <p>The 21st amendment was made on May 25, 2012.</p>	

Business Report

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)
Operating margin	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 total 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 Modular high-density server Rackmount Chassis (Model I)
RM14910	1U Modular high-density server Rackmount Chassis (Model II)
RM14911	1U Modular high-density 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)
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 server rackmount chassis
RM43348	4U super high-density modular DP server rackmount chassis

New patents

Applying date	Nation	Type of patent	Patent name	Product range
1/27/2015	Taiwan	Utility model patent	Access device fixed structure	HDD module
1/27/2015	Taiwan	Utility model patent	Storage module fixed structure	HDD module
1/27/2015	Taiwan	Utility model patent	High-density storage module	HDD module
1/27/2015	Taiwan	Utility model patent	Access device tray structure	HDD module
1/8/2015	Taiwan	Utility model patent	Latch device	Chassis
1/27/2015	Taiwan	Utility model patent	Chassis inner rack positioning structure	HDD module
1/5/2015	Taiwan	Utility model patent	Chassis panel structure	Chassis
2/5/2015	Taiwan	Utility model patent	Storage module positioning device	HDD module
2/5/2015	Taiwan	Utility model patent	Storage module positioning mechanical design	HDD module
2/17/2015	Taiwan	Utility model patent	Access device fixed structure	HDD module
3/17/2015	Taiwan	Utility model patent	Interface card plug and unplug device	PCB Holder
3/17/2015	Taiwan	Utility model patent	Interface card driving device	PCB Holder
6/3/2015	Taiwan	Utility model patent	Double fixed structure	HDD module
9/24/2015	Taiwan	Utility model patent	Storage device tray structure	HDD module
6/2/2015	Taiwan	Design patent	Drive tray panel	HDD module
6/2/2015	Taiwan	Design patent	Drive tray panel	HDD module
6/2/2015	Taiwan	Design patent	Computer mainframe panel	Chassis
6/2/2015	Taiwan	Design patent	Computer mainframe panel	Chassis
2/28/2015	China	Utility model patent	Access device fixed structure	HDD module

Applying date	Nation	Type of patent	Patent name	Product range
2/28/2015	China	Utility model patent	Access device fixed structure	HDD module
2/28/2015	China	Utility model patent	High-density storage module	HDD module
2/28/2015	China	Utility model patent	Access device tray structure	HDD module
1/21/2015	China	Utility model patent	Latch device	Chassis
2/27/2015	China	Utility model patent	Chassis inner rack positioning structure	HDD module
1/21/2015	China	Utility model patent	Chassis panel structure	Chassis
4/24/2015	China	Utility model patent	Storage module positioning device	HDD module
4/24/2015	China	Utility model patent	Storage module positioning mechanical design	HDD module
4/1/2015	China	Utility model patent	Access device fixed structure	HDD module
3/30/2015	China	Utility model patent	Interface card plug and unplug device	PCB Holder
3/30/2015	China	Utility model patent	Interface card driving device	PCB Holder
6/30/2015	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 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

I. 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.

II. Important production and sales policies

1. 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.

2. 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.

3. 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.

Today, we are very pleased to have this grand opportunity to report the 2015 business operation and the 2016 operational prospect to the shareholders taking as a whole. We would like to thank you for your support and care extended to us. We will work even harder to create greater achievements for sharing with all of our shareholders.

Sincerely yours,

Chairman: CHEN MEI CHI

President: CHEN MEI CHI

Chief Accountant: Chia-Ling Chih

Supervisor's Review Report

We have audited the Company's 2015 business report, financial report, and statement of earnings distribution that were prepared and presented by the Board of Directors without finding any nonconformity against the governing law and regulations. In addition, we have issued this supervisor's review report in conformity with Article 219 of the Company Law.

Sincerely yours,

To: The 2016 General Shareholders' Meeting

Chenbro Micom Co., Ltd.

Supervisor: Li-Jung Huang

Supervisor: Chen-Hsiang Chen

Supervisor: Ya-Mi Li

March 22, 2016



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		Notes	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		6(12)						
3110	Share capital - common stock			1,201,260	32		1,201,260	32
Capital surplus		6(13)						
3200	Capital surplus			56,749	1		56,749	1
Retained earnings		6(14)						
3310	Legal reserve			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		6(15)						
3400	Other equity interest			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		9						
Significant events after the balance sheet date		6(14) and 11						
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>	(46,784)	(1)
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>	-	(14)	-
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>	-	(9,076)	-
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	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			
2014										
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	6(14)									
Legal reserve		-	-	-	34,183	-	(34,183)	-	-	-
Cash dividends		-	-	-	-	-	(299,315)	-	-	(299,315)
Consolidated net income after tax for 2014		-	-	-	-	-	541,272	-	-	541,272
Other comprehensive income for 2014	6(15)	-	-	-	-	-	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>
2015										
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	6(14)									
Legal reserve		-	-	-	54,127	-	(54,127)	-	-	-
Cash dividends		-	-	-	-	-	(359,178)	-	-	(359,178)
Other comprehensive loss for 2015	6(15)	-	-	-	-	-	(2,668)	(33,925)	-	(36,593)
Consolidated net income after tax for 2015		-	-	-	-	-	504,834	-	-	504,834
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>

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.



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			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								Treasury stocks	Total equity
		Capital Reserves			Retained Earnings						
		Share capital - common stock	Total capital surplus, additional paid-in capital	Treasury stock transactions	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations			
2014											
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>	
2015											
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)

	Notes	2015	2014
<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)	\$ 1,434,077	\$ 1,597,947

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.
Statement of Earnings Distribution
2015

Unit: NT\$

Item	Amount	
	Subtotal	Total
Unappropriated earnings - beginning		431,546,176
Add (less): Other comprehensive profit and loss (Note 2)		(2,668,341)
Add: The 2015 net income (EPS NT\$4.22)		504,834,022
Current distributable earnings		933,711,857
Less:		
Legal reserve appropriation (*10%)	(50,483,402)	
Special reserve appropriation	0	
Earnings distribution:		
Shareholder bonus – Cash (119,725,950 shares	(311,287,470)	
outstanding; Dividend: NT\$2.60 per share)		(361,770,872)
Unappropriated earnings - ending		571,940,985

Remarks:

- [Note 1] The 2015 net income is to be distributed with priority.
- [Note 2] The retained earnings account is adjusted due to the accounting treatment – defined benefit plan actuarial gains and losses.
- [Note 3] The cash dividend will be distributed proportionally to the shareholding and rounded up to dollar. The total odd shares that are less than NT\$1 will be booked as other income of the company.

Appendix

Chenbro Micom Co., Ltd.
Rules of Procedure for Shareholders' Meeting

1. The shareholders' meeting of Chenbro Micom Co., Ltd. (referred to as "the Company" hereinafter) is to be convened in accordance with the "Rules of Procedure for Shareholders' Meeting" unless otherwise provided by law.
2. The place of the shareholders' meeting should be at where the Company located or where it is suitable for holding a meeting. The shareholders' meeting should not be held before 9:00am or after 3:00pm.

The Company shall have the process of accepting shareholders' reporting to the meeting, the meeting in progress, and vote counting recorded in audio and video uninterruptedly.

The audio and video data stated in the preceding paragraph shall be kept for at least one year. However, the relevant video or audio data must be reserved until the end of the legal proceedings that is filed in accordance with Article 189 of the Company Law.

3. The Company shall have the reporting time, place, and other considerations stated in the shareholders' meeting notice.

The shareholders' meeting reporting time referred to in the preceding paragraph shall be 30 minutes prior to the meeting started. There should be clear signs at the reporting place with adequate staff assigned to handle the process.

Shareholders or shareholders' representatives (hereinafter referred to as "shareholders") shall attend the meeting with the attendance certificate, attendance registry card, or other documents presented. The Company shall not arbitrarily demand shareholders to produce additional identification document for attending the shareholders' meeting. The proxy solicitors shall have their identity documents ready for verification.

The attending shareholders (or their representatives) should submit the attendance registry card at the time of reporting to the meeting instead of giving their signatures; also, shareholding is calculated in accordance with the attendance registry cards collected.

The Company shall have the agenda handbooks, annual reports, attendance certificate, statement slip, votes, and other conference materials delivered to the attending shareholders. In addition, for the election of directors and supervisors, if any, the electoral ballots should be enclosed.

If the institutional shareholders have attended the meeting by proxies and have assigned their representatives to attend the meeting at the same time, the assigned representative shall prevail.

The government agency or legal person that is a shareholder may have more than one representative assigned to attend the shareholders' meeting. The legal person that is delegated to attend the shareholders may have only one representative assigned to attend the meeting in accordance with the delegation procedure stated in Paragraph 5.

4. The Company may appoint the contracted attorney, CPA, or the related personnel to attend the shareholders' meeting.

The shareholders' meeting staffs shall wear identification card or armbands.

Chenbro Micom Co., Ltd.
Rules of Procedure for Shareholders' Meeting

5. The attendance and voting at the shareholders' meeting shall be based on the ownership of stock shares.

The Chairman shall call the meeting to order at the meeting time; however, the Chairman may announce to have the meeting postponed if there is without the attendance of the shareholders representing a majority of the outstanding stock shares, which is limited to two postpones and for a total time of less than one hour. If there remains insufficient attendance of the shareholders after two postponements but with more than one third of the outstanding stock shares, a pseudo-resolution can be reached in accordance with Article 175, Paragraph 1 of the Company Law. If the attending shareholders represent a majority of the outstanding stock shares before the end of the meeting, the Chairman may have the pseudo-resolution proposed to be resolved in the shareholders' meeting in accordance with Article 174 of the Company Law.

6. The Chairman of the Board of Directors shall chair the shareholders' meeting when the Board of Directors convenes it. If the Chairman is on leave or unable to exercise powers, the meeting is to be chaired by the Vice Chairman. If there is no Vice Chairman appointed, the Vice Chairman is also on leave, or unable to exercise powers, the Chairman is to have one general director designated to exercise powers. If there is not a general director appointed, one director shall be designated to chair for the meeting. If the Chairman does not have a representative designated to exercise power, the representative is to be elected among the general directors or directors.

The power of the Chairman referred to in the preceding paragraph exercised by the general directors or directors that must be someone who has served for more than six months and understands the Company's financial condition and business operation. The same applies for the Chairman who is the representative of the director that is a legal person.

The shareholders' meeting convened by the Board of Directors should be chaired by the Chairman in person and attended by a majority of the board directors and at least one delegate from each functional committee; also, the attendance should be documented in the minutes of meeting.

For the shareholders' meeting convened by other than the Board of Directors, the convener shall chair the meeting. If there are more than two conveners, one of the conveners should be elected to chair the meeting.

The Board of Directors shall determine the agenda of the shareholders' meeting. The shareholders' meeting should be conducted in accordance with the scheduled agenda and may not be changed without a resolution reached in the shareholders' meeting.

For the shareholders' meeting convened by other than the Board of Directors, the provisions of the preceding paragraph shall apply *mutatis mutandis*.

The Chairman may not have the meeting adjourned discretionally before the meeting agenda (including motions) in the preceding two paragraphs completed and resolved. The attending shareholders may not elect a Chairman to continue the meeting at the same meeting place or at another meeting place after the meeting is adjourned.

Chenbro Micom Co., Ltd.
Rules of Procedure for Shareholders' Meeting

7. Shareholders who wish to speak in the meeting shall fill out the statement slip with the gist of the statement, shareholders account number (or attendance certificate number), and account names detailed in advance for the Chairman to determine the sequence of speakers.

Shareholders may not comment twice on the same motion without the consent of the Chairman and may not be for more than five minutes each time. However, the Chairman may instruct shareholders to stop speaking if they have spoken outside the scope of the motion.

Shareholders who have submitted the statement slips but do not speak in the meeting are considered as having made no statement. For any discrepancy found between the opinions given in the meeting and the statement slip submitted, the opinions given in the meeting shall prevail.

The other shareholders unless with the consent of the Chairman and the speaking shareholder may not interrupt the speech of the shareholder. In addition, the Chairman will stop the violators.

If the institutional shareholders have two or more representatives delegated to attend the meeting, only one of the representatives may speak on the same motion.

8. The Chairman may have the questions raised by the attending shareholders replied personally or by the designated personnel.
9. The Chairman who believes that the motion in discussion is ready for voting may announce to stop discussion and start voting.

The voting held in the shareholders' meeting is based on the ownership of stock shares.

For the resolution reached in the shareholders' meeting, the number of shares of the shareholders without voting right will not be included in the total number of shares issued.

Shareholders that have a conflict of interest with the proposal in discussion that is detrimental to the Company's interests may not participate in the voting and may not exercise the voting right on behalf of other shareholders.

The stock shares without voting rights referred to above may not be included in the voting right of the attending shareholders.

Except for the trust business or the stock affair agent authorized by securities competent authorities, when one person is commissioned by more than two (inclusive) shareholders, the voting rights by proxies may not exceed 3% voting rights of the total outstanding shares. When the voting rights by proxies exceed 3% voting rights of the total outstanding shares, the voting rights exceeding the threshold will not be included for calculation.

10. The motion voted in the shareholders' meeting is deemed as passed with the consent of a majority of the attending shareholders, unless otherwise provided by the Company Law and the Company's Articles of Association. The motion voted in the shareholders' meeting is deemed as passed with the attending shareholders consulted by the Chairman and no objection raised and it is with the same effectiveness as a vote.

Chenbro Micom Co., Ltd.
Rules of Procedure for Shareholders' Meeting

11. The scrutinizers and counting personnel that are needed for voting on a motion are to be designated by the Chairman; however, the said scrutinizers must be appointed among the shareholders.
The votes casted in the shareholders' meeting or the vote count of an election should be held at the venue open to the attendees. In addition, the vote count result should be announced at the scene, including the number of voting rights and with the records kept.
The election of directors and supervisors in the shareholders' meeting, if any, should be handled in accordance with the election regulations defined by the Company. In addition, the election result should be announced at the scene, including the list of the elected directors and supervisors and the respective elected voting rights.
12. When the same proposal is with amendment or alternative made available, the Chairman is to have the original proposal and the amendment and alternative put together and prioritized for voting. If one of the proposals is resolved, the other proposals will be deemed as vetoed without the need of further voting.
13. The Chairman may announce the meeting as in recess at his discretion, may have the meeting suspended upon the occurrence of force majeure and may announce the meeting as back in session, depending on the actual practice. If the meeting venue cannot be used continuously before the end of the meeting with all scheduled motions discussed, a resolution can be reached in the shareholders' meeting to have the meeting postponed or continued within five (5) days without the need of issuing a notice or public announcement.
14. The Chairman may instruct the monitors or security guards to assist maintaining order at the meeting venue. Monitors or security guards at the scene to assist in maintaining order should wear "Monitor" armbands or identification cards.
15. The matters that are not addressed in this Rules of Procedure for Shareholders' Meeting should be handled in accordance with the Company Law, Securities Exchange Act, the Company's Articles of Association, and other related law and regulations.
16. The Rules of Procedure for Shareholders' Meeting will be implemented after it is resolved in the shareholders' meeting, so are the amendments.
17. The "Rules of Procedure for Shareholders' Meeting" was enacted on September 27, 1999.
The 1st amendment was made on June 23, 2006.
The 2nd amendment was made on June 20, 2013.
The 3rd amendment was made on June 11, 2015.

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

Article 1	The Company is incorporated in accordance with the Company Law and is named "CHENBRO MICOM CO., LTD."
Article 2	<p>The business operation of the Company is as follows:</p> <ol style="list-style-type: none">1. J399010 Software publishing2. C805050 Industrial plastic products manufacturing business3. C805990 Other plastic products manufacturing business4. CC01080 Electronic components manufacturing business5. CC01110 Computer and peripheral equipment manufacturing business6. CC01120 Data storage media manufacturing and replication business7. CQ01010 Mold manufacturing business8. F113050 Computer and office machinery equipment wholesale business9. F213030 Computer and office machinery equipment retail business10. F401010 International trading business11. ZZ99999 In addition to the chartered business, the business not-prohibited or not-restricted by law is also permitted for operation
Article 3	The Company may have endorsement and guarantee made externally in accordance with the Company's business operation.
Article 4	The Company's transfer investment as a shareholder with limited responsibility is not subject to the investment limit of 40% of paid-in capital stated in Article 13 of the Company Law.
Article 5	The headquarters of the Company is setup in New Taipei City, Taiwan; also, overseas branches can be setup for business operation with the resolution of the Board of Directors.
Article 6	The Company's announcement should be made in accordance with Article 28 of the Company Law.
Article 7	<p>The Company's total authorized capital amounted to NT\$1.5 billion with 150 million shares issued at NT\$10 Par. The Board of Directors is authorized to have the stock shares issued in installment.</p> <p>For the total capital stated in the preceding paragraph, an amount of NT\$10 million with 1 million shares issued at NT\$10 Par is reserved for the issuance of employee stock warrants. The Board of Directors is authorized to issue the employee warrant in installment. The Board of Directors is authorized to have the unissued shares issued in installment.</p>

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

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|-------------|---|
| Article 7.1 | The Company's withdrawal of public offering should be presented in the shareholders' meeting for a resolution. |
| Article 8 | The Company's stock is registered and numbered and to be signed or sealed by more than three directors; also, it is to be issued after being certified lawfully. The Company's order shares can be issued without stock printout. |
| Article 9 | The stock cut-off date is 60 days prior to the general shareholders' meeting, 30 days prior to the extraordinary shareholders' meeting, or 5 days prior to the baseline date announced by the Company for the distribution of dividends, bonuses, and other benefits. |
| Article 10 | <p>Shareholders' meetings include general shareholders' meetings and extraordinary shareholders' meetings. General shareholders' meetings are held once a year and they are to be convened by the Board of Directors within 6 months after the fiscal year. An extraordinary shareholders' meeting can be convened lawfully at anytime when it is necessary. Shareholders' meeting can be convened in writing or an electronic form with the consent of shareholders</p> <p>For the shareholders with a shareholding less than 1,000 order share, the notice of meeting referred to in the preceding paragraph can be done through a public announcement.</p> |
| Article 11 | The Chairman is to preside the shareholders' meeting. If the Chairman is on leave or cannot perform duty for reasons, one director should be appointed to chair the meeting. If the Chairman does not have his/her representative appointed, one of the directors should be elected to chair the meeting. For the shareholders' meeting convened by other than the Board of Directors, the convener shall chair the meeting. If there are more than two conveners, one of the conveners should be elected to chair the meeting. |
| Article 12 | Shareholders who are unable to attend a shareholders' meeting for valid reasons may issue a properly signed and sealed proxy that is provided by the Company with the scope of authorization specified to have the representative attended the meeting on their behalf. Shareholder's attending the shareholders' meeting by proxy, unless otherwise provided in Article 177 of the Company Law, should be processed in accordance with the "Regulations Governing the Use of Proxies for Attendance at Shareholders' Meeting of Public Companies" published by the competent authorities. |
| Article 13 | Shareholders of the Company are entitled to one voting right per share except for those without voting right listed in Article 179 of the Company Act. |
| Article 14 | The resolution reached in the shareholders' meeting is deemed passed that are with the attendance of the shareholders representing a majority of the total outstanding shares and the consent of the attending shareholders representing a majority of the voting right, unless otherwise provided by the Company Law. |

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

The resolutions reached in the shareholders' meeting must be documented in the minutes of meeting, which must be signed or sealed by the Chairman and then distributed to all shareholders within 20 days after the meeting. The minutes of meeting should be prepared in accordance with Article 183 of the Company Law and should be reserved at the Company's throughout the duration of the Company.

The minutes of meeting in the preceding paragraph should be prepared and distributed in accordance with the Company Law.

Article 15 The Company is with 5-7 directors and 2-3 supervisors appointed for a 3-year term. They are elected among the competent shareholders in the shareholders' meeting; also, they and can be appointed for the 2nd term. In addition, the minimum shareholding ratio of the directors and supervisors shall comply with the requirements of the securities competent authorities.

Article 15.1 In compliance with Article 183 of the Securities Exchange Act, the number of directors stated in the preceding paragraph must be with at least two independent directors appointed, which may not be less than one fifth of the total number of directors with a nomination system adopted, they are elected in the shareholders' meeting from the independent director candidate list. The professional qualifications of the independent directors, shareholdings, part-time job constraints, the nomination and election methods, and other binding matters should be handled in accordance with the relevant requirements of the securities competent authorities.

Article 16 The Board of Directors is organized by the directors with the attendance of two thirds of the directors and the consent of the directors representing a majority of the attending directors to elect the Chairman. The Chairman represents the Company to the public.

Article 17 The responsibilities of the Board of Directors are illustrated as follows:

1. Business operation report;
2. Motion of Profit Appropriation or Deficit Compensation Statement;
3. Capital increase and decrease proposal;
4. Composing important articles of association and organizational charter;
5. Appointing and discharging the Company's President and Vice President;
6. Establishing and dissolving the branches offices;
7. Composing budget and final accounts; and
8. Other rights entrusted in accordance with the Company Law or the resolutions reached in the shareholders' meeting.

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

- Article 18 The Board meeting is convened by the Chairman, unless otherwise provided in the Company Law. The resolutions reached by the Board of Directors, unless otherwise provided in the Company Law, must be with the attendance of the majority of the directors and the consent of the majority of the attending directors.
- Article 19 The Chairman is to preside the board meeting. If the Chairman is on leave or cannot perform duty for reasons, the Chairman should have one director appointed to chair the meeting. If the Chairman failed to have his/her representative appointed, one of the directors should be elected to chair the meeting. Board director shall attend the Board meeting in person; however, the Board director who cannot attend the Board meeting in person for reasons may have had only one director appointed to attend the meeting on his/her behalf by proxy. Independent directors must attending the board meeting in person or have other independent directors appointed to attend the meeting by proxy.
- Article 20 The responsibilities of the supervisors are illustrated as follows:
1. Reviewing the financial status of the Company;
 2. Reviewing the accounting books and documents;
 3. Reviewing the business operation of the Company;
 4. Reviewing the budget and final accounts;
 5. Reviewing the motion of earnings distribution or deficit compensation; and
 6. Other rights entrusted in accordance with the Company Law;
- Article 21 The Company may purchase liability insurance for all directors and supervisors.
The Board of Directors is to determine the remuneration to the Company's directors and supervisors depending on the extent of their involvement in the Company's business operations and their contributions; moreover, by referring to the domestic industry standards, regardless of the operating profit or loss.
- Article 22 The Company has the President, Vice President, Junior Vice President, and managers and their equals appointed with the commission, discharge, and remuneration processed in accordance with Article 29 of the Company Law.
- Article 23 The Company should have the following reports prepared at the end of each fiscal year. The following reports should be presented to the supervisors for review thirty days prior to the shareholders' meeting date and the supervisors should have a review report issued and presented in the general shareholders' meeting for acknowledgement: 1. Business Report, 2. Financial Statement, 3. the motion of earnings distribution or deficit compensation. The business report, financial statements, and the motion of earnings distribution or deficit compensation should be distributed to each shareholder in accordance with the Company Law.

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

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- Article 24 The Company's annual earnings, if any, should be applied to pay business income tax and make up losses of prior periods, and then with 10% legal reserve appropriated from the remaining balance, if any. In addition, appropriate or reverse special reserve in accordance with the governing law and the needs of business operation. The remaining balance afterwards, if any, should be applied to have an amount not less than 6% of the remaining amount as bonus to employees and an amount not less than 2% of the remaining balance as remuneration to directors and supervisors. The remaining balance thereafter, if any. In addition, the accumulated unappropriated retained earnings of the prior years should be applied for the distribution of dividend to shareholders in accordance with the proposal of the Board of Directors and resolutions reached in the shareholders' meeting.
- Article 24.1 The Company's dividend policy is based on the current profitability and the Company's future growth, capital budget planning, and measurement of capital needs; also, the needed funds will be satisfied with retained earnings and dividend and the remaining earnings are distributed with cash dividend paid. However, cash dividend shall not be less than 10% of the total amount of dividends. Cash dividends for less than NT\$0.2 per share will not be distributed and it will be replaced with stock dividend.
- Article 25 The Company has stock shares sold and transferred to employees for a price below the actual average repurchase price or has employee stock warrant issued at a price below the market price (net value per share) since January 1, 2008 that must be with the consent of the attending shareholders representing two thirds of the voting right and the attendance of the shareholders representing a majority of the outstanding shares. Moreover, it can be processed in installment within one year since the date of the shareholder's meeting.
- Article 25.1 The Company may have treasury stock sold and transferred to employees for a price below the actual average repurchase price that must be in complying with the governing law and regulations and must be with the consent of the attending shareholders representing two thirds of the voting right and the attendance of the shareholders representing a majority of the outstanding shares. Moreover, it can be processed in installment within one year since the date of the shareholder's meeting.
- Article 26 The matters that are not addressed in the Articles of Association should be processed in accordance with the Company Law.
- Article 27 The Articles of Association was enacted on November 21, 1983.
The 1st amendment was made on May 10, 1984.
The 2nd amendment was made on May 5, 1986.

Chenbro Micom Co., Ltd.
Articles of Association amendment before and after

The 3rd amendment was made on November 5, 1986.

The 4th amendment was made on November 20, 1987.

The 5th amendment was made on October 2, 1989.

The 6th amendment was made on December 16, 1989.

The 7th amendment was made on March 9, 1990.

The 8th amendment was made on January 3, 1990.

The 9th amendment was made on June 30, 1998.

The 10th amendment was made on June 10, 1999.

The 11th amendment was made on October 20, 1999.

The 12th amendment was made on June 26, 2000.

The 13th amendment was made on June 27, 2002.

The 14th amendment was made on June 30, 2003.

The 15th amendment was made on June 21, 2005.

The 16th amendment was made on June 23, 2006.

The 17th amendment was made on June 22, 2007.

The 18th amendment was made on June 27, 2008.

The 19th amendment was made on June 26, 2009.

The 20th amendment was made on June 14, 2010.

The 21st amendment was made on May 25, 2012.

Appendix 3

Chenbro Micom Co., Ltd. Shareholdings of Directors and Supervisors

April 25, 2016

Title	Name	Shareholding	Remarks
Chairman	CHEN MEI CHI	9,656,009	
Director	LEE TSUN YEN	5,296,029	
Director	WU CHUNG PAO	0	
Director	HSU SHEN KUO	515,112	
Director	TSAO AN PANG	0	Independent director
Director	HSU KUEI YING	0	Independent director
Director	HUANG WEN CHENG	0	Independent director
Total		15,467,150	
Supervisor	CHEN HUANG LI LONG	826,946	
Supervisor	WANG LEE YA-MI	181,334	
Supervisor	CHEN JEN SHYANG	126,224	
Total		1,134,504	
Total shareholdings		16,601,654	

Note 1: The Company had a total of 120,125,950 shares issued as of the cut-off date (April 25, 2016) of the current shareholders' meeting.

Note 2: The Company's paid-in capital is over NT\$1 billion but less than NT\$2 billion; therefore, according to the "Rules and Review Procedures for Director and Supervisor Share Ownership Ratios at Public Companies," the total shareholdings of all the board directors may not be less than 7.5% and for the supervisors may not be less than 0.75%.

The minimum shareholding of all the board directors should be 9,009,446 shares.

The minimum shareholding of all the supervisors should be 900,944 shares.

Appendix 4

The impact of current stock dividend resolved in the Company's shareholders' meeting on the Company's business performance, earnings per share, and return on shareholder's investment:

The Company does not have stock dividend distributed in current year; therefore, it is not applicable.

Chairman: CHEN MEI CHI

President: CHEN MEI CHI

Chief Accountant: Chia-Ling Chih