

**Advanced Semiconductor Engineering,
Inc. and Subsidiaries**

**Consolidated Financial Statements for the
Six months Ended June 30, 2016 and 2015 and
Independent Accountants' Review Report**

INDEPENDENT ACCOUNTANTS' REVIEW REPORT

The Board of Directors and Shareholders
Advanced Semiconductor Engineering, Inc.

We have reviewed the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. and its subsidiaries (collectively the "Group") as of June 30, 2016 and 2015, and the related consolidated statements of comprehensive income for the three months and six months ended June 30, 2016 and 2015, as well as changes in equity and cash flows for the six months ended June 30, 2016 and 2015. These consolidated financial statements are the responsibility of the Group's management. Our responsibility is to issue a report on these consolidated financial statements based on our reviews. The financial statements of Siliconware Precision Industries Co., Ltd. ("SPIL"), an investee which was accounted for using the equity method in the Group's consolidated financial statements, as of June 30, 2016 and for the three months and six months then ended were reviewed by other independent accountants and our review, insofar as it relates to the amounts and information disclosed, is based solely on the report of the other independent accountants. The accompanying consolidated financial statements of the Group include its investments accounted for using the equity method in SPIL of NT\$46,410,338 thousand, representing 13% of the Group's total assets, as of June 30, 2016, and its share of comprehensive income of SPIL of NT\$769,458 thousand and NT\$1,193,522 thousand, representing 22% and 19% of the Group's total comprehensive income for the three months and six months ended June 30, 2016, respectively.

We conducted our reviews in accordance with Statement of Auditing Standards No. 36, "Review of Financial Statements" issued by the Auditing Standards Committee of the Accounting Research and Development Foundation of the Republic of China. A review consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit conducted in accordance with auditing standards generally accepted in the Republic of China, the objective of which is the expression of an opinion regarding the consolidated financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our reviews and the report of the other independent accountants, we are not aware of any material modifications that should be made to the consolidated financial statements referred to above for them to be in conformity with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34, "Interim Financial Reporting" endorsed by the Financial Supervisory Commission of the Republic of China.



August 11, 2016

Notice to Readers

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

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 36,872,544	10	\$ 55,251,181	15	\$ 54,174,574	16
Financial assets at fair value through profit or loss - current (Notes 4, 5 and 7)	2,709,539	-	3,833,701	1	3,817,409	1
Available-for-sale financial assets - current (Notes 4 and 8)	47,908	-	30,344	-	872,470	-
Trade receivables, net (Notes 4 and 9)	44,680,188	13	44,931,487	13	50,733,403	15
Other receivables (Notes 4 and 13)	4,718,274	1	429,541	-	802,299	-
Current tax assets (Note 4)	170,124	-	168,717	-	235,496	-
Inventories (Notes 4, 5 and 10)	19,767,852	6	23,258,279	6	21,845,107	7
Inventories related to real estate business (Notes 4, 5, 11, 23 and 34)	24,494,674	7	25,713,538	7	24,306,852	7
Other financial assets - current (Notes 4, 12 and 34)	830,339	-	301,999	-	337,655	-
Other current assets	2,679,202	1	2,814,053	1	3,137,240	1
Total current assets	<u>136,970,644</u>	<u>38</u>	<u>156,732,840</u>	<u>43</u>	<u>160,262,505</u>	<u>47</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 8)	859,750	1	924,362	-	858,188	-
Investments accounted for using the equity method (Notes 4 and 13)	48,245,770	14	37,422,909	10	1,421,708	1
Property, plant and equipment (Notes 4, 5, 14, 23 and 35)	147,649,548	42	149,997,075	41	152,755,237	46
Goodwill (Notes 4, 5 and 15)	10,560,955	3	10,506,519	3	10,403,615	3
Other intangible assets (Notes 4, 5, 16 and 23)	1,337,476	-	1,382,093	-	1,425,522	1
Deferred tax assets (Notes 4, 5 and 24)	5,130,646	1	5,156,515	2	4,254,363	1
Other financial assets - non-current (Notes 4, 12 and 34)	1,351,102	-	345,672	-	364,387	-
Long-term prepayments for lease (Note 17)	2,402,111	1	2,556,156	1	2,488,197	1
Other non-current assets	434,365	-	263,416	-	927,273	-
Total non-current assets	<u>217,971,723</u>	<u>62</u>	<u>208,554,717</u>	<u>57</u>	<u>174,898,490</u>	<u>53</u>
TOTAL	<u>\$ 354,942,367</u>	<u>100</u>	<u>\$ 365,287,557</u>	<u>100</u>	<u>\$ 335,160,995</u>	<u>100</u>

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	June 30, 2016 (Reviewed)		December 31, 2015 (Audited)		June 30, 2015 (Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 18,318,578	5	\$ 32,635,321	9	\$ 37,192,955	11
Short-term bills payable (Note 18)	-	-	4,348,054	1	-	-
Financial liabilities at fair value through profit or loss - current (Notes 4, 5 and 7)	2,555,705	1	3,005,726	1	3,820,761	1
Trade payables	31,340,210	9	34,138,564	9	33,955,187	10
Dividends payable (Note 22)	12,243,366	3	-	-	15,298,059	5
Other payables (Note 20)	20,809,697	6	19,194,818	5	21,056,472	6
Current tax liabilities (Note 4)	4,446,883	1	4,551,785	1	3,447,976	1
Advance real estate receipts (Note 4)	145,410	-	2,703,706	1	1,332,773	-
Current portion of bonds payable (Notes 4 and 19)	22,549,945	6	14,685,866	4	-	-
Current portion of long-term borrowings (Notes 18 and 34)	5,214,953	2	2,057,465	1	1,551,488	1
Other current liabilities	3,143,546	1	3,180,767	1	2,282,794	1
Total current liabilities	120,768,293	34	120,502,072	33	119,938,465	36
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 19)	24,652,492	7	23,740,384	7	30,867,113	9
Long-term borrowings (Notes 18 and 34)	39,339,333	11	42,493,668	12	22,286,730	7
Deferred tax liabilities (Notes 4, 5 and 24)	4,744,127	2	4,987,549	1	4,238,153	1
Net defined benefit liabilities (Notes 4, 5 and 21)	4,164,074	1	4,072,493	1	4,334,792	1
Other non-current liabilities	1,045,224	-	1,071,509	-	807,319	-
Total non-current liabilities	73,945,250	21	76,365,603	21	62,534,107	18
Total liabilities	194,713,543	55	196,867,675	54	182,472,572	54
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital						
Ordinary shares	79,182,729	22	79,029,290	22	78,878,816	24
Shares subscribed in advance	122,297	-	156,370	-	150,244	-
Total share capital	79,305,026	22	79,185,660	22	79,029,060	24
Capital surplus	22,340,511	6	23,757,099	7	23,870,656	7
Retained earnings						
Legal reserve	14,597,032	4	12,649,145	3	12,649,145	4
Special reserve	3,353,938	1	3,353,938	1	3,353,938	1
Unappropriated earnings	34,592,706	10	40,180,986	11	28,908,965	8
Total retained earnings	52,543,676	15	56,184,069	15	44,912,048	13
Accumulated other comprehensive income	2,465,406	1	5,081,689	1	2,082,151	1
Treasury shares	(7,292,513)	(2)	(7,292,513)	(2)	(7,292,513)	(2)
Equity attributable to owners of the Company	149,362,106	42	156,916,004	43	142,601,402	43
NON-CONTROLLING INTERESTS (Notes 4 and 22)						
Total equity	160,228,824	45	168,419,882	46	152,688,423	46
TOTAL	\$ 354,942,367	100	\$ 365,287,557	100	\$ 335,160,995	100

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated August 11, 2016)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
OPERATING REVENUES (Note 4)	\$ 62,600,703	100	\$ 70,221,812	100	\$ 124,971,785	100	\$ 134,883,970	100
OPERATING COSTS (Notes 10, 21 and 23)	<u>50,345,797</u>	<u>81</u>	<u>58,656,524</u>	<u>84</u>	<u>101,267,598</u>	<u>81</u>	<u>111,005,267</u>	<u>82</u>
GROSS PROFIT	<u>12,254,906</u>	<u>19</u>	<u>11,565,288</u>	<u>16</u>	<u>23,704,187</u>	<u>19</u>	<u>23,878,703</u>	<u>18</u>
OPERATING EXPENSES (Notes 21 and 23)								
Selling and marketing expenses	856,014	1	871,735	1	1,731,656	1	1,751,154	1
General and administrative expenses	2,722,896	4	2,551,872	4	5,481,981	5	5,146,283	4
Research and development expenses	<u>2,744,712</u>	<u>4</u>	<u>2,732,334</u>	<u>4</u>	<u>5,353,237</u>	<u>4</u>	<u>5,279,651</u>	<u>4</u>
Total operating expenses	<u>6,323,622</u>	<u>9</u>	<u>6,155,941</u>	<u>9</u>	<u>12,566,874</u>	<u>10</u>	<u>12,177,088</u>	<u>9</u>
PROFIT FROM OPERATIONS	<u>5,931,284</u>	<u>10</u>	<u>5,409,347</u>	<u>7</u>	<u>11,137,313</u>	<u>9</u>	<u>11,701,615</u>	<u>9</u>
NON-OPERATING INCOME AND EXPENSES								
Other income (Note 23)	116,176	-	119,583	-	282,367	-	298,291	-
Other gains, net (Note 23)	121,964	-	466,670	1	631,953	-	80,894	-
Finance costs (Note 23)	(587,823)	(1)	(541,395)	(1)	(1,199,127)	(1)	(1,123,783)	(1)
Share of profit (loss) of associates and joint ventures (Note 4)	<u>892,116</u>	<u>1</u>	<u>(54,394)</u>	<u>-</u>	<u>1,277,050</u>	<u>1</u>	<u>(50,590)</u>	<u>-</u>
Total non-operating income and expenses	<u>542,433</u>	<u>-</u>	<u>(9,536)</u>	<u>-</u>	<u>992,243</u>	<u>-</u>	<u>(795,188)</u>	<u>(1)</u>
PROFIT BEFORE INCOME TAX EXPENSE	6,473,717	10	5,399,811	7	12,129,556	9	10,906,427	8
INCOME TAX EXPENSE (Notes 4, 5 and 24)	<u>1,523,014</u>	<u>2</u>	<u>1,596,176</u>	<u>2</u>	<u>2,841,257</u>	<u>2</u>	<u>2,452,356</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>4,950,703</u>	<u>8</u>	<u>3,803,635</u>	<u>5</u>	<u>9,288,299</u>	<u>7</u>	<u>8,454,071</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)								
Items that may be reclassified subsequently to profit or loss								
Exchange differences on translating foreign operations	(1,242,104)	(2)	(1,468,409)	(2)	(2,711,424)	(2)	(3,183,928)	(2)
Unrealized gain (loss) on available-for-sale financial assets	4,592	-	13,886	-	(18,858)	-	(40,824)	-
Share of other comprehensive income of associates and joint ventures accounted for using the equity method	<u>(183,321)</u>	<u>-</u>	<u>(10,186)</u>	<u>-</u>	<u>(172,582)</u>	<u>-</u>	<u>82,801</u>	<u>-</u>

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	For the Three Months Ended June 30				For the Six Months Ended June 30			
	2016		2015		2016		2015	
	NT\$	%	NT\$	%	NT\$	%	NT\$	%
Other comprehensive income for the period, net of income tax	\$ (1,420,833)	(2)	\$ (1,464,709)	(2)	\$ (2,902,864)	(2)	\$ (3,141,951)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD	<u>\$ 3,529,870</u>	<u>6</u>	<u>\$ 2,338,926</u>	<u>3</u>	<u>\$ 6,385,435</u>	<u>5</u>	<u>\$ 5,312,120</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:								
Owners of the Company	\$ 4,678,793	8	\$ 3,651,434	5	\$ 8,842,270	7	\$ 8,120,635	6
Non-controlling interests	<u>271,910</u>	-	<u>152,201</u>	-	<u>446,029</u>	-	<u>333,436</u>	-
	<u>\$ 4,950,703</u>	<u>8</u>	<u>\$ 3,803,635</u>	<u>5</u>	<u>\$ 9,288,299</u>	<u>7</u>	<u>\$ 8,454,071</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:								
Owners of the Company	\$ 3,412,276	6	\$ 2,244,300	3	\$ 6,225,987	5	\$ 5,134,247	4
Non-controlling interests	<u>117,594</u>	-	<u>94,626</u>	-	<u>159,448</u>	-	<u>177,873</u>	-
	<u>\$ 3,529,870</u>	<u>6</u>	<u>\$ 2,338,926</u>	<u>3</u>	<u>\$ 6,385,435</u>	<u>5</u>	<u>\$ 5,312,120</u>	<u>4</u>
EARNINGS PER SHARE (Note 25)								
Basic	<u>\$ 0.61</u>		<u>\$ 0.48</u>		<u>\$ 1.16</u>		<u>\$ 1.06</u>	
Diluted	<u>\$ 0.51</u>		<u>\$ 0.43</u>		<u>\$ 0.94</u>		<u>\$ 1.02</u>	

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

(With Deloitte & Touche review report dated August 11, 2016)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Accumulated Other Comprehensive Income			Treasury Shares	Total	Non-controlling Interests	Total Equity
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Total				
	Shares (In Thousands)	Amounts		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
BALANCE AT JANUARY 1, 2015	7,861,725	\$ 78,715,179	\$ 16,013,058	\$ 10,289,878	\$ 3,353,938	\$ 38,737,422	\$ 52,381,238	\$ 4,541,761	\$ 526,778	\$ 5,068,539	\$ (1,959,107)	\$ 150,218,907	\$ 8,219,098	\$ 158,438,005
Profit for the six months ended June 30, 2015	-	-	-	-	-	8,120,635	8,120,635	-	-	-	-	8,120,635	333,436	8,454,071
Other comprehensive income (loss) for the six months ended June 30, 2015, net of income tax	-	-	-	-	-	-	-	(3,023,584)	37,196	(2,986,388)	-	(2,986,388)	(155,563)	(3,141,951)
Total comprehensive income for the six months ended June 30, 2015	-	-	-	-	-	8,120,635	8,120,635	(3,023,584)	37,196	(2,986,388)	-	5,134,247	177,873	5,312,120
Appropriation of 2014 earnings														
Legal reserve	-	-	-	2,359,267	-	(2,359,267)	-	-	-	-	-	-	-	-
Cash dividends declared by the Company	-	-	-	-	-	(15,589,825)	(15,589,825)	-	-	-	-	(15,589,825)	-	(15,589,825)
	-	-	-	2,359,267	-	(17,949,092)	(15,589,825)	-	-	-	-	(15,589,825)	-	(15,589,825)
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	(5,333,406)	(5,333,406)	-	(5,333,406)
Issue of dividends received by subsidiaries from the Company	-	-	291,766	-	-	-	-	-	-	-	-	291,766	-	291,766
Actual disposal or acquisition of interests in subsidiaries (Note 28)	-	-	7,197,510	-	-	-	-	-	-	-	-	7,197,510	1,712,836	8,910,346
Spin-off of subsidiaries	-	-	(3,535)	-	-	-	-	-	-	-	-	(3,535)	3,535	-
Issue of ordinary shares under employee share options	33,461	313,881	371,857	-	-	-	-	-	-	-	-	685,738	-	685,738
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(232,148)	(232,148)
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	205,827	205,827
BALANCE AT JUNE 30, 2015	7,895,186	\$ 79,029,060	\$ 23,870,656	\$ 12,649,145	\$ 3,353,938	\$ 28,908,965	\$ 44,912,048	\$ 1,518,177	\$ 563,974	\$ 2,082,151	\$ (7,292,513)	\$ 142,601,402	\$ 10,087,021	\$ 152,688,423
BALANCE AT JANUARY 1, 2016	7,910,428	\$ 79,185,660	\$ 23,757,099	\$ 12,649,145	\$ 3,353,938	\$ 40,180,986	\$ 56,184,069	\$ 4,493,570	\$ 588,119	\$ 5,081,689	\$ (7,292,513)	\$ 156,916,004	\$ 11,503,878	\$ 168,419,882
Profit for the six months ended June 30, 2016	-	-	-	-	-	8,842,270	8,842,270	-	-	-	-	8,842,270	446,029	9,288,299
Other comprehensive income (loss) for the six months ended June 30, 2016, net of income tax	-	-	-	-	-	-	-	(2,548,794)	(67,489)	(2,616,283)	-	(2,616,283)	(286,581)	(2,902,864)
Total comprehensive income (loss) for the six months ended June 30, 2016	-	-	-	-	-	8,842,270	8,842,270	(2,548,794)	(67,489)	(2,616,283)	-	6,225,987	159,448	6,385,435
Appropriation of 2015 earnings														
Legal reserve	-	-	-	1,947,887	-	(1,947,887)	-	-	-	-	-	-	-	-
Cash dividends declared by the Company	-	-	-	-	-	(12,476,779)	(12,476,779)	-	-	-	-	(12,476,779)	-	(12,476,779)
	-	-	-	1,947,887	-	(14,424,666)	(12,476,779)	-	-	-	-	(12,476,779)	-	(12,476,779)

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY (In Thousands of New Taiwan Dollars) (Reviewed, Not Audited)

	Equity Attributable to Owners of the Company							Accumulated Other Comprehensive Income			Non-controlling Interests	Total Equity		
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain on Available-for-sale Financial Assets	Total			Treasury Shares	
	Shares (In Thousands)	Amounts		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
Issue of dividends received by subsidiaries from the Company	-	-	233,412	-	-	-	-	-	-	-	-	233,412	-	233,412
Actual disposal or acquisition of interest in subsidiaries (Note 28)	-	-	(20,552)	-	-	(5,884)	(5,884)	-	-	-	-	(26,436)	26,436	-
Changes in percentage of ownership interest in subsidiaries (Note 28)	-	-	(1,912,887)	-	-	-	-	-	-	-	-	(1,912,887)	(912,886)	(2,825,773)
Issue of ordinary shares under employee share options	13,690	119,366	283,439	-	-	-	-	-	-	-	-	402,805	-	402,805
Non-controlling interest arising from acquisition of subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	7,021	7,021
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(236,426)	(236,426)
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	319,247	319,247
BALANCE AT JUNE 30, 2016	7,924,118	\$ 79,305,026	\$ 22,340,511	\$ 14,597,032	\$ 3,353,938	\$ 34,592,706	\$ 52,543,676	\$ 1,944,776	\$ 520,630	\$ 2,465,406	\$ (7,292,513)	\$ 149,362,106	\$ 10,866,718	\$ 160,228,824

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

(With Deloitte & Touche review report dated August 11, 2016)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	2015
	NT\$	NT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 12,129,556	\$ 10,906,427
Adjustments for:		
Depreciation expense	14,442,402	14,479,934
Amortization expense	223,696	272,376
Net (gain) loss on fair value change of financial assets and liabilities at fair value through profit or loss	(505,651)	1,302,247
Interest expense	1,172,649	1,113,450
Interest income	(114,186)	(116,277)
Dividend income	(17,731)	(72,720)
Compensation cost of employee share options	240,697	19,355
Share of loss (profit) of associates and joint ventures	(1,277,050)	50,590
Impairment loss recognized on financial assets	-	34,629
Reversal of impairment loss on financial assets	(28,016)	-
Impairment loss recognized on non-financial assets	667,567	16,201
Reversal of impairment loss recognized on non-financial assets	-	(135,469)
Net gain on foreign currency exchange	(446,120)	(902,442)
Others	288,981	510,043
Changes in operating assets and liabilities		
Financial assets held for trading	2,049,607	1,207,714
Trade receivables	279,536	2,154,407
Other receivables	(237,299)	(186,847)
Inventories	4,680,635	(1,761,714)
Other current assets	96,285	125,019
Financial liabilities held for trading	(1,006,608)	(481,254)
Trade payables	(2,798,354)	(1,456,094)
Other payables	276,944	(859,009)
Advance real estate receipts	(2,558,296)	852,448
Other current liabilities	95,142	(7,896)
Other operating activities items	42,385	101,959
	<u>27,696,771</u>	<u>27,167,077</u>
Interest received	107,993	115,460
Dividend received	17,731	72,720
Interest paid	(840,591)	(930,674)
Income tax paid	<u>(3,170,858)</u>	<u>(2,857,286)</u>
Net cash generated from operating activities	<u>23,811,046</u>	<u>23,567,297</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	(38,950,756)	(57,120,657)
Proceeds on sale of financial assets designated as at		

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Six Months Ended June 30	
	2016	2015
	NT\$	NT\$
Purchase of available-for-sale financial assets	\$ (881,678)	\$ (169,291)
Proceeds on sale of available-for-sale financial assets	867,336	820,369
Cash received from return of capital by available-for-sale financial assets	28,927	27,645
Acquisition of associates and joint ventures	(13,735,498)	-
Net cash outflow on acquisition of subsidiaries	(73,437)	-
Payments for property, plant and equipment	(12,973,022)	(18,014,203)
Proceeds from disposal of property, plant and equipment	79,504	158,856
Payments for intangible assets	(190,639)	(235,988)
Proceeds from disposal of intangible assets	5,532	-
(Increase) decrease in other financial assets	(1,533,560)	303,895
Increase in other non-current assets	(259,456)	(107,830)
Net cash used in investing activities	(28,630,154)	(17,267,223)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of short-term borrowings	(13,798,233)	(3,064,624)
Proceeds from short-term bills payable	(4,348,054)	-
Proceeds from issue of bonds	9,000,000	-
Proceeds from long-term borrowings	25,980,526	11,522,159
Repayment of long-term borrowings	(25,488,809)	(14,113,844)
Proceeds from exercise of employee share options	282,810	687,056
Payments for acquisition of treasury shares	-	(5,333,406)
Proceeds from partial disposal of interests in subsidiaries	-	8,910,346
Decrease in non-controlling interests	(2,863,654)	(46,994)
Other financing activities items	(76,997)	(1,295)
Net cash used in financing activities	(11,312,411)	(1,440,602)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS		
	(2,247,118)	(2,379,308)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(18,378,637)	2,480,164
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD		
	55,251,181	51,694,410
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD		
	\$ 36,872,544	\$ 54,174,574

The accompanying notes are an integral part of the consolidated financial statements.
(With Deloitte & Touche review report dated August 11, 2016)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE SIX MONTHS ENDED JUNE 30, 2016 AND 2015 (Amounts in Thousands, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

Advanced Semiconductor Engineering, Inc. (the “Company”), a corporation incorporated in Nantze Export Processing Zone under the laws of Republic of China (the “ROC”). In August 2004, the Company merged its subsidiaries, ASE (Chung Li) Inc. and ASE Material Inc., and established Chung-Li Branch. In August 2006, the Company spun-off and assigned its substrate production business to ASE Electronics Inc. In January 2011, the Company established Nan-Tou Branch. In May 2012, the Company merged its subsidiary, PowerASE Technology, Inc. In August 2013, the Company merged its subsidiary, Yang Ting Tech Co., Ltd. The Company and its subsidiaries (collectively referred to as the “Group”) offer a comprehensive range of semiconductors packaging, testing, and electronic manufacturing services (“EMS”).

Since July 1989, the Company’s ordinary shares have been listed on the Taiwan Stock Exchange (the “TSE”) under the symbol “2311”. Since September 2000, the Company’s ordinary shares of the Company have been traded on the New York Stock Exchange (the “NYSE”) under the symbol “ASX” in the form of American Depositary Shares (“ADS”). The ordinary shares of its subsidiary, Universal Scientific Industrial (Shanghai) Co., Ltd. (the “USISH”), have been listed on the Shanghai Stock Exchange (the “SSE”) under the symbol “601231” since February 2012.

The consolidated financial statements are presented in the Company’s functional currency, New Taiwan dollar (NT\$).

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the board of directors on August 11, 2016.

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

As of the date the consolidated financial statements were authorized for issue, the Company have not applied the following International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) (collectively, the “IFRSs”) issued by the International Accounting Standards Board (“IASB”).

- a. The “IFRSs” endorsed by the Financial Supervisory Commission of the Republic of China (“FSC”) for application starting January 1, 2017.

Rule No.1050026834 issued by the FSC endorsed the following IFRSs for application starting January 1, 2017.

New, Amended or Revised Standards and Interpretations (the “New IFRSs”)	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2010-2012 Cycle	July 1, 2014 or transactions on or after July 1, 2014
Annual Improvements to IFRSs 2011-2013 Cycle	July 1, 2014
Annual Improvements to IFRSs 2012-2014 Cycle	January 1, 2016 (Note 2)
Amendments to IFRS 10, IFRS 12 and IAS 28 “Investment Entities: Applying the Consolidation Exception”	January 1, 2016
Amendment to IFRS 11 “Accounting for Acquisitions of Interests in Joint Operations”	January 1, 2016
IFRS 14 “Regulatory Deferral Accounts”	January 1, 2016
Amendment to IAS 1 “Disclosure Initiative”	January 1, 2016
Amendments to IAS 16 and IAS 38 “Clarification of Acceptable Methods of Depreciation and Amortization”	January 1, 2016
Amendments to IAS 16 and IAS 41 “Agriculture: Bearer Plants”	January 1, 2016
Amendment to IAS 19 “Defined Benefit Plans: Employee Contributions”	July 1, 2014
Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”	January 1, 2014
Amendment to IAS 39 “Novation of Derivatives and Continuation of Hedge Accounting”	January 1, 2014
IFRIC 21 “Levies”	January 1, 2014

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual periods beginning on or after their respective effective dates.

Note 2: The amendment to IFRS 5 is applied prospectively to changes in a method of disposal that occur in annual periods beginning on or after January 1, 2016; the remaining amendments are effective for annual periods beginning on or after January 1, 2016.

Except for the following, the initial application of the above IFRSs in 2017 would not have any material impact on the Group’s accounting policies:

Amendment to IAS 36 “Impairment of Assets: Recoverable Amount Disclosures for Non-financial Assets”

The amendment clarifies that the recoverable amount of an asset or a cash-generating unit is disclosed only when an impairment loss on the asset has been recognized or reversed during the period. If the recoverable amount of an item of property, plant and equipment for which impairment loss has been recognized or reversed is fair value less costs of disposal, the Group is required to disclose the fair value hierarchy. If the fair value measurements are categorized within Level 2 or Level 3, the valuation technique and key assumptions used to measure the fair value are disclosed. The discount rate used is disclosed if such fair value less costs of disposal is measured by using present value technique. The amendment will be applied retrospectively. The Group expect that recoverable amount disclosure for non-financial assets is required under the amendment.

b. New IFRSs in issue but not yet endorsed by the FSC

The Group has not applied the following IFRSs issued by the IASB but not yet endorsed by the FSC. As of the date the consolidated financial statements were authorized for issue, except that the Group should apply IFRS 15 starting January 1, 2018, the FSC has not announced the effective dates of other New IFRSs.

New IFRSs	Effective Date Announced by IASB (Note)
Amendments to IFRS 2 “Classification and Measurement of Share-based Payment Transactions”	January 1, 2018
IFRS 9 “Financial Instruments”	January 1, 2018
Amendments to IFRS 9 and IFRS 7 “Mandatory Effective Date of IFRS 9 and Transition Disclosures”	January 1, 2018
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 15 “Revenue from Contracts with Customers”	January 1, 2018
Amendments to IFRS 15 “Clarifications to IFRS 15”	January 1, 2018
IFRS 16 “Leases”	January 1, 2019
Amendment to IAS 7 “Disclosure Initiative”	January 1, 2017
Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”	January 1, 2017

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

1) IFRS 9 “Financial Instruments”

Recognition and measurement of financial assets

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

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

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

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

The impairment of financial assets

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

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

Hedge accounting

The main changes in hedge accounting amended the application requirements for hedge accounting to better reflect the entity’s risk management activities. Compared with IAS 39, the main changes include: (1) enhancing types of transactions eligible for hedge accounting, specifically broadening the risk eligible for hedge accounting of non-financial items; (2) changing the way hedging derivative instruments are accounted for to reduce profit or loss volatility; and (3) replacing retrospective effectiveness assessment with the principle of economic relationship between the hedging instrument and the hedged item.

2) Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”

The amendments stipulated that, when the Group sells or contributes assets that constitute a business (as defined in IFRS 3) to an associate or joint venture, the gain or loss resulting from the transaction is recognized in full. Also, when the Group loses control of a subsidiary that contains a business but retains significant influence or joint control, the gain or loss resulting from the transaction is recognized in full.

Conversely, when the Group sells or contributes assets that do not constitute a business to an associate or joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated. Also, when the Group loses control of a subsidiary that does not contain a business but retains significant influence or joint control in an associate or a joint venture, the gain or loss resulting from the transaction is recognized only to the extent of the unrelated investors’ interest in the associate or joint venture, i.e. the entity’s share of the gain or loss is eliminated.

3) IFRS 15 “Revenue from Contracts with Customers” and related amendment

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and will supersede IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations from January 1, 2017.

When applying IFRS 15, an entity shall recognize revenue by applying the following steps:

- Identify the contract with the customer;

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

In identifying performance obligations, IFRS 15 and related amendment require that a good or service is distinct if it is capable of being distinct (for example, the Group regularly sells it separately) and the promise to transfer it is distinct within the context of the contract (i.e. the nature of the promise in the contract is to transfer each of those goods or services individually rather than to transfer combined items).

When IFRS 15 and related amendment are effective, the Group may elect to apply this Standard either retrospectively to each prior reporting period presented or retrospectively with the cumulative effect of initially applying this Standard recognized at the date of initial application.

4) IFRS 16 “Leases”

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

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

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

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

5) Amendments to IAS 12 “Recognition of Deferred Tax Assets for Unrealized Losses”

The amendment clarifies that the difference between the carrying amount of the debt instrument measured at fair value and its tax base gives rise to a temporary difference, even though there are unrealized losses on that asset, irrespective of whether the Group expects to recover the carrying amount of the debt instrument by sale or by holding it and collecting contractual cash flows.

In addition, in determining whether to recognize a deferred tax asset, the Group should assess a deductible temporary difference in combination with all of its other deductible temporary differences, unless the tax law restricts the utilization of losses to deduction against income of a specific type, in which case, a deductible temporary difference is assessed in combination only with other deductible temporary differences of the appropriate type. The amendment also stipulates that, when determining whether to recognize a deferred tax asset, the estimate of probable future taxable profit may include some of the Group’s assets for more than their carrying amount if there is sufficient evidence that it is probable that the Group will achieve this, and that the estimate for future taxable profit should exclude tax deductions resulting from the reversal of deductible

temporary differences.

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

These interim consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC. Disclosure information included in these interim consolidated financial statements is less than the disclosure information required in a complete set of annual financial statements.

b. Basis of Consolidation

Subsidiaries included in these interim consolidated financial statements were as follows:

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			June 30, 2016	December 31, 2015	June 30, 2015
A.S.E. Holding Limited	Holding company	Bermuda	100.0	100.0	100.0
J & R Holding Limited ("J&R Holding")	Holding company	Bermuda	100.0	100.0	100.0
Innosource Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
Omniquest Industrial Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
ASE Marketing & Service Japan Co., Ltd.	Engaged in marketing and sales services	Japan	100.0	100.0	100.0
ASE Test, Inc.	Engaged in the testing of semiconductors	Kaohsiung, ROC	100.0	100.0	100.0
USI Inc. ("USIINC")	Engaged in investment	Nantou, ROC	99.2	99.2	99.2
Luchu Development Corporation	Engaged in the development of real estate properties	Taipei, ROC	86.1	86.1	86.1
TLJ Intertech Inc. ("TLJ")	Engaged in information software services and 60% shareholdings were acquired in May 2016	Taipei, ROC	60.0	-	-
Alto Enterprises Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
Super Zone Holdings Limited	Holding company	Hong Kong	100.0	100.0	100.0
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	Kun Shan, China	100.0	100.0	100.0
ASE Investment (Kun Shan) Limited	Holding company	Kun Shan, China	100.0	100.0	100.0
Advanced Semiconductor Engineering (China) Ltd.	Will engage in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0	100.0
ASE Investment (Labuan) Inc.	Holding company	Malaysia	100.0	100.0	100.0
ASE Test Limited ("ASE Test")	Holding company	Singapore	100.0	100.0	100.0
ASE (Korea) Inc.	Engaged in the packaging and testing of semiconductors	Korea	100.0	100.0	100.0
J&R Industrial Inc.	Engaged in leasing equipment and investing activity	Kaohsiung, ROC	100.0	100.0	100.0
ASE Japan Co., Ltd.	Engaged in the packaging and testing of semiconductors	Japan	100.0	100.0	100.0
ASE (U.S.) Inc.	After-sales service and sales support	U.S.A.	100.0	100.0	100.0
Global Advanced Packaging Technology Limited, Cayman Islands	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	Shandong, China	100.0	100.0	100.0
Suzhou ASEN Semiconductors Co., Ltd.	Engaged in the packaging and testing of semiconductors	Suzhou, China	60.0	60.0	60.0
Anstock Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0	100.0
Anstock II Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0	100.0
ASE Module (Shanghai) Inc.	Will engage in the production and sale of electronic components and printed circuit boards	Shanghai, China	100.0	100.0	100.0

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			June 30, 2016	December 31, 2015	June 30, 2015
ASE (Shanghai) Inc.	Engaged in the production of substrates	Shanghai, China	100.0	100.0	100.0
ASE Corporation	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE Mauritius Inc.	Holding company	Mauritius	100.0	100.0	100.0
ASE Labuan Inc.	Holding company	Malaysia	100.0	100.0	100.0
Shanghai Ding Hui Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	Shanghai, China	100.0	100.0	100.0
Shanghai Ding Qi Property Management Co., Ltd.	Engaged in the management of real estate properties	Shanghai, China	100.0	100.0	100.0
Advanced Semiconductor Engineering (HK) Limited	Engaged in the trading of substrates	Hong Kong	100.0	100.0	100.0
Shanghai Ding Wei Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0	100.0
Shanghai Ding Yu Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0	100.0
Kun Shan Ding Yue Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Kun Shan, China	100.0	100.0	100.0
Kun Shan Ding Hong Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Kun Shan, China	100.0	100.0	100.0
ASE Electronics Inc.	Engaged in the production of substrates	Kaohsiung, ROC	100.0	100.0	100.0
ASE Test Holdings, Ltd.	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE Holdings (Singapore) Pte Ltd	Holding company	Singapore	100.0	100.0	100.0
ASE Test Finance Limited	Liquidated in July 2015	Mauritius	-	-	100.0
ASE Singapore Pte. Ltd.	Engaged in the packaging and testing of semiconductors	Singapore	100.0	100.0	100.0
ISE Labs, Inc.	Engaged in the testing of semiconductors	U.S.A.	100.0	100.0	100.0
ASE Electronics (M) Sdn. Bhd.	Engaged in the packaging and testing of semiconductors	Malaysia	100.0	100.0	100.0
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0	100.0
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	Shanghai, China	100.0	100.0	100.0
Wuxi Tongzhi Microelectronics Co., Ltd.	Engaged in the packaging and testing of semiconductors	Wuxi, China	100.0	100.0	100.0
Huntington Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2	99.2
Senetex Investment Co., Ltd.	Liquidated in December 2015	Nantou, ROC	-	-	99.2
Unitech Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2	99.2
Real Tech Holdings Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Universal ABIT Holding Co., Ltd.	In the process of liquidation	British Cayman Islands	99.2	99.2	99.2
Rising Capital Investment Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Rise Accord Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Cubuy Corporation	Liquidated in July 2015	Shanghai, China	-	-	99.2
Universal Scientific Industrial (Kunshan) Co., Ltd.	Engaged in the manufacturing and sale of computer assistance system and related peripherals	Kun Shan, China	99.2	99.2	99.2
USI Enterprise Limited (“USIE”)	Engaged in the service of investment advisory and warehousing management	Hong Kong	98.8	96.7	98.7
Universal Scientific Industrial (Shanghai) Co., Ltd. (“USISH”)	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	77.3	75.7	77.2
Universal Global Technology Co., Limited	Holding company	Hong Kong	77.3	75.7	77.2
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	77.3	75.7	77.2
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	Shanghai, China	77.3	75.7	77.2
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	Shanghai, China	77.3	75.7	77.2

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			June 30, 2016	December 31, 2015	June 30, 2015
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	77.3	75.7	77.2
Universal Global Scientific Industrial Co., Ltd. ("UGTW")	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	Nantou, ROC	77.3	75.7	77.2
USI America Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service.	U.S.A.	77.3	75.7	77.2
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	77.3	75.7	77.2
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	77.3	75.7	77.2
USI@Work, Inc.	Merged into USI America Inc. in August 2015	U.S.A.	-	-	77.2
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	77.3	75.7	77.2
Universal Scientific Industrial Co., Ltd. ("USI")	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	Nantou, ROC	76.5	99.0	99.0

(Concluded)

c. Other significant accounting policies

The same accounting policies of these consolidated financial statements have been followed as were applied in the preparation of the Group's consolidated financial statements for the year ended December 31, 2015, except for those described below:

1) Retirement benefits

Pension cost for an interim period is calculated on a year-to-date basis by using the actuarially determined pension cost rate at the end of the prior financial year, adjusted for significant market fluctuations since that time and for significant plan amendments, settlements, or other significant one-off events.

2) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2015.

6. CASH AND CASH EQUIVALENTS

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Cash on hand	\$ 7,785	\$ 8,806	\$ 9,222
Checking accounts and demand deposits	32,433,802	50,291,823	44,102,835
Cash equivalent	<u>4,430,957</u>	<u>4,950,552</u>	<u>10,062,517</u>
	<u>\$ 36,872,544</u>	<u>\$ 55,251,181</u>	<u>\$ 54,174,574</u>

Cash equivalents include time deposits that are of a short maturity of three months or less from the date of acquisitions, and are highly liquid, readily convertible to known amounts in cash and the risk of changes in values is insignificant. Cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investments or other purposes.

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>Financial assets designated as at FVTPL</u>			
Structured time deposits	\$ 1,615,937	\$ 1,646,357	\$ 2,316,112
Private-placement convertible bonds	<u>100,500</u>	<u>100,500</u>	<u>100,500</u>
	<u>1,716,437</u>	<u>1,746,857</u>	<u>2,416,612</u>
<u>Financial assets held for trading</u>			
Open-end mutual funds	583,875	573,242	535,221
Swap contracts	271,628	1,452,611	713,546
Forward exchange contracts	106,954	18,913	113,627
Quoted shares	30,645	37,058	38,403
Foreign currency option contracts	-	5,020	-
	<u>993,102</u>	<u>2,086,844</u>	<u>1,400,797</u>
	<u>\$ 2,709,539</u>	<u>\$ 3,833,701</u>	<u>\$ 3,817,409</u>
<u>Financial liabilities held for trading</u>			
Conversion option, redemption option and put option of convertible bonds (Note 19)	\$ 1,875,823	\$ 2,632,565	\$ 3,437,804
Swap contracts	611,196	290,176	295,162
Forward exchange contracts	42,635	69,207	6,553
Interest rate swap contracts	20,058	119	-
Foreign currency option contracts	<u>5,993</u>	<u>13,659</u>	<u>81,242</u>
	<u>\$ 2,555,705</u>	<u>\$ 3,005,726</u>	<u>\$ 3,820,761</u>

The Group invested in structured time deposits and private-placement convertible bonds, and all included embedded derivative instruments which are not closely related to the host contracts. The Group designated the entire contracts as financial assets at FVTPL on initial recognition.

At each balance sheet date, the outstanding swap contracts not accounted for hedge accounting were as follows:

Currency	Maturity Period	Notional Amount (In Thousands)
<u>June 30, 2016</u>		
Sell EUR/Buy US\$	2016.08	EUR2,400/US\$2,731
Sell NT\$/Buy US\$	2016.07-2017.07	NT\$72,348,294/US\$2,236,834
Sell US\$/Buy CNY	2016.08	US\$53,036/CNY349,800
Sell US\$/Buy JPY	2016.07-2016.09	US\$77,306/JPY8,120,000
Sell US\$/Buy KRW	2016.07	US\$30,000/KRW35,316,000
Sell US\$/Buy NT\$	2016.07	US\$99,900/NT\$3,235,540
<u>December 31, 2015</u>		
Sell NT\$/Buy US\$	2016.01-2016.12	NT\$57,554,138/US\$1,802,834
Sell US\$/Buy CNY	2016.01-2016.03	US\$353,881/CNY2,255,872
Sell US\$/Buy JPY	2016.03	US\$67,125/JPY8,240,000
Sell US\$/Buy NT\$	2016.01	US\$91,750/NT\$3,005,494
<u>June 30, 2015</u>		
Sell NT\$/Buy US\$	2015.07-2016.06	NT\$55,104,370/US\$1,803,000
Sell US\$/Buy NT\$	2015.07	US\$49,500/NT\$1,527,060
Sell US\$/Buy CNY	2015.07-2015.12	US\$80,000/CNY503,412

At each balance sheet date, the outstanding forward exchange contracts not accounted for hedge accounting were as follow:

Currency	Maturity Period	Notional Amount (In Thousands)
<u>June 30, 2016</u>		
Sell NT\$ /Buy US\$	2016.07-2016.09	NT\$3,057,975/US\$95,000
Sell US\$/Buy CNY	2016.07-2016.09	US\$128,500/CNY845,450
Sell US\$/Buy JPY	2016.07-2016.08	US\$40,181/JPY4,263,060
Sell US\$/Buy KRW	2016.07	US\$3,000/KRW3,517,400
Sell US\$/Buy MYR	2016.07-2016.08	US\$8,000/MYR32,745
Sell US\$/Buy NT\$	2016.07-2016.08	US\$90,000/NT\$2,950,410
Sell US\$/Buy SGD	2016.07-2016.09	US\$9,400/SGD12,786
<u>December 31, 2015</u>		
Sell NT\$/Buy US\$	2016.02	NT\$325,400/US\$10,000
Sell US\$/Buy CNY	2016.01-2016.03	US\$121,000/CNY780,252
Sell US\$/Buy JPY	2016.01	US\$14,000/JPY1,713,388
Sell US\$/Buy KRW	2016.01	US\$8,000/KRW9,420,350
Sell US\$/Buy MYR	2016.01-2016.02	US\$6,000/MYR25,525
Sell US\$/Buy NT\$	2016.01-2016.03	US\$155,000/NT\$5,088,230
Sell US\$/Buy SGD	2016.01-2016.02	US\$11,400/SGD16,079

(Continued)

Currency	Maturity Period	Notional Amount (In Thousands)
<u>June 30, 2015</u>		
Sell US\$/Buy CNY	2015.07-2015.09	US\$139,000/CNY866,650
Sell US\$/Buy MYR	2015.07	US\$6,000/MYR22,238
Sell US\$/Buy SGD	2015.07-2015.09	US\$13,600/SGD18,246
Sell US\$/Buy JPY	2015.07-2015.08	US\$83,236/JPY10,287,203
Sell NT\$/Buy US\$	2015.07	NT\$3,684,350/US\$120,000
		(Concluded)

At each balance sheet date, the outstanding foreign currency option contracts not accounted for hedge accounting were as follows:

Currency	Maturity Period	Notional Amount (In Thousands)
<u>June 30, 2016</u>		
Buy US\$ Call/CNY Put	2016.07-2017.08 (Note)	US\$2,000/CNY13,800
Sell US\$ Put/CNY Call	2016.07-2017.08 (Note)	US\$1,000/CNY 6,900
<u>December 31, 2015</u>		
Buy US\$ Call/CNY Put	2016.01-2017.08 (Note)	US\$2,000/CNY13,800
Buy US\$ Put/CNY Call	2016.03	US\$20,000/CNY131,600
Sell US\$ Put/CNY Call	2016.01-2017.08 (Note)	US\$1,000/CNY 6,900
<u>June 30, 2015</u>		
Sell US\$ Put/NT\$ Call	2017.07-2017.12 (Note)	US\$20,000/NT\$605,520
Buy US\$ Call/NT\$ Put	2017.07-2017.12 (Note)	US\$10,000/NT\$302,760

Note: The contracts will be settled once a month and the counterparty has the right to early terminate the contracts, or the contracts will be early terminated or both parties will have no obligation to settle the contracts when the specific criteria is met. The aforementioned outstanding contracts as of June 30, 2015 were all early terminated.

At each balance sheet date, the outstanding interest rate swap contracts not accounted for hedge accounting were as follows:

Maturity Period	Notional Amounts (In Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
<u>June 30, 2016</u>			
2016.10	NT\$1,000,000	4.6% (Fixed)	0.0%-5.0% (Floating)
			(Continued)

Maturity Period	Notional Amounts (In Thousands)	Range of Interest Rates Paid	Range of Interest Rates Received
<u>December 31, 2015</u>			
2016.10	NT\$1,000,000	4.6% (Fixed)	0.0%-5.0% (Floating) (Concluded)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Limited partnership	\$ 448,060	\$ 476,612	\$ 454,385
Unquoted ordinary shares	222,085	249,217	242,164
Quoted ordinary shares	197,535	197,580	176,045
Open-end mutual funds	25,000	16,037	850,761
Unquoted preferred shares	<u>14,978</u>	<u>15,260</u>	<u>7,303</u>
	907,658	954,706	1,730,658
Current	<u>47,908</u>	<u>30,344</u>	<u>872,470</u>
Non-current	<u>\$ 859,750</u>	<u>\$ 924,362</u>	<u>\$ 858,188</u>

9. TRADE RECEIVABLES, NET

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Trade receivables	\$ 44,734,857	\$ 45,014,393	\$ 50,850,340
Less: Allowance for doubtful debts	<u>54,669</u>	<u>82,906</u>	<u>116,937</u>
Trade receivables, net	<u>\$ 44,680,188</u>	<u>\$ 44,931,487</u>	<u>\$ 50,733,403</u>

a. Trade receivables

The Group's average credit terms were 30 to 90 days. Allowance for doubtful debts is assessed by reference to the collectability of receivables by evaluating the account aging, historical experience and current financial condition of customers.

As of June 30, 2016, December 31, 2015 and June 30, 2015, except that the Group's five largest customers accounted for 29%, 26% and 37% of accounts receivable, respectively, the concentration of credit risk is insignificant for the remaining accounts receivable.

Aging of receivables based on the past due date

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Not past due	\$ 41,252,349	\$ 40,409,227	\$ 45,370,178
1 to 30 days	3,119,551	3,901,300	4,910,440
31 to 90 days	239,191	495,664	388,035
More than 91 days	<u>123,766</u>	<u>208,202</u>	<u>181,687</u>
Total	\$ 44,734,857	<u>\$ 45,014,393</u>	\$ 50,850,340

Aging of receivables that were past due but not impaired

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
1 to 30 days	\$ 3,046,988	\$ 3,086,796	\$ 4,868,761
31 to 90 days	<u>165,185</u>	<u>344,265</u>	<u>271,189</u>
Total	<u>\$ 3,212,173</u>	<u>\$ 3,431,061</u>	<u>\$ 5,139,950</u>

Except for those impaired, the Group had not provided an allowance for doubtful debts on trade receivables at each balance sheet date since there has not been a significant change in credit quality and the amounts were still considered collectible. The Group did not hold any collateral or other credit enhancements over these balances nor did it have a legal right to offset against any amounts owed by the Group to counterparties.

Movement of the allowance for doubtful trade receivables

	Impaired Individually	Impaired Collectively	Total
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Balance at January 1, 2016	\$ 39,046	\$ 43,860	\$ 82,906
Impairment losses reversed	(26,268)	(1,748)	(28,016)
Effect of foreign currency exchange differences	<u>(326)</u>	<u>105</u>	<u>(221)</u>
Balance at June 30, 2016	<u>\$ 12,452</u>	<u>\$ 42,217</u>	<u>\$ 54,669</u>
Balance at January 1, 2015	\$ 28,305	\$ 55,840	\$ 84,145
Impairment losses recognized	28,496	6,133	34,629
Amount written off as uncollectible	-	(208)	(208)
Effect of foreign currency exchange differences	<u>(811)</u>	<u>(818)</u>	<u>(1,629)</u>
Balance at June 30, 2015	<u>\$ 55,990</u>	<u>\$ 60,947</u>	<u>\$ 116,937</u>

b. Transfers of financial assets

Factored trade receivables of the Company were as follows:

Counterparties	Receivables Sold (In Thousands)	Amounts Collected (In Thousands)	Advances Received At Period-end (In Thousands)	Interest Rates on Advances Received (%)	Credit Line (In Thousands)
For the six months ended June 30, 2016					
Citi bank	US\$ -	US\$ 41,849	US\$ -	-	US\$ 66,000
For the six months ended June 30, 2015					
Citi bank	US\$ -	US\$ -	US\$ -	-	US\$ 92,000

Pursuant to the factoring agreement, losses from commercial disputes (such as sales returns and discounts) should be borne by the Company, while losses from credit risk should be borne by the banks. The Company also issued promissory notes to the banks for commercial disputes which remained undrawn since. The promissory notes amounted to US\$2,000, US\$5,000 and US\$5,000 thousand as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively. As of June 30, 2016, there was no significant losses from commercial disputes in the past and the Company does not expect any significant commercial dispute losses in the foreseeable future.

10. INVENTORIES

	June 30, 2016 NT\$	December 31, 2015 NT\$	June 30, 2015 NT\$
Finished goods	\$ 5,902,759	\$ 10,012,182	\$ 6,344,362
Work in process	2,404,644	1,692,346	3,561,330
Raw materials	10,093,720	9,672,894	10,469,249
Supplies	713,411	852,251	799,322
Raw materials and supplies in transit	<u>653,318</u>	<u>1,028,606</u>	<u>670,844</u>
	<u>\$ 19,767,852</u>	<u>\$ 23,258,279</u>	<u>\$ 21,845,107</u>

The cost of inventories recognized as operating costs for the three months and six months ended June 30, 2016 and 2015 were NT\$50,175,288 thousand, NT\$58,656,508 thousand, NT\$99,910,298 thousand and NT\$111,005,227 thousand, respectively, which included write-down of inventories at NT\$99,138 thousand, write-down of inventories at NT\$81,318 thousand, write-down of inventories at NT\$153,020 thousand and reversal of write-down of inventories at NT\$135,469 thousand, respectively. Previous write-downs were reversed as a result of selling of inventories.

11. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	June 30, 2016 NT\$	December 31, 2015 NT\$	June 30, 2015 NT\$
Land and buildings held for sale	\$ 27,816	\$ 5,431	\$ 5,424
Construction in progress	22,715,429	23,956,678	22,549,999

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Land held for construction	\$ 1,751,429	\$ 1,751,429	\$ 1,751,429
	<u>\$ 24,494,674</u>	<u>\$ 25,713,538</u>	<u>\$ 24,306,852</u> (Concluded)

Land and buildings held for sale located in Shanghai Zhangjiang was completed and successively sold. Construction in progress is mainly located on Caobao Road and Hutai Road in Shanghai, China and Lidu Road and Xinhong Road in Kun Shan, China. The capitalized borrowing costs for the three months and six months ended June 30, 2016 and 2015 is disclosed in Note 23.

As of June 30, 2016, December 31, 2015 and June 30, 2015, inventories related to real estate business of NT\$12,568,838 thousand, NT\$24,837,046 thousand and NT\$23,942,470 thousand, respectively, are expected to be recovered longer than twelve months.

Refer to Note 34 for the carrying amount of inventories related to real estate business that had been pledged by the Group to secure bank borrowings.

12. OTHER FINANCIAL ASSETS

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Unsecured subordinate corporate bonds	\$ 1,000,000	\$ -	\$ -
Time deposits with original maturity over three months	487,755	220,545	278,552
Pledged time deposits (Note 34)	207,495	207,359	207,249
Guarantee deposits	174,680	197,513	156,839
Others (Note 34)	<u>311,511</u>	<u>22,254</u>	<u>59,402</u>
	2,181,441	647,671	702,042
Current	<u>830,339</u>	<u>301,999</u>	<u>337,655</u>
Non-current	<u>\$ 1,351,102</u>	<u>\$ 345,672</u>	<u>\$ 364,387</u>

In June 2016, the Group acquired 1,000 units of perpetual unsecured subordinate corporate bonds in NT\$1,000,000 thousand. The corporate bonds are in denomination of NT\$1,000 thousand with annual interest rate at 3.5% as of June 30, 2016.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Investments in associates	\$ 47,657,850	\$ 36,809,068	\$ 1,421,708
Investments in joint ventures	<u>587,920</u>	<u>613,841</u>	<u>-</u>
	<u>\$ 48,245,770</u>	<u>\$ 37,422,909</u>	<u>\$ 1,421,708</u>

a. Investments in associates

1) Investments in associates accounted for using the equity method consisted of the following:

Name of Associate	Main Business	Operating Location	Carrying Amount		
			June 30, 2016 NT\$	December 31, 2015 NT\$	June 30, 2015 NT\$
Material associate Siliconware Precision Industries Co., Ltd. ("SPIL")	Engaged in assembly, testing and turnkey services of integrated circuits	ROC	\$ 46,410,338	\$ 35,423,058	\$ -
Associates that are not individually material					
Hung Ching Development & Construction Co. ("HC")	Engaged in the development, construction and leasing of real estate properties	ROC	1,207,766	1,313,499	1,311,329
Hung Ching Kwan Co. ("HCK")	Engaged in the leasing of real estate properties	ROC	328,075	332,444	338,540
Advanced Microelectronic Products Inc. ("AMPI")	Engaged in integrated circuit	ROC	11,820	40,216	71,988
			<u>47,957,999</u>	<u>37,109,217</u>	<u>1,721,857</u>
	Less: Deferred gain on transfer of land		<u>300,149</u>	<u>300,149</u>	<u>300,149</u>
			<u>\$ 47,657,850</u>	<u>\$ 36,809,068</u>	<u>\$ 1,421,708</u>

2) At each balance sheet date, the percentages of ownership held by the Group were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
SPIL	33.29%	24.99%	-
HC	26.22%	26.22%	26.22%
HCK	27.31%	27.31%	27.31%
AMPI	18.24%	18.24%	18.24%

3) In September 2015, the Company acquired 725,749 thousand ordinary shares and 10,650 thousand units of ADS (one ADS represents five ordinary shares) of SPIL at NT\$45 per ordinary share. The percentage of ownership was 24.99% and, as a result, the Company obtained significant influence over SPIL.

In March and April 2016, the Company acquired additional 258,300 thousand ordinary shares and ADS (one ADS represents five ordinary shares) of SPIL from open market with a total consideration of NT\$13,735,498 thousand which was paid in cash. As the result, the percentage of ownership increased from 24.99% to 33.29%. As of June 30, 2016, the Company has not completed the identification of the difference between the cost of the investment and the Company's share of the net fair value of SPIL's identifiable assets and liabilities.

SPIL's shareholders' meeting held in May 2016 approved cash dividends of NT\$3.8 of which NT\$2.8 from the appropriation of earnings and NT\$1.0 from capital surplus. The Company accrued dividends receivable of NT\$3,941,740 thousand under the line item of other receivables as of June 30, 2016.

In June 2016, the Company's board of directors approved to enter into and execute a joint share exchange agreement with SPIL. Please refer to Note 38.

4) Fair values (Level 1 inputs in terms of IFRS 13) of investments in associates with available published price quotation are summarized as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
SPIL	\$ 50,775,835	\$ 40,741,700	\$ -
HC	\$ 1,204,453	\$ 1,149,549	\$ 1,303,966
AMPI	\$ 84,937	\$ 104,255	\$ 135,898

5) Summarized financial information in respect of the Group's material associate

The summarized financial information below represents amounts shown in SPIL's consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IAS 34 "Interim Financial Reporting" as endorsed by the FSC, and adjusted by the Group for equity accounting purposes.

	June 30, 2016	
	<u>NT\$</u>	
Current assets	\$ 50,148,956	
Non-current assets	76,260,625	
Current liabilities	(43,881,372)	
Non-current liabilities	<u>(19,648,938)</u>	
Equity	<u>\$ 62,879,271</u>	
Proportion of the Group's ownership interest in SPIL	33.29%	
Net assets attributable to the Group	\$ 20,932,509	
The difference between investment cost and net assets	<u>25,477,829</u>	
Carrying amount of the Group's ownership interest in SPIL	<u>\$ 46,410,338</u>	
	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016
	<u>NT\$</u>	<u>NT\$</u>
Operating revenue	<u>\$ 21,679,907</u>	<u>\$ 40,979,217</u>
Net profit for the period	\$ 2,808,703	\$ 4,412,731
Other comprehensive loss for the period	<u>(495,764)</u>	<u>(291,930)</u>
Total comprehensive income for the period	<u>\$ 2,312,939</u>	<u>\$ 4,120,801</u>

6) Aggregate information of associates that are not individually material

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
The Group's share of:				
Net profit (loss) for the period	\$ (26,233)	\$ 140,998	\$ (39,510)	\$ 78,933
Other comprehensive income (loss) for the period	<u>(18,281)</u>	<u>(10,184)</u>	<u>(30,759)</u>	<u>82,802</u>
Total comprehensive income for the period	<u>\$ (44,514)</u>	<u>\$ 130,814</u>	<u>\$ (70,269)</u>	<u>\$ 161,735</u>

The investments accounted for using the equity method and the share of profit or loss and other comprehensive income of the investments in associates for the three months and six months ended June 30, 2016 and 2015 was based on the associates' financial statements reviewed by the accountants for the same periods.

b. Investments in joint ventures

1) Investment in joint ventures that are not individually material accounted for using the equity method consisted of the following:

Name of Joint Venture	Main Business	Operation Location	June 30, 2016		December 31, 2015	
			Percentages of Ownership	Carrying Amount NT\$	Percentages of Ownership	Carrying Amount NT\$
ASE Embedded Electronics Inc. ("ASEEE")	Engaged in the production of embedded substrate	ROC	51.00%	\$ 587,920	51.00%	\$ 613,841

In May 2015, the Group and TDK Corporation ("TDK") entered into an agreement to establish a joint venture to invest in ASEEE. In August 2015, the Group invested NT\$618,097 thousand for 51.00% shareholding in ASEEE. According to the joint arrangement, the Group and TDK must act together to direct the relevant operating activities and, as a result, the Group does not control ASEEE. The investment in ASEEE is accounted for using the equity method. In August 2016, the Company's board of directors approved to participate ASEEE's capital increase in cash proportionally.

2) Aggregate information of joint venture that is not individually material

	For the Three Months Ended June 30, 2016	For the Six Months Ended June 30, 2016
	NT\$	NT\$
The Group's share of:		
Net loss for the period	\$ (18,545)	\$ (26,048)
Other comprehensive income for the period	<u>-</u>	<u>-</u>
Total comprehensive loss for the period	<u>\$ (18,545)</u>	<u>\$ (26,048)</u>

The investments accounted for using the equity method and the share of loss and other comprehensive loss for the investments in the joint venture for the three months and six months ended June 30, 2016 was based on the joint venture's financial statements reviewed by the auditors for the same period.

14. PROPERTY, PLANT AND EQUIPMENT

The carrying amounts of each class of property, plant and equipment were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
	NT\$	NT\$	NT\$
Land	\$ 3,365,721	\$ 3,381,300	\$ 3,325,641
Buildings and improvements	58,975,317	59,801,054	58,147,270
Machinery and equipment	73,886,540	78,715,309	79,494,203
Other equipment	1,862,400	1,814,994	1,617,036
Construction in progress and machinery in transit	<u>9,559,570</u>	<u>6,284,418</u>	<u>10,171,087</u>
	<u>\$ 147,649,548</u>	<u>\$ 149,997,075</u>	<u>\$ 152,755,237</u>

For the six months ended June 30, 2016

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>						
Balance at January 1, 2016	\$ 3,381,300	\$ 94,447,932	\$243,283,607	\$ 7,722,408	\$ 6,397,760	\$355,233,007
Additions	-	(8,870)	194,018	63,343	13,817,901	14,066,392
Disposals	-	(339,444)	(6,178,147)	(63,135)	(125,541)	(6,706,267)
Reclassification	-	2,555,429	7,671,491	389,947	(10,617,042)	(175)
Acquisitions through business combinations	-	-	-	1,159	-	1,159
Effect of foreign currency exchange differences	<u>(15,579)</u>	<u>(1,159,702)</u>	<u>(1,761,152)</u>	<u>(41,515)</u>	<u>97,496</u>	<u>(2,880,452)</u>
Balance at June 30, 2016	<u>\$ 3,365,721</u>	<u>\$ 95,495,345</u>	<u>\$243,209,817</u>	<u>\$ 8,072,207</u>	<u>\$ 9,570,574</u>	<u>\$359,713,664</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2016	\$ -	\$ 34,646,878	\$164,568,298	\$ 5,907,414	\$ 113,342	\$205,235,932
Depreciation expense	-	2,571,725	11,465,241	405,436	-	14,442,402
Impairment losses recognized	-	8,555	500,790	5,561	(359)	514,547
Disposals	-	(289,569)	(6,094,991)	(56,159)	(100,049)	(6,540,768)
Reclassification	-	(2,989)	2,666	323	-	-
Acquisitions through business combinations	-	-	-	824	-	824
Effect of foreign currency exchange differences	<u>-</u>	<u>(414,572)</u>	<u>(1,118,727)</u>	<u>(53,592)</u>	<u>(1,930)</u>	<u>(1,588,821)</u>
Balance at June 30, 2016	<u>\$ -</u>	<u>\$ 36,520,028</u>	<u>\$169,323,277</u>	<u>\$ 6,209,807</u>	<u>\$ 11,004</u>	<u>\$212,064,116</u>

For the six months ended June 30, 2015

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>						
Balance at January 1, 2015	\$ 3,348,018	\$ 86,725,254	\$233,669,627	\$ 7,182,574	\$ 5,862,217	\$336,787,690
Additions	-	37,465	134,761	92,652	16,927,085	17,191,963
Disposals	-	(139,682)	(3,732,179)	(94,745)	(5,403)	(3,972,009)
Reclassification	-	4,739,897	7,911,496	119,462	(12,771,759)	(904)
Effect of foreign currency exchange differences	<u>(22,377)</u>	<u>(1,136,350)</u>	<u>(2,844,526)</u>	<u>(135,510)</u>	<u>166,870</u>	<u>(3,971,893)</u>
Balance at June 30, 2015	<u>\$ 3,325,641</u>	<u>\$ 90,226,584</u>	<u>\$235,139,179</u>	<u>\$ 7,164,433</u>	<u>\$ 10,179,010</u>	<u>\$346,034,847</u>

(Concluded)

	<u>Land</u>	<u>Buildings and improvements</u>	<u>Machinery and equipment</u>	<u>Other equipment</u>	<u>Construction in progress and machinery in transit</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2015	\$ -	\$ 30,329,544	\$ 149,497,980	\$ 5,365,887	\$ 7,164	\$ 185,200,575
Depreciation expense	-	2,289,018	11,765,286	425,630	-	14,479,934
Impairment losses recognized	-	3,888	11,554	-	759	16,201
Disposals	-	(132,277)	(3,620,209)	(89,745)	-	(3,842,231)
Reclassification	-	321	602	(941)	-	(18)
Effect of foreign currency exchange differences	-	(411,180)	(2,010,237)	(153,434)	-	(2,574,851)
Balance at June 30, 2015	<u>\$ -</u>	<u>\$ 32,079,314</u>	<u>\$ 155,644,976</u>	<u>\$ 5,547,397</u>	<u>\$ 7,923</u>	<u>\$ 193,279,610</u>

(Concluded)

Due to the Group's future operation plans and capacity evaluation or production demands, the Group believed that a portion of property, plant and equipment was not used and recognized an impairment loss of NT\$499,606 thousand, NT\$16,201 thousand, NT\$514,547 thousand and NT\$16,201 thousand under the line item of other gains in the consolidated statements of comprehensive income for the three months and six months ended June 30, 2016 and 2015, respectively. The recoverable amount of a portion of the impaired property, plant and equipment is determined by its fair value less costs of disposal, of which the fair value is based on prices deal with potential transaction parties or the quoted prices of assets with similar obsolescence that provided by the vendors in market. The recent quoted prices of assets are a Level 3 input in terms of IFRS 13 because the market is not very active. The recoverable amount of the other portion of the impaired property, plant and equipment is determined on the basis of its value in use. The Group expects to derive zero future cash flows from these assets.

Each class of property, plant and equipment was depreciated on a straight-line basis over the following useful lives:

Buildings and improvements	
Main plant buildings	10-40 years
Cleanrooms	10-20 years
Others	3-20 years
Machinery and equipment	2-10 years
Other equipment	2-20 years

The capitalized borrowing costs for the three months and six months ended June 30, 2016 and 2015 are disclosed in Note 23.

15. GOODWILL

	<u>Cost</u>	<u>Accumulated impairment</u>	<u>Carrying amount</u>
	NT\$	NT\$	NT\$
Balance at January 1, 2016	\$ 12,495,515	\$ 1,988,996	\$ 10,506,519
Acquisitions through business combinations	83,892	-	83,892
Effect of foreign currency exchange differences	<u>(29,456)</u>	<u>-</u>	<u>(29,456)</u>
Balance at June 30, 2016	<u>\$ 12,549,951</u>	<u>\$ 1,988,996</u>	<u>\$ 10,560,955</u>
Balance at January 1, 2015	\$ 12,434,411	\$ 1,988,996	\$ 10,445,415
Effect of foreign currency exchange differences	<u>(41,800)</u>	<u>-</u>	<u>(41,800)</u>
Balance at June 30, 2015	<u>\$ 12,392,611</u>	<u>\$ 1,988,996</u>	<u>\$ 10,403,615</u>

16. OTHER INTANGIBLE ASSETS

The carrying amounts of each class of other intangible assets were as follows:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
	NT\$	NT\$	NT\$
Customer relationships	\$ 234,246	\$ 274,402	\$ 401,098
Computer software	957,690	953,322	870,191
Others	<u>145,540</u>	<u>154,369</u>	<u>154,233</u>
	<u>\$ 1,337,476</u>	<u>\$ 1,382,093</u>	<u>\$ 1,425,522</u>

For the six months ended June 30, 2016

	<u>Customer relationships</u>	<u>Computer software</u>	<u>Others</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>				
Balance at January 1, 2016	\$ 915,636	\$ 3,338,360	\$ 347,420	\$ 4,601,416
Additions	-	189,393	1,246	190,639
Disposals	-	(36,786)	(30)	(36,816)
Acquisitions through business combinations	-	-	1,104	1,104
Effect of foreign currency exchange differences	<u>-</u>	<u>(17,448)</u>	<u>(3,420)</u>	<u>(20,868)</u>
Balance at June 30, 2016	<u>\$ 915,636</u>	<u>\$ 3,473,519</u>	<u>\$ 346,320</u>	<u>\$ 4,735,475</u>
<u>Accumulated amortization</u>				
Balance at January 1, 2016	\$ 641,234	\$ 2,385,038	\$ 193,051	\$ 3,219,323
Amortization expense	40,156	172,606	10,934	223,696
Disposals	-	(28,965)	(30)	(28,995)
Acquisitions through business combinations	-	-	506	506
Effect of foreign currency exchange differences	<u>-</u>	<u>(12,850)</u>	<u>(3,681)</u>	<u>(16,531)</u>
Balance at June 30, 2016	<u>\$ 681,390</u>	<u>\$ 2,515,829</u>	<u>\$ 200,780</u>	<u>\$ 3,397,999</u>

For the six months ended June 30, 2015

	<u>Customer Relationships</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>				
Balance at January 1, 2015	\$ 1,579,015	\$ 2,882,932	\$ 2,323,547	\$ 6,785,494
Additions	-	234,716	1,272	235,988
Disposals or derecognition	-	-	(1,983,914)	(1,983,914)
Reclassification	-	8,747	-	8,747
Effect of foreign currency exchange differences	<u>-</u>	<u>(49,011)</u>	<u>(2,312)</u>	<u>(51,323)</u>
Balance at June 30, 2015	<u>\$ 1,579,015</u>	<u>\$ 3,077,384</u>	<u>\$ 338,593</u>	<u>\$ 4,994,992</u>

(Continued)

	<u>Customer Relationships</u>	<u>Computer Software</u>	<u>Others</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
<u>Accumulated amortization</u>				
Balance at January 1, 2015	\$ 1,077,514	\$ 2,084,805	\$ 2,155,304	\$ 5,317,623
Amortization expense	100,403	155,960	16,013	272,376
Disposals	-	-	(1,983,914)	(1,983,914)
Effect of foreign currency exchange differences	-	(33,572)	(3,043)	(36,615)
Balance at June 30, 2015	<u>\$ 1,177,917</u>	<u>\$ 2,207,193</u>	<u>\$ 184,360</u>	<u>\$ 3,569,470</u> (Concluded)

Each class of other intangible assets, except a portion of customer relationships amortized based on the pattern in which the economic benefits are consumed, were amortized on the straight-line basis over the following useful lives:

Customer relationships	11 years
Computer software	2-5 years
Others	5-32 years

17. LONG-TERM PREPAYMENTS FOR LEASE

Long-term prepayments for lease mainly represent land use right located in China with periods for use from 50 to 70 years.

18. BORROWINGS

a. Short-term borrowings

Short-term borrowings mainly represented unsecured revolving bank loans with annual interest rates at 0.60%-5.78%, 0.57%-5.78% and 0.50%-5.35% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively.

b. Short-term bills payable - for the years ended December 31, 2015 only

	NT\$
Commercial paper	\$ 4,350,000
Less: unamortized discounts	<u>(1,946)</u>
	<u>\$ 4,348,054</u>
Annual interest rates	0.78%

c. Long-term borrowings

1) Bank loans

As of June 30, 2016, December 31, 2015 and June 30, 2015, the long-term bank loans with fixed interest rates were NT\$1,500,000 thousand, NT\$1,500,000 thousand and NT\$925,800 thousand, respectively, with annual interest rates at 1.17%, 1.17% and 0.92%, respectively. The long-term bank loans with fixed interest rate will be repayable through December 2018. The others with floating interest rate consisted of the followings:

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
	NT\$	NT\$	NT\$
Working capital bank loans			
Syndicated bank loans - repayable through July 2016 to July 2018, annual interest rates were 1.74%-2.23%, 1.56%-1.92% and 1.34%-1.87% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively	\$ 11,628,037	\$ 12,159,037	\$ 11,744,082
Others - repayable through July 2016 to August 2019, annual interest rates were 0.74%-4.16%, 0.90%-3.98% and 0.92%-3.78% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively	25,064,912	25,660,638	9,164,160
Mortgage loans			
Repayable through July 2016 to June 2023, annual interest rates were 4.95%-5.39%, 4.95%-5.39% and 5.71%-6.49% as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively	<u>4,374,072</u>	<u>3,251,139</u>	<u>2,029,200</u>
	41,067,021	41,070,814	22,937,442
Less: unamortized arrangement fee	<u>12,352</u>	<u>18,670</u>	<u>25,024</u>
	41,054,669	41,052,144	22,912,418
Less: current portion	<u>5,214,953</u>	<u>2,057,465</u>	<u>1,551,488</u>
	<u>\$ 35,839,716</u>	<u>\$ 38,994,679</u>	<u>\$ 21,360,930</u>

Pursuant to the above syndicated bank loans agreements, the Company and some of its subsidiaries should maintain certain financial covenants including current ratio, leverage ratio, tangible net assets and interest coverage ratio. Such financial ratios are calculated based on the Group's annual audited consolidated financial statements or semi-annual reviewed consolidated financial statements or subsidiaries' annual audited financial statements. The Group was in compliance with all of the loan covenants as of June 30, 2016, December 31, 2015 and June 30, 2015. The Company's subsidiaries were in compliance with all of the loan covenants as of December 31, 2015.

The Group had sufficient long term credit facility obtained before December 31, 2015 to refinance a portion of loans on a long-term basis. Therefore, NT\$2,105,883 thousand were not classified as current portion of long-term borrowings as of December 31, 2015.

2) Bills payable

Long-term bills payable represented unsecured commercial paper NT\$2,000,000 thousand both as of June 30, 2016 and December 31, 2015, less unamortized discounts of NT\$383 thousand and NT\$1,011 thousand, respectively, with annual interest rates at 1.00% and 1.03%, respectively. The commercial paper contract was entered into with Ta Ching Bills Finance Corporation in December 2015 and the duration is 3 years.

19. BONDS PAYABLE

	<u>June 30, 2016</u>	<u>December 31, 2015</u>	<u>June 30, 2015</u>
	NT\$	NT\$	NT\$
Secured domestic bonds - secured by banks			
Repayable at maturity in August 2016 and interest due annually with annual interest rate at 1.45%	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Unsecured domestic bonds			
Repayable at maturity in January 2021 and interest due annually with annual interest rate at 1.30%	7,000,000	-	-
Repayable at maturity in January 2023 and interest due annually with annual interest rate at 1.50%	2,000,000	-	-
Unsecured convertible overseas bonds			
US\$400,000 thousand	12,910,000	13,130,000	12,344,000
US\$200,000 thousand (linked to New Taiwan dollar)	6,185,600	6,185,600	-
Secured overseas bonds - secured by the Company			
US\$300,000 thousand, repayable at maturity in July 2017; interest due semi-annually with annual interest rate at 2.125%	9,682,500	9,847,500	9,258,000
CNY500,000 thousand, repayable at maturity in September 2016 and interest due semi-annually with annual interest rate at 4.25%	<u>2,433,572</u>	<u>2,527,489</u>	<u>2,523,881</u>
	48,211,672	39,690,589	32,125,881
Less: discounts on bonds payable	<u>1,009,235</u>	<u>1,264,339</u>	<u>1,258,768</u>
	47,202,437	38,426,250	30,867,113
Less: current portion	<u>22,549,945</u>	<u>14,685,866</u>	<u>-</u>
	<u>\$ 24,652,492</u>	<u>\$ 23,740,384</u>	<u>\$ 30,867,113</u>

The Group had sufficient long term credit facility obtained before December 31, 2015 to refinance a portion of the bonds payable which was due within one year on a long-term basis. Therefore, NT\$8,000,000 thousand was not classified as current portion of bonds payable as of December 31, 2015.

- a. In September 2013, the Company offered the third unsecured convertible overseas bonds (the "Bonds") in US\$400,000 thousand. The Bonds is zero coupon bonds with the maturity of 5 years, in denominations of US\$200 thousand or in any integral multiples thereof. Each holder of the Bonds has the right at any time on or after October 16, 2013 and up to (and including) August 26, 2018, except during legal lock-up period, to convert the Bonds into newly issued listed common shares at the conversion price NT\$33.085, determined on the basis of a fixed exchange rate of US\$1 to NT\$29.956. The conversion price will be adjusted in accordance with the conversion provisions due to anti-dilution clause. As of June 30, 2106, December 31, 2015 and June 30, 2015, the conversion price was NT\$30.28, NT\$30.28 and NT\$31.93, respectively.

The Bonds may be redeemed at the option of the Company, in whole or in part, at any time on or after the third anniversary of the offering date provided that (1) the closing price, translated into U.S. dollars, of the common shares for a period of 20 consecutive trading days is at least 130% of the conversion price, (2) at least 90% in aggregate principal amount of the Bonds originally outstanding has been redeemed, repurchased and canceled or converted, or (3) the Company is required to pay additional

taxes on the Bonds as a result of certain changes in tax laws in the ROC.

Each holder shall have the right to request the Company repurchase all or any portion of the principal amount thereof of a holder's Bonds (1) on the third anniversary of the offering date, (2) in the event of a change of control, or (3) in the event of delisting.

The Bonds contained a debt host contract, recognized as bonds payable, and the conversion option, redemption option and put option (collectively the "Bonds Options") aggregately recognized as financial liabilities at FVTPL. The effective interest rate of the debt host contract was 3.16% and the aggregate fair value of the Bonds Options was NT\$1,667,950 thousand on initial recognition.

- b. In July 2015, the Company offered the forth unsecured convertible overseas bonds (the "Currency Linked Bonds") in US\$200,000 thousand. The Currency Linked Bonds is zero coupon bonds with the maturity of 2.75 years, in denominations of US\$200 thousand or in any integral multiples thereof. Repayment, redemption and put amount denominated in U.S. dollar will be converted into New Taiwan dollar amount using a fixed exchange rate of US\$1 to NT\$30.928 (the "Fixed Exchange Rate") and then converted back to U.S. dollar amount using the applicable prevailing rate at the time of repayment, redemption or put. Each holder of the Currency Linked Bonds has the right at any time on or after August 11, 2015 and up to (and including) March 17, 2018, except during legal lock-up period, to convert the Currency Linked Bonds into common shares at the conversion price NT\$54.55, determined on the basis of the Fixed Exchange Rate. The Company's treasury shares will be available for delivery upon conversion of the Currency Linked Bonds. The conversion price will be adjusted in accordance with the conversion provisions due to anti-dilution clause. As of June 30, 2016 and December 31, 2015, the conversion price was both NT\$51.73.

The Currency Linked Bonds may be redeemed at the option of the Company, in whole or in part, at any time on or after March 19, 2018 provided that (1) the closing price, translated into U.S. dollars, of the common shares for a period of 20 out of 30 consecutive trading days is at least 130% of the conversion price, (2) at least 90% in aggregate principal amount of the Currency Linked Bonds originally outstanding has been redeemed, repurchased and canceled or converted, or (3) the Company is required to pay additional taxes on the Currency Linked Bonds as a result of certain changes in tax laws in the ROC.

Each holder shall have the right to request the Company repurchase all or any portion of the principal amount thereof of a holder's Currency Linked Bonds (1) in the event of a change of control, or (2) in the event of delisting.

The Currency Linked Bonds contained a debt host contract, recognized as bonds payable, and the conversion option, recognized as capital surplus. The effective interest rate of the debt host contract was 1.58% and the fair value of the conversion option was NT\$214,022 thousand on initial recognition.

- c. To focus on corporate sustainability and to carry out the commitment to environmental protection and energy conservation, Anstock II Limited, a subsidiary the Company 100% owned, offered overseas bonds in US\$300,000 thousand with the maturity of 3 years and annual interest rate of 2.125% (the "Green Bonds") in July 2014. The Green Bonds were unconditionally and irrevocably guaranteed by the Company and the proceeds were used to fund certain eligible projects to promote the Group's transition to low-carbon and climate resilient growth.

20. OTHER PAYABLES

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Payables for property, plant and equipment	\$ 5,901,076	\$ 4,782,357	\$ 6,563,106
Accrued salary and bonus	4,987,030	5,826,982	4,774,240
Accrued employees' compensation and remuneration to directors and supervisors	3,222,266	2,270,608	3,549,877
Accrued employee insurance	633,995	599,218	625,180
Accrued utilities	443,965	466,956	494,439
Others	<u>5,621,365</u>	<u>5,248,697</u>	<u>5,049,630</u>
	<u>\$ 20,809,697</u>	<u>\$ 19,194,818</u>	<u>\$ 21,056,472</u>

21. RETIREMENT BENEFIT PLANS

The Group's retirement benefit plans consisted of defined contribution retirement plan and defined benefit retirement plan. Employee benefit expenses in respect of the Group's defined benefit retirement plans were calculated using the projected pension cost stated in 2015 and 2014 actuarial reports and recognized in the following line items in respective periods:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Operating cost	\$ 76,309	\$ 79,737	\$ 152,015	\$ 160,717
Selling and marketing expenses	2,482	2,545	4,957	5,113
General and administrative expenses	12,749	11,361	23,003	23,096
Research and development expenses	<u>8,625</u>	<u>9,591</u>	<u>17,182</u>	<u>19,187</u>
	<u>\$ 100,165</u>	<u>\$ 103,234</u>	<u>\$ 197,157</u>	<u>\$ 208,113</u>

22. EQUITY

a. Share capital

Ordinary shares

	June 30, 2016	December 31, 2015	June 30, 2015
Numbers of shares authorized (in thousands)	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Numbers of shares reserved (in thousands)			
Employee share options	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Shares capital authorized	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
Shares capital reserved			
Employee share options	\$ 8,000,000	\$ 8,000,000	\$ 8,000,000
Numbers of shares registered (in thousands)	7,918,273	7,902,929	7,887,882
Numbers of shares subscribed in advance (in thousands)	<u>5,845</u>	<u>7,499</u>	<u>7,304</u>
Number of shares issued and fully paid (in thousands)	<u>7,924,118</u>	<u>7,910,428</u>	<u>7,895,186</u> (Concluded)

The holders of issued ordinary shares with a par value at \$10 per share are entitled the right to vote and receive dividends, except the shares held by the Group's subsidiaries which are not entitled the right to vote. As of June 30, 2016, December 31, 2015 and June 30, 2015, there were 500,000 thousand ordinary shares included in the authorized shares that were not yet required to complete the share registration process.

American Depositary Receipts

The Company issued ADSs and each ADS represents five ordinary shares. As of June 30, 2016, December 31, 2015 and June 30, 2015, 125,731 thousand, 115,240 thousand and 125,153 thousand ADSs were outstanding and represented approximately 628,657 thousand, 576,198 thousand and 625,763 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	June 30, 2016	December 31, 2015	June 30, 2015
	NT\$	NT\$	NT\$
<u>May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)</u>			
Arising from issuance of ordinary shares	\$ 5,646,328	\$ 5,479,616	\$ 5,318,799
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	7,176,958	7,197,510	7,197,510
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries (2)	6,577,097	8,489,984	9,050,793
Arising from treasury share transactions	950,767	717,355	716,770
Arising from exercised employee share options	583,971	544,112	493,953
Arising from expired employee share options	3,626	3,626	3,626
Arising from share of changes in capital surplus of associates	30,284	30,284	30,134

(Continued)

	June 30, 2016	December 31, 2015	June 30, 2015
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>May not be used for any purpose</u>			
Arising from employee share options	\$ 1,157,458	\$ 1,080,590	\$ 1,059,071
Arising from equity component of convertible bonds	<u>214,022</u>	<u>214,022</u>	<u>-</u>
	<u>\$ 22,340,511</u>	<u>\$ 23,757,099</u>	<u>\$ 23,870,656</u> (Concluded)

- 1) Such capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and once a year).
- 2) Such capital surplus arises from the effect of changes in ownership interest in a subsidiary resulted from equity transactions other than actual disposal or acquisition, or from changes in capital surplus of subsidiaries accounted for by using equity method.

c. Retained earnings and dividend policy

In accordance with the amendments to the Company Act in May 2015, the recipients of dividends and bonuses are limited to shareholders and do not include employees. The consequential amendments to the Company's Articles of Incorporation had been proposed for 2015 resolved at the Company's annual shareholders' meetings. For information about the accrual basis of the employees' compensation and remuneration to directors and the actual appropriations, please refer to employee benefits expense under profit before income tax in Note 23(e).

The amended Articles of Incorporation of ASE Inc. (the "Articles") in June 30, 2016 provides that annual net income shall be distributed in the following order:

- 1) Replenishment of deficits;
- 2) 10.0% as legal reserve;
- 3) Special reserve appropriated or reversed in accordance with laws or regulations set forth by the authorities concerned;
- 4) Addition or deduction of realized gains or losses on equity instruments at fair value through other comprehensive income.

The Company is currently in the mature growth stage. To meet the capital needs for business development now and in the future and satisfy the shareholders' demand for cash inflows, the Company shall use residual dividend policy to distribute dividends, of which the cash dividend is not lower than 30% of the total dividend distribution, with the remainder to be distributed in stock. A distribution plan is also to be made by the board of directors and passed for resolution in the shareholders' meeting.

Appropriation of earnings to legal reserve shall be made until the legal reserve equals the Company's capital surplus. Legal reserve may be used to offset deficits. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's capital surplus, the excess may be transferred to capital or distributed in cash.

Under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and the directive titled “Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs”, the Company should appropriate or reverse to a special reserve.

Expect for non-ROC resident shareholders, all shareholders receiving the dividends are allowed a tax credit equal to their proportionate share of the income tax paid by the Company.

The appropriations of earnings for 2015 and 2014 resolved at the Company’s annual shareholders’ meetings in June 2016 and June 2015, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Year 2015	For Year 2014	For Year 2015	For Year 2014
	NT\$	NT\$	NT\$	NT\$
			(in dollars)	(in dollars)
Legal reserve	\$ 1,947,887	\$ 2,359,267		
Cash dividends	<u>12,476,779</u>	<u>15,589,825</u>	\$ 1.60	\$ 2.00
	<u>\$ 14,424,666</u>	<u>\$ 17,949,092</u>		

d. Others equity items

1) Exchange differences on translating foreign operations

	2016	2015
	NT\$	NT\$
Balance at January 1	\$ 4,493,570	\$ 4,541,761
Exchange differences arising on translating foreign operations	(2,423,024)	(3,023,353)
Share of exchange difference of associates accounted for using the equity method	<u>(125,770)</u>	<u>(231)</u>
Balance at June 30	<u>\$ 1,944,776</u>	<u>\$ 1,518,177</u>

2) Unrealized gain on available-for-sale financial assets

	2016	2015
	NT\$	NT\$
Balance at January 1	\$ 588,119	\$ 526,778
Unrealized loss arising on revaluation of available-for-sale financial assets	(28,189)	(61,220)
Cumulative gain reclassified to profit or loss on disposal of available-for-sale financial assets	7,512	15,384
Unrealized gain on available-for-sale financial assets of associates accounted for using the equity method	<u>(46,812)</u>	<u>83,032</u>
Balance at June 30	<u>\$ 520,630</u>	<u>\$ 563,974</u>

f. Treasury shares (in thousand shares)

	Beginning Balance	Addition	Decrease	Ending Balance
<u>For the six months ended June 30, 2016</u>				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
	<u>265,883</u>	<u>-</u>	<u>-</u>	<u>265,883</u>
<u>For the six months ended June 30, 2015</u>				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	<u>-</u>	<u>120,000</u>	<u>-</u>	<u>120,000</u>
	<u>145,883</u>	<u>120,000</u>	<u>-</u>	<u>265,883</u>

In February 2015, the board of directors approved to repurchase up to 120,000 thousand of the Company's ordinary shares which will be used for equity conversion of convertible overseas bonds to be issued in the future. The Company has completed the repurchase during March 2015 and the shares repurchased accounted for 1.53% of the Company's total issued shares. The average repurchase price was NT\$44.45 per share.

The Company's shares held by its subsidiaries at each balance sheet date were as follows:

	Shares Held By Subsidiaries (in thousand shares)	Carrying amount NT\$	Fair Value NT\$
<u>June 30, 2016</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,232,547
J&R Holding	46,704	381,709	1,711,693
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>402,372</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,346,612</u>
<u>December 31, 2015</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,351,618
J&R Holding	46,704	381,709	1,774,743
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>417,193</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,543,554</u>

(Continued)

	Shares Held By Subsidiaries (in thousand shares)	Carrying amount NT\$	Fair Value NT\$
<u>June 30, 2015</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,686,780
J&R Holding	46,704	381,709	1,952,217
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>458,913</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 6,097,910</u> (Concluded)

Fair values of the Company's shares held by subsidiaries are based on the closing price from an available published price quotation, which is a Level 1 input in terms of IFRS 13, at the balance sheet dates.

The Company issued ordinary shares in connection with its merger with its subsidiaries. The shares held by its subsidiaries were reclassified from investments accounted for using the equity method to treasury shares on the proportion owned by the Company.

Under the Securities and Exchange Act in the ROC, the Company shall neither pledge treasury shares nor exercise shareholders' rights on these shares, such as rights to dividends and voting. The subsidiaries holding treasury shares, however, retain shareholders' rights except the rights to participate in any share issuance for cash and voting.

g. Non-controlling interests

	2016 NT\$	2015 NT\$
Balance at January 1	\$ 11,503,878	\$ 8,219,098
Attributable to non-controlling interests:		
Share of profit for the period	446,029	333,436
Exchange difference on translating foreign operations	(288,400)	(160,575)
Unrealized gain on available-for-sale financial assets	1,819	5,012
Non-controlling interest arising from acquisition of subsidiaries (Note 27)	7,021	-
Partial disposal of interests in subsidiaries (Note 28)	26,436	1,712,836
Repurchase of outstanding ordinary shares of subsidiaries (Note 28)	(912,886)	-
Spin-off of subsidiaries	-	3,535
Non-controlling interest relating to outstanding vested share options held by the employees of subsidiaries	319,247	205,827
Cash dividends to non-controlling interests	<u>(236,426)</u>	<u>(232,148)</u>
Balance at June 30	<u>\$ 10,866,718</u>	<u>\$ 10,087,021</u>

23. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Interest income	\$ 47,803	\$ 64,972	\$ 114,186	\$ 116,277
Government subsidy	43,132	33,997	125,498	79,519
Rental income	12,861	13,644	24,952	29,775
Dividends income	<u>12,380</u>	<u>6,970</u>	<u>17,731</u>	<u>72,720</u>
	<u>\$ 116,176</u>	<u>\$ 119,583</u>	<u>\$ 282,367</u>	<u>\$ 298,291</u>

b. Other gains, net

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Net gains (losses) arising on financial instruments held for trading	\$ 801,466	\$ (441,142)	\$ 399,279	\$ (1,554,445)
Net gains on financial assets designated as at FVTPL	64,629	107,813	106,372	252,198
Foreign exchange gains (losses), net	(238,684)	839,064	642,757	1,378,941
Impairment losses	(499,606)	(17,886)	(514,547)	(16,201)
Others	<u>(5,841)</u>	<u>(21,179)</u>	<u>(1,908)</u>	<u>20,401</u>
	<u>\$ 121,964</u>	<u>\$ 466,670</u>	<u>\$ 631,953</u>	<u>\$ 80,894</u>

c. Finance costs

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Total interest expense for financial liabilities measured at amortized cost	\$ 650,803	\$ 597,124	\$ 1,313,649	\$ 1,234,551
Less: Amounts included in the cost of qualifying assets				
Inventories related to real estate business	(59,015)	(48,780)	(116,085)	(96,936)
Property, plant and equipment	<u>(12,457)</u>	<u>(12,226)</u>	<u>(24,915)</u>	<u>(24,165)</u>
	579,331	536,118	1,172,649	1,113,450
Other finance costs	<u>8,492</u>	<u>5,277</u>	<u>26,478</u>	<u>10,333</u>
	<u>\$ 587,823</u>	<u>\$ 541,395</u>	<u>\$ 1,199,127</u>	<u>\$ 1,123,783</u>

Information relating to the capitalized borrowing costs was as follows:

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Annual interest capitalization rates				
Inventories related to real estate business	4.35%-6.00%	5.35%-6.77%	4.35%-6.00%	5.35%-6.77%
Property, plant and equipment	1.19%-3.98%	0.97%-4.21%	1.15%-4.00%	0.86%-6.15%

d. Depreciation and amortization

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Property, plant and equipment	\$ 7,201,666	\$ 7,222,936	\$ 14,442,402	\$ 14,479,934
Intangible assets	<u>114,467</u>	<u>136,548</u>	<u>223,696</u>	<u>272,376</u>
Total	<u>\$ 7,316,133</u>	<u>\$ 7,359,484</u>	<u>\$ 14,666,098</u>	<u>\$ 14,752,310</u>
Summary of depreciation by function				
Operating costs	\$ 6,703,174	\$ 6,747,917	\$ 13,442,179	\$ 13,541,979
Operating expenses	<u>498,492</u>	<u>475,019</u>	<u>1,000,223</u>	<u>937,955</u>
	<u>\$ 7,201,666</u>	<u>\$ 7,222,936</u>	<u>\$ 14,442,402</u>	<u>\$ 14,479,934</u>
Summary of amortization by function				
Operating costs	\$ 38,287	\$ 27,121	\$ 72,921	\$ 58,384
Operating expenses	<u>76,180</u>	<u>109,427</u>	<u>150,775</u>	<u>213,992</u>
	<u>\$ 114,467</u>	<u>\$ 136,548</u>	<u>\$ 223,696</u>	<u>\$ 272,376</u>

e. Employee benefits expense

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Post-employment benefits				
Defined contribution plans	\$ 434,233	\$ 422,377	\$ 863,234	\$ 833,183
Defined benefit plans	<u>100,165</u>	<u>103,234</u>	<u>197,157</u>	<u>208,113</u>
	534,398	525,611	1,060,391	1,041,296
Equity-settled share-based payments	120,080	6,480	240,697	19,355
Salary, incentives and bonus	10,556,779	10,376,569	20,509,846	20,802,126

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Other employee benefits	\$ 1,607,062	\$ 1,675,166	\$ 3,170,443	\$ 3,256,176
	<u>\$ 12,818,319</u>	<u>\$ 12,583,826</u>	<u>\$ 24,981,377</u>	<u>\$ 25,118,953</u>
Summary of employee benefits expense by function				
Operating costs	\$ 8,677,774	\$ 8,655,661	\$ 16,961,583	\$ 17,351,149
Operating expenses	<u>4,140,545</u>	<u>3,928,165</u>	<u>8,019,794</u>	<u>7,767,804</u>
	<u>\$ 12,818,319</u>	<u>\$ 12,583,826</u>	<u>\$ 24,981,377</u>	<u>\$ 25,118,953</u>

(Concluded)

The Articles of Incorporation of the Company before stipulate to distribute bonus to employees and remuneration to directors and supervisors at the rates in 7%-11% and no higher than 1% from net income (net of the bonus and remuneration), respectively. For the three months and six months ended June 30, 2016, the bonus to employees and remuneration to directors and supervisors which represented 11% and 1%, respectively, of net income (net of the bonus and remuneration).

To be in compliance with the Company Act as amended in May 2015, the amended Articles of Incorporation of the Company, has been approved in the shareholders' meeting in June 2016, stipulate to distribute employees' compensation and remuneration to directors at the rates in 5.25%-8.25% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation and remuneration to directors. For the three months and six months ended June 30, 2016, the employees' compensation and the remuneration to directors were accrued based on 8.25% and 0.75% of net profit before income tax, employees' compensation and remuneration to directors, respectively.

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Bonus to employees/ employees' compensation	\$ 505,304	\$ 403,220	\$ 903,364	\$ 846,644
Remuneration to directors and supervisors/ remuneration to directors	45,937	36,657	82,124	76,968

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

The appropriations of employees' compensation and remuneration to directors for 2015 were resolved by the board of directors in April 2016, and the appropriations of bonus to employees and remuneration to directors and supervisors for 2014 were approved in the shareholders' meeting in June 2015. The amounts of the employees' compensation/bonus and remuneration to directors and supervisors are disclosed on the table below. After the amendments to the Articles had been resolved in the shareholders' meeting held in June 2016, the appropriations of the employees' compensation and remuneration to directors for 2015 were reported in the shareholders' meeting.

	<u>For Year 2015</u>	<u>For Year 2014</u>
	NT\$	NT\$
Employees' compensation/ bonus to employees	\$ 2,033,800	\$ 2,335,600
Remuneration to directors/ directors and supervisors	140,000	211,200

The differences between the resolved amounts of the employees' compensation and the remuneration to directors and the accrued amounts reflected in the consolidated financial statements for the years ended December 31, 2015 and the bonus to employees and remuneration to directors and supervisors and the accrued amounts reflected in the consolidated financial statements for the years ended December 31, 2014 were deemed changes in estimates. The difference was NT\$44,200 thousand and NT\$1,330 thousand and had been adjusted in earnings for the years ended December 31, 2016 and 2015, respectively.

Information on the employees' compensation and the remuneration to directors for 2015 resolved by the Company's board of directors in 2016 and the bonus to employees and the remuneration to directors and supervisors resolved by the shareholders' meeting in 2015 are available on the Market Observation Post System website of the TSE.

24. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	<u>For the Three Months</u>		<u>For the Six Months</u>	
	<u>Ended June 30</u>		<u>Ended June 30</u>	
	<u>2016</u>	<u>2015</u>	<u>2016</u>	<u>2015</u>
	NT\$	NT\$	NT\$	NT\$
Current income tax				
In respect of the current period	\$ 954,804	\$ 548,954	\$ 2,474,173	\$ 1,420,392
Income tax on unappropriated earnings	496,799	561,104	559,606	610,556
Adjustments for prior periods	<u>5,356</u>	<u>(69,841)</u>	<u>30,779</u>	<u>(45,906)</u>
	<u>1,456,959</u>	<u>1,040,217</u>	<u>3,064,558</u>	<u>1,985,042</u>
Deferred income tax				
In respect of the current period	80,387	563,290	(204,518)	542,478
Adjustments to attributable to changes in tax rates	-	25,937	14,184	25,937
Adjustments for prior periods	(22,703)	(14,291)	(27,219)	(10,472)
Effect of foreign currency exchange differences	<u>8,371</u>	<u>(18,977)</u>	<u>(5,748)</u>	<u>(90,629)</u>
	<u>66,055</u>	<u>555,959</u>	<u>(223,301)</u>	<u>467,314</u>
Income tax expense recognized in profit or loss	<u>\$ 1,523,014</u>	<u>\$ 1,596,176</u>	<u>\$ 2,841,257</u>	<u>\$ 2,452,356</u>

b. Integrated income tax

As of June 30, 2016, December 31, 2015 and June 30, 2015, unappropriated earnings were all generated on and after January 1, 1998. As of June 30, 2016, December 31, 2015 and June 30, 2015, the balance

of the Imputation Credit Account (“ICA”) was NT\$3,075,148 thousand, NT\$1,913,243 thousand and NT\$2,350,976 thousand, respectively.

The creditable ratio for the distribution of earnings of 2015 and 2014 was 7.65% (estimated) and 6.88% (actual), respectively.

c. Income tax assessments

Income tax returns of ASE Inc. and its ROC subsidiaries have been examined by authorities through 2012 and through 2013 to 2014, respectively. ASE Inc. and some of its ROC subsidiaries disagreed with the result of examinations relating to its income tax returns for 2004 through 2008 and 2010 through 2012 and appealed to the tax authorities. A settlement was reached in June 2015. The related income tax expenses in the years resulting from the examinations have been accrued in respective tax years or in the year of the settlement.

25. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Net profit for the period attributable to owners of the Company	\$ 4,678,793	\$ 3,651,434	\$ 8,842,270	\$ 8,120,635
Effect of potentially dilutive ordinary shares:				
Employee share options issued by subsidiaries	(50,357)	(55,490)	(79,781)	(106,466)
Investments in associates	(125,923)	-	(222,960)	-
Convertible bonds	<u>(272,390)</u>	<u>(96,854)</u>	<u>(724,833)</u>	<u>-</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 4,230,123</u>	<u>\$ 3,499,090</u>	<u>\$ 7,814,696</u>	<u>\$ 8,014,169</u>

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

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	Weighted average number of ordinary shares in computation of basic earnings per share	7,657,903	7,627,736	7,653,644
Effect of potentially dilutive ordinary shares:				
Convertible bonds	515,295	375,271	515,295	-
Employee share options	56,979	92,122	61,770	97,655

(Continued)

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
Employees' compensation / bonus to employees	<u>8,219</u>	<u>56,581</u>	<u>42,257</u>	<u>64,877</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>8,238,396</u>	<u>8,151,710</u>	<u>8,272,966</u>	<u>7,829,459</u> (Concluded)

The Group is able to settle the employees' compensation or the bonus to employees by cash or shares. The Group presumed that the entire amount of the compensation or the bonus would be settled in shares and the resulting potential shares were included in the weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the board of directors or shareholders approve the number of shares to be distributed to employees at their meeting in the following year.

For the six months ended June 30, 2015, if the outstanding convertible bonds issued by the Company were converted to ordinary shares, earnings used in the computation of diluted earnings per share would have increased. Therefore, they were anti-dilutive and excluded from the computation of diluted earnings per share.

26. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plans of the Company and its subsidiaries

In order to attract, retain and reward employees, ASE Inc. has five employee share option plans for full-time employees of the Group, including 100,000 thousand share options approved to be granted in April 2015. There are 5,730 thousand share options of the fifth employee stock option plan will no longer be issued due to the expiration of grant period. Each share option represents the right to purchase one ordinary share of ASE Inc. when exercised. Under the terms of the plans, share options are granted at an exercise price equal to or not less than the closing price of the ordinary shares listed on the TSE at the grant date. The option rights of these plans are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted.

a. ASE Inc. Option Plans

Information about share options was as follows:

	For the Six Months Ended June 30			
	2016		2015	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT\$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT\$)
Balance at January 1	252,607	\$ 26.6	209,745	\$ 20.7
Options forfeited	(2,514)	34.1	(569)	20.6
Options expired	-	-	(730)	-
Options exercised	<u>(13,690)</u>	20.9	<u>(33,461)</u>	20.5
Balance at June 30	<u>236,403</u>	26.8	<u>174,985</u>	20.8
Options exercisable, end of period	<u>145,323</u>	20.8	<u>171,811</u>	20.8

The weighted average share prices at exercise dates of share options for the six months ended June 30, 2016 and 2015 was NT\$35.9 and NT\$41.9, respectively.

Information about the Company's outstanding share options at each balance sheet date was as follows:

	Range of Exercise Price Per Share (NT\$)	Weighted Average Remaining Contractual Life (Years)
June 30, 2016	\$ 20.4-22.6 36.5	3.0 9.2
December 31, 2015	20.4-22.6 36.5	3.5 9.7
June 30, 2015	20.4-22.6	3.9

b. ASE Mauritius Inc. Option Plan

ASE Mauritius Inc. has an employee share option plan for full-time employees of the Group which granted 30,000 thousand units in December 2007. Under the terms of the plan, each unit represents the right to purchase one ordinary share of ASE Mauritius Inc. when exercised. The option rights of the plan are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date.

Information about share options was as follows:

	For the Six Months Ended June 30			
	2016		2015	
	Number of Options (In Thousands)	Exercise Price Per Share (US\$)	Number of Options (In Thousands)	Exercise Price Per Share (US\$)
Balance at January 1	28,470	\$ 1.7	28,545	\$ 1.7
Options forfeited	<u>-</u>	-	<u>(75)</u>	1.7
Balance at June 30	<u>28,470</u>	1.7	<u>28,470</u>	1.7
Options exercisable, end of period	<u>28,470</u>	1.7	<u>28,470</u>	1.7

As of June 30, 2016, December 31, 2015 and June 30, 2015, the remaining contractual life was 1.5 years, 2 years and 2.5 years, respectively.

c. USIE Option Plans

The terms of the plans issued by USIE were the same with those of the Company's option plans. USIE modified its option plan granted in 2007 by extending the contractual life to 13 years. The incremental fair value was all recognized as employee benefits expense in the years of modifications since the options were all vested.

Information about share options was as follows:

	For the Six Months Ended June 30			
	2016		2015	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US\$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US\$)
Balance at January 1	29,695	\$ 2.1	34,159	\$ 2.1
Options forfeited	-	-	(84)	2.8
Options exercised	<u>(2,885)</u>	2.1	<u>(2,965)</u>	2.0
Balance at June 30	<u>26,810</u>	2.1	<u>31,110</u>	2.1
Options exercisable, end of period	<u>26,810</u>	2.1	<u>29,516</u>	2.1

Information about USIE's outstanding share options at each balance sheet date was as follows:

	Range of Exercise Price Per Share (US\$)	Weighted Average Remaining Contractual Life (Years)
June 30, 2016	\$ 1.5 2.4-2.9	4.5 4.4

(Continued)

	Range of Exercise Price Per Share (US\$)	Weighted Average Remaining Contractual Life (Years)
December 31, 2015	\$ 1.5 2.4-2.9	5.0 4.9
June 30, 2015	1.5 2.4-2.9	4.5 5.3 (Concluded)

d. USISH Option Plan

In November 2015, the shareholders of USISH approved a share option plan for the employees of USISH. Each unit represents the right to purchase one ordinary share of USISH when exercised. The options are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date incorporated with certain performance conditions. For any subsequent changes in USISH's capital structure, the exercise price is accordingly adjusted.

Information about share options was as follows:

	For the Six Months Ended June 30, 2016	
	Number of Options (In Thousands)	Exercise Price Per Share (CNY)
Balance at January 1	26,627	\$ 15.5
Options forfeited	<u>(664)</u>	15.5
Balance at June 30	<u>25,963</u>	15.5
Options exercisable, end of period	<u>-</u>	-

As of June 30, 2016 and December 31, 2015, the remaining contractual life of the share options was 9.4 years and 9.9 years, respectively.

Fair value of share options

Share options granted by the Company and USISH in 2015 were measured using the Hull & White Model (2004) incorporated with Ritchken's Trinomial Tree Model (1995) and the Black-Scholes Option Pricing Model, respectively, and the inputs to the models were as follows:

	ASE Inc.	USISH
Share price at the grant date	NT\$36.5	CNY15.2
Exercise prices	NT\$36.5	CNY15.5
Expected volatility	27.02%	40.33%-45.00%
Expected lives	10 years	10 years
Expected dividend yield	4.00%	0.87%
Risk free interest rates	1.34%	3.06%-3.13%

Expected volatility was based on the historical share price volatility over the past 10 years of ASE Inc. and the comparable companies of USISH, respectively. Under the Hull & White Model (2004) incorporated with Ritchken's Trinomial Tree Model (1995), the Company assumed that employees would exercise the options after vesting date when the share price was 1.88 times the exercise price to allow for the effects of early exercise.

27. BUSINESS COMBINATIONS

a. Subsidiaries acquired

	Principal Activity	Date of Acquisition	Proportion of Voting Equity Interests Acquired	Cash Consideration NT\$
TLJ	Engaged in information software services	May 3, 2016	60%	<u>\$ 89,998</u>

b. Consideration transferred, fair value of assets acquired and liabilities assumed as well as net cash outflow on acquisition of subsidiaries at the acquisition dates were as follows:

	NT\$
Current assets	\$ 16,645
Non-current assets	4,081
Current liabilities	<u>(7,599)</u>
	13,127
Non-controlling interests	(7,021)
Goodwill	<u>83,892</u>
Total consideration	89,998
Less: Cash and cash equivalent acquired	<u>(16,561)</u>
	<u>\$ 73,437</u>

In May 2016, the Company's subsidiary, ASE Test, Inc., acquired 60% shareholdings of TLJ with a total consideration determined primarily based on independent professional appraisal reports. NT\$41,739 thousand out of the total consideration was paid to key management personnel and related parties. As of June 30, 2016, the Group has not completed the identification of the difference between the cost of the investment and the Group's share of the net fair value of TLJ's identifiable assets and liabilities and, as a result, the difference was recognized as goodwill provisionally.

28. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

In April 2015, USIE sold its shareholdings of 54,000 thousand ordinary shares of USISH amounting to CNY1,992,060 thousand and, as a result, the Group's shareholdings of USISH decreased from 82.1% to 77.2%. The transaction was accounted for as an equity transaction since the Group did not cease to have control over USISH and, as a result, capital surplus was increased by NT\$7,197,510 thousand in the second quarter of 2015.

In February 2016, USIE repurchased 4,501 thousand shares of USIE's outstanding ordinary shares and, as a result, the Group's shareholdings of USIE increased from 96.7% to 98.8%. The transaction was accounted for as an equity transaction since the Group did not cease to have control over USIE and capital surplus was decreased by NT\$1,912,887 thousand.

In February 2016, the Company, with a total consideration of NT\$ 792,064 thousand, completed the disposal of 39,603 thousand shares in USI to the Company's subsidiary, UGTW, at NT\$20 per share and, as a result, the Group's shareholdings of USI decreased from 99.0% to 76.5%. The transaction was accounted for as an equity transaction since the Group did not cease to have control over USI and capital surplus was decreased by NT\$20,552 thousand.

29. NON-CASH TRANSACTIONS

For the six months ended June 30, 2016 and 2015, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Six Months Ended June 30	
	2016	2015
	NT\$	NT\$
Payments for property, plant and equipment		
Purchase of property, plant and equipment	\$ 14,066,392	\$ 17,191,963
Increase in prepayments for property, plant and equipment (recorded under the line item of other non-current assets)	50,264	312,382
(Increase) decrease in payables for property, plant and equipment	(1,118,719)	534,023
Capitalized borrowing costs	<u>(24,915)</u>	<u>(24,165)</u>
	<u>\$ 12,973,022</u>	<u>\$ 18,014,203</u>
Proceeds from disposal of property, plant and equipment		
Consideration from disposal of property, plant and equipment	\$ 107,512	\$ 133,424
(Increase) decrease in other receivables	<u>(28,008)</u>	<u>25,432</u>
	<u>\$ 79,504</u>	<u>\$ 158,856</u>

30. OPERATING LEASE ARRANGEMENTS

Except those discussed in Note 17, the Company and its subsidiary, ASE Test, Inc., lease the land on which their buildings are located under various operating lease agreements with the ROC government expiring through June 2035. The agreements grant these entities the option to renew the leases and reserve the right for the lessor to adjust the lease payments upon an increase in the assessed value of the land and to terminate the leases under certain conditions. In addition, the Group leases buildings, machinery and equipment under operating leases.

The subsidiaries' offices located in U.S.A. and Japan, etc. are leased from other parties and the lease term will expire through 2016 to 2023 with the option to renew the leases upon expiration.

The Group recognized rental expense of NT\$351,240 thousand, NT\$348,177 thousand, NT\$676,483 thousand and NT\$713,685 thousand for the three months and six months ended June 30, 2016 and 2015, respectively.

31. CAPITAL MANAGEMENT

The capital structure of the Group consists of debt and equity. The Group manages its capital to ensure that entities in the Group will be able to continue as going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance. Key management personnel of the Group periodically reviews the cost of capital and the risks associated with each class of capital. In order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders,

the number of new shares issued or repurchased, and the amount of new debt issued or existing debt redeemed.

The Group is not subject to any externally imposed capital requirements except those discussed in Note 18.

32. FINANCIAL INSTRUMENTS

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

1) Fair value of financial instruments not measured at fair value but for which fair value is disclosed

Except bonds payable measured at amortized cost, the management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values. The carrying amounts and fair value of bonds payable as of June 30, 2016, December 31, 2015 and June 30, 2015, respectively, were as follows:

	Carrying Amount	Fair Value
	NT\$	NT\$
June 30, 2016	\$ 47,202,437	\$ 47,430,426
December 31, 2015	38,426,250	38,465,355
June 30, 2015	30,867,113	31,399,345

2) Fair value hierarchy

The aforementioned fair value hierarchy of bonds payable was level 3 which was determined based on discounted cash flows analysis with the applicable yield curve for the duration or the last trading prices.

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

1) Fair value hierarchy

	Level 1	Level 2	Level 3	Total
	NT\$	NT\$	NT\$	NT\$
<u>June 30, 2016</u>				
Financial assets at FVTPL				
Financial assets				
designated as at				
FVTPL				
Structured time				
deposits				
\$	-	\$ 1,615,937	-	\$ 1,615,937
Private-placement				
convertible bonds				
	-	100,500	-	100,500
Derivative financial				
assets				
Swap contracts				
	-	271,628	-	271,628
Forward exchange				
contracts				
	-	106,954	-	106,954

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Non-derivative financial assets held for trading				
Open-end mutual funds	\$ 583,875	\$ -	\$ -	\$ 583,875
Quoted shares	<u>30,645</u>	<u>-</u>	<u>-</u>	<u>30,645</u>
	<u>\$ 614,520</u>	<u>\$ 2,095,019</u>	<u>\$ -</u>	<u>\$ 2,709,539</u>
Available-for-sale financial assets				
Limited partnership	\$ -	\$ -	\$ 448,060	\$ 448,060
Unquoted shares	-	-	237,063	237,063
Quoted shares	197,535	-	-	197,535
Open-end mutual funds	<u>25,000</u>	<u>-</u>	<u>-</u>	<u>25,000</u>
	<u>\$ 222,535</u>	<u>\$ -</u>	<u>\$ 685,123</u>	<u>\$ 907,658</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 1,875,823	\$ -	\$ 1,875,823
Swap contracts	-	611,196	-	611,196
Forward exchange contracts	-	42,635	-	42,635
Interest rate swap contracts	-	20,058	-	20,058
Foreign currency option contracts	<u>-</u>	<u>5,993</u>	<u>-</u>	<u>5,993</u>
	<u>\$ -</u>	<u>\$ 2,555,705</u>	<u>\$ -</u>	<u>\$ 2,555,705</u>
<u>December 31, 2015</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Structured time deposits	\$ -	\$ 1,646,357	\$ -	\$ 1,646,357
Private-placement convertible bonds	-	100,500	-	100,500
Derivative financial assets				
Forward exchange contracts	-	18,913	-	18,913
Forward currency option contracts	-	5,020	-	5,020

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Non-derivative financial assets held for trading				
Open-end mutual funds	\$ 573,242	\$ -	\$ -	\$ 573,242
Quoted shares	<u>37,058</u>	<u>-</u>	<u>-</u>	<u>37,058</u>
	<u>\$ 610,300</u>	<u>\$ 3,223,401</u>	<u>\$ -</u>	<u>\$ 3,833,701</u>
Available-for-sale financial assets				
Limited Partnership	\$ -	\$ -	\$ 476,612	\$ 476,612
Unquoted shares	-	-	264,477	264,477
Quoted shares	197,580	-	-	197,580
Open-end mutual funds	<u>16,037</u>	<u>-</u>	<u>-</u>	<u>16,037</u>
	<u>\$ 213,617</u>	<u>\$ -</u>	<u>\$ 741,089</u>	<u>\$ 954,706</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 2,632,565	\$ -	\$ 2,632,565
Swap contracts	-	290,176	-	290,176
Forward exchange contracts	-	69,207	-	69,207
Foreign currency option contracts	-	13,659	-	13,659
Interest rate swap contracts	<u>-</u>	<u>119</u>	<u>-</u>	<u>119</u>
	<u>\$ -</u>	<u>\$ 3,005,726</u>	<u>\$ -</u>	<u>\$ 3,005,726</u>
<u>June 30, 2015</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Structured time deposits	\$ -	\$ 2,316,112	\$ -	\$ 2,316,112
Private-placement convertible bonds	-	100,500	-	100,500
Derivative financial assets				
Swap contracts	-	713,546	-	713,546
Forward exchange contracts	-	113,627	-	113,627

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Non-derivative financial assets held for trading				
Open-end mutual funds	\$ 535,221	\$ -	\$ -	\$ 535,221
Quoted shares	<u>38,403</u>	<u>-</u>	<u>-</u>	<u>38,403</u>
	<u>\$ 573,624</u>	<u>\$ 3,243,785</u>	<u>\$ -</u>	<u>\$ 3,817,409</u>
Available-for-sale financial assets				
Open-end mutual funds	\$ 850,761	\$ -	\$ -	\$ 850,761
Limited Partnership	-	-	454,385	454,385
Quoted shares	176,045	-	-	176,045
Unquoted shares	<u>-</u>	<u>-</u>	<u>249,467</u>	<u>249,467</u>
	<u>\$ 1,026,806</u>	<u>\$ -</u>	<u>\$ 703,852</u>	<u>\$ 1,730,658</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 3,437,804	\$ -	\$ 3,437,804
Swap contracts	-	295,162	-	295,162
Foreign currency option contracts	-	81,242	-	81,242
Foreign exchange contracts	<u>-</u>	<u>6,553</u>	<u>-</u>	<u>6,553</u>
	<u>\$ -</u>	<u>\$ 3,820,761</u>	<u>\$ -</u>	<u>\$ 3,820,761</u>

(Concluded)

For the financial assets and liabilities that were measured at fair value on a recurring basis held for the six months ended June 30, 2016 and 2015, there were no transfers between Level 1 and Level 2 of the fair value hierarchy.

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

The financial assets measured at Level 3 fair value were equity investments with no quoted prices and classified as available-for-sale financial assets - non-current. Reconciliations for the six months ended June 30, 2016 and 2015 were as follows:

	<u>2016</u>	<u>2015</u>
	NT\$	NT\$
Balance at January 1	\$ 741,089	\$ 778,866
Purchases	6,678	13,791

(Continued)

	<u>2016</u>	<u>2015</u>
	NT\$	NT\$
Total losses recognized		
In profit or loss	\$ (8,848)	\$ (15,899)
In other comprehensive income	(24,869)	(32,907)
Disposals	<u>(28,927)</u>	<u>(39,999)</u>
Balance at June 30	<u>\$ 685,123</u>	<u>\$ 703,852</u> (Concluded)

As of June 30, 2016 and 2015, unrealized loss of NT\$29,195 thousand and NT\$47,776 thousand, recorded in other comprehensive income under the heading of unrealized loss on available-for-sale financial assets, were included in the carrying amount of the financial assets at fair value on Level 3 fair value measurement.

- 3) Valuation techniques and assumptions applied for the purpose of measuring fair value
- a) Valuation techniques and inputs applied for the purpose of measuring Level 2 fair value measurement

<u>Financial Instruments</u>	<u>Valuation Techniques and Inputs</u>
Derivatives - swap contracts, forward exchange contracts, foreign currency option contracts and interest rate swap contracts	Discounted cash flows - Future cash flows are estimated based on observable forward exchange rates or interest rates at balance sheet dates and contract forward exchange rates or interest rates, discounted at rates that reflected the credit risk of various counterparties.
Derivatives - conversion option, redemption option and put option of convertible bonds	Option pricing model - Incorporation of present value techniques and reflect both the time value and the intrinsic value of options
Structured time deposits and private-placement convertible bonds	Discounted cash flows - Future cash flows are estimated based on observable forward exchange rates or stock prices at balance sheet dates and contract interest rate ranges or conversion prices, discounted at rates that reflected the credit risk of various counterparties.

- b) Valuation techniques and inputs applied for the purpose of measuring Level 3 fair value measurement

The fair value of the Group's investments in unquoted shares on Level 3 fair value measurement were measured using market approach based on investees' recent financing activities, technical development, valuation of investees comparable companies, market conditions and other economic indicators.

The fair values of investments in limited partnership are measured using discounted cash flow technique and a comparable multiple technique. The significant unobservable inputs used in the discounted cash flow technique were discount rates of 12.34% and the terminal growth rates of 2.50%. Any significant increase in discount rates or any significant decrease in terminal growth rates would result in a decrease in the fair value of the investments in limited partnership. The significant unobservable input used in the comparable multiple technique was EBITDA multiples of 9.73. Any significant decrease in multiples would result in a decrease in the fair value of the investments in limited partnership.

c. Categories of financial instruments

	June 30, 2016	December 31, 2015	June 30, 2015
	NT\$	NT\$	NT\$
Financial assets			
FVTPL			
Designated as at FVTPL	\$ 1,716,437	\$ 1,746,857	\$ 2,416,612
Held for trading	993,102	2,086,844	1,400,797
Available-for-sale financial assets	907,658	954,706	1,730,658
Loans and receivables (Note 1)	88,452,447	101,259,880	106,412,318
Financial liabilities			
FVTPL			
Held for trading	2,555,705	3,005,726	3,820,761
Measured at amortized cost (Note 2)	174,468,574	173,294,140	162,208,004

Note 1: The balances included loans and receivables measured at amortized cost which comprise cash and cash equivalents, trade and other receivables and other financial assets.

Note 2: The balances included financial liabilities measured at amortized cost which comprise short-term borrowings, short-term bills payable, trade and other payables, dividends payable, bonds payable and long-term borrowings.

d. Financial risk management objectives and policies

The derivative instruments used by the Group are to mitigate risks arising from ordinary business operations. All derivative transactions entered into by the Group are designated as either hedging or trading. Derivative transactions entered into for hedging purposes must hedge risk against fluctuations in foreign exchange rates and interest rates arising from operating activities. The currencies and the amount of derivative instruments held by the Group must match its hedged assets and liabilities denominated in foreign currencies.

The Group's risk management department monitors risks to mitigate risk exposures, reports unsettled position, transaction balances and related gains or losses to the Group's chief financial officer on monthly basis.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates and interest rates. Gains or losses arising from fluctuations in foreign currency exchange rates of a variety of derivative financial instruments were approximately offset by those of hedged items. Interest rate risk was not significant due to the cost of capital was expected to be fixed.

There had been no change to the Group's exposure to market risks or the manner in which these risks were managed and measured.

a) Foreign currency exchange rate risk

The Group had sales and purchases as well as financing activities denominated in foreign currency which exposed the Group to foreign currency exchange rate risk. The Group entered

into a variety of derivative financial instruments to hedge foreign currency exchange rate risk to minimize the fluctuations of assets and liabilities denominated in foreign currencies.

The carrying amounts of the Group's foreign currency denominated monetary assets and liabilities (including those eliminated upon consolidation) as well as derivative instruments which exposed the Group to foreign currency exchange rate risk at each balance sheet date are presented in Note 37.

The Group was principally subject to the impact to exchange rate fluctuation in U.S. dollars and Japanese yen against NT\$ or Chinese Yuan Renminbi (“CNY”). 1% is the sensitivity rate used when reporting foreign currency exchange rate risk internally to key management personnel and represents management’s assessment of the reasonably possible change in foreign currency exchange rates. The sensitivity analysis included financial assets and liabilities and inter-company receivables and payables within the Group. The changes in profit before income tax due to a 1% change in U.S. dollars and Japanese yen both against NT\$ and CNY would be NT\$127,000 thousand and NT\$152,000 thousand for the six months ended June 30, 2016 and 2015, respectively. Hedging contracts and hedged items have been taken into account while measuring the changes in profit before income tax. The abovementioned sensitivity analysis mainly focused on the foreign currency monetary items at the end of the reporting period. As the period-end exposure did not reflect the exposure for the six months ended June 30, 2016 and 2015, the abovementioned sensitivity analysis was unrepresentative of those periods.

b) Interest rate risk

Except a portion of long-term borrowings and bonds payable at fixed interest rates, the Group was exposed to interest rate risk because group entities borrowed funds at floating interest rates. Changes in market interest rates will lead to variances in effective interest rates of borrowings from which the future cash flow fluctuations arise. The Group entered into a variety of derivative financial instruments to hedge interest rate risk to minimize the fluctuations of assets and liabilities denominated in interest rate.

The carrying amounts of the Group's financial assets and financial liabilities with exposure to interest rates at each balance sheet date were as follows:

	June 30, 2016	December 31, 2015	June 30, 2015
	NT\$	NT\$	NT\$
Fair value interest rate risk			
Financial liabilities	\$ 26,886,277	\$ 18,030,482	\$ 33,239,514
Cash flow interest rate risk			
Financial assets	35,959,332	53,475,994	47,968,124
Financial liabilities	57,546,191	65,213,083	44,286,033

For assets and liabilities with floating interest rates, a 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel. If interest rates had been 100 basis points (1%) higher or lower and all other variables held constant, the Group’s profit before income tax for the six months ended June 30, 2016 and 2015 would have decreased or increased approximately by NT\$108,000 thousand and NT\$19,000 thousand, respectively. Hedging contracts and hedged items have been taken into account while measuring the changes in profit before income tax. The abovementioned sensitivity analysis mainly focused on the interest rate items at the end of the reporting period. As the period-end exposure did not reflect the exposure for the six months ended June 30, 2016 and 2015, the abovementioned sensitivity analysis was unrepresentative of those periods.

c) Other price risk

The Group was exposed to equity or debt price risk through its investments in financial assets at FVTPL, including private-placement convertible bonds, quoted shares, open-end mutual funds, and available-for-sale financial assets. If equity or debt prices were 1% higher or lower, profit before income tax for the six months ended June 30, 2016 and 2015 would have increased or decreased approximately by NT\$7,200 thousand and NT\$6,800 thousand, respectively, and other comprehensive income before income tax for the six months ended June 30, 2016 and 2015 would have increased or decreased approximately by NT\$9,000 thousand and NT\$17,000 thousand, respectively.

In addition, the Group was also exposed to the Company's ordinary share price risk through Bonds Options recognized as financial liabilities held for trading. 7% is the sensitivity rate used when reporting price risk internally to key management personnel. If the Company's ordinary share price increased or decreased by 7%, profit before income tax for the six months ended June 30, 2016 and 2015 would have decreased approximately by NT\$550,000 thousand and NT\$772,000 thousand, respectively, or increased approximately by NT\$510,000 thousand and NT\$765,000 thousand, respectively.

2) Credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the Group. The Group's credit risk arises from cash and cash equivalents, receivables and other financial assets. The Group's maximum exposure to credit risk was the carrying amounts of financial assets in the consolidated balance sheets.

The Group dealt with counterparties creditworthy and has a credit policy and trade receivable management procedures to ensure recovery and evaluation of trade receivables. Except for those discussed in Note 9, the Group's counterparties consisted of a large number of customers and banks and there was no significant concentration of credit risk exposure.

3) Liquidity risk

The Group manages liquidity risk by maintaining adequate working capital and banking facilities to fulfill the demand for cash flow used in the Group's operation and capital expenditure. The Group also monitors its compliance with all the loan covenants. Liquidity risk is not considered to be significant.

In the table below, financial liabilities with a repayment on demand clause were included in the earliest time band regardless of the probability of counter-parties choosing to exercise their rights. The maturity dates for other non-derivative financial liabilities were based on the agreed repayment dates.

To the extent that interest flows are floating rate, the undiscounted amounts were derived from the interest rates at each balance sheet date.

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More than 5 Years
June 30, 2016	NT\$	NT\$	NT\$	NT\$	NT\$
Non-derivative financial liabilities					
Non-interest bearing	\$ 21,392,995	\$ 30,407,936	\$ 4,723,867	\$ 1,922	\$ 191,089
Floating interest rate liabilities	8,112,177	8,931,572	3,554,781	37,348,959	1,567,370
Fixed interest rate liabilities	<u>2,260,819</u>	<u>23,987,458</u>	<u>1,355,719</u>	<u>25,306,670</u>	<u>2,062,500</u>
	<u>\$ 31,765,991</u>	<u>\$ 63,326,966</u>	<u>\$ 9,634,367</u>	<u>\$ 62,657,551</u>	<u>\$ 3,820,959</u>

(Continued)

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More than 5 Years
	NT\$	NT\$	NT\$	NT\$	NT\$
<u>December 31, 2015</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 19,393,406	\$ 19,626,026	\$ 6,493,504	\$ 1,926	\$ 194,346
Floating interest rate liabilities	6,617,050	5,677,129	10,582,324	39,202,454	775,273
Fixed interest rate liabilities	<u>16,168,484</u>	<u>2,463,617</u>	<u>24,787,238</u>	<u>18,078,920</u>	<u>-</u>
	<u>\$ 42,178,940</u>	<u>\$ 27,766,772</u>	<u>\$ 41,863,066</u>	<u>\$ 57,283,300</u>	<u>\$ 969,619</u>
<u>June 30, 2015</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 25,383,312	\$ 32,914,509	\$ 3,761,489	\$ 1,793	\$ 182,712
Floating interest rate liabilities	6,790,371	9,475,221	4,909,500	21,654,763	554,812
Fixed interest rate liabilities	<u>11,350,988</u>	<u>4,942,012</u>	<u>2,340,124</u>	<u>33,524,188</u>	<u>-</u>
	<u>\$ 43,524,671</u>	<u>\$ 47,331,742</u>	<u>\$ 11,011,113</u>	<u>\$ 55,180,744</u>	<u>\$ 737,524</u>

(Concluded)

The amounts included above for floating interest rate instruments for non-derivative financial liabilities was subject to change if changes in floating interest rates differ from those estimates of interest rates determined at each balance sheet date.

The following table detailed the Group's liquidity analysis for its derivative financial instruments. The table was based on the undiscounted contractual net cash inflows and outflows on derivative instruments that settle on a net basis, and the undiscounted gross cash inflows and outflows on those derivatives that require gross settlement. When the amounts payable or receivable are not fixed, the amounts disclosed have been determined by reference to the projected interest rates as illustrated by the yield curves at each balance sheet date.

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 2 Years
<u>June 30, 2016</u>				
Net settled				
Forward exchange contracts	<u>\$ 25,160</u>	<u>\$ 28,650</u>	<u>\$ -</u>	<u>\$ -</u>
Foreign currency option contracts	<u>\$ 1,308</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Gross settled				
Forward exchange contracts				
Inflows	\$ 4,413,694	\$ 1,710,445	\$ -	\$ -
Outflows	<u>(4,384,912)</u>	<u>(1,717,685)</u>	<u>-</u>	<u>-</u>
	<u>28,782</u>	<u>(7,240)</u>	<u>-</u>	<u>-</u>
Swap contracts				
Inflows	12,863,766	25,934,407	41,021,525	968,250
Outflows	<u>(12,669,562)</u>	<u>(25,986,188)</u>	<u>(41,215,327)</u>	<u>(962,655)</u>
	<u>194,204</u>	<u>(51,781)</u>	<u>(193,802)</u>	<u>5,595</u>
Interest rate swap contracts				
Outflows	<u>(11,468)</u>	<u>-</u>	<u>(11,595)</u>	<u>-</u>
	<u>\$ 211,518</u>	<u>\$ (59,021)</u>	<u>\$ (205,397)</u>	<u>\$ 5,595</u>

(Continued)

	<u>On Demand or Less than 1 Month</u>	<u>1 to 3 Months</u>	<u>3 Months to 1 Year</u>
<u>December 31, 2015</u>			
Net settled			
Forward exchange contracts	\$ (230)	\$ 3,435	\$ -
Foreign currency option contracts	\$ 2,054	\$ 8,735	\$ -
Gross settled			
Forward exchange contracts			
Inflows	\$ 2,822,265	\$ 2,421,602	\$ -
Outflows	(2,836,080)	(2,429,050)	-
	<u>(13,815)</u>	<u>(7,448)</u>	<u>-</u>
Swap contracts			
Inflows	16,561,521	22,476,799	36,796,825
Outflows	(16,564,549)	(22,007,274)	(35,813,527)
	<u>(3,028)</u>	<u>469,525</u>	<u>983,298</u>
Interest rate swap contracts			
Inflows	12,603	12,466	25,069
Outflows	(11,595)	(11,469)	(23,063)
	<u>1,008</u>	<u>997</u>	<u>2,006</u>
	<u>\$ (15,835)</u>	<u>\$ 463,074</u>	<u>\$ 985,304</u>
<u>June 30, 2015</u>			
Net settled			
Forward exchange contracts	\$ 18,850	\$ -	\$ -
Gross settled			
Forward exchange contracts			
Inflows	\$ 2,592,088	\$ 2,614,064	\$ -
Outflows	(2,558,341)	(2,566,829)	-
	<u>33,747</u>	<u>47,235</u>	<u>-</u>
Swap contracts			
Inflows	20,032,451	12,600,738	29,441,611
Outflows	(19,804,712)	(12,195,365)	(29,438,554)
	<u>227,739</u>	<u>405,373</u>	<u>3,057</u>
Foreign currency option contracts			
Inflows	308,600	-	-
Outflows	(302,760)	-	-
	<u>5,840</u>	<u>-</u>	<u>-</u>
	<u>\$ 267,326</u>	<u>\$ 452,608</u>	<u>\$ 3,057</u>
			(Concluded)

33. RELATED PARTY TRANSACTIONS

Balances and transactions within the Group had been eliminated upon consolidation. Details of transactions between the Group and other related parties were disclosed as follows:

- a. The Company contributed each NT\$100,000 thousand to ASE Cultural and Educational Foundation in January 2016 and 2015, respectively, for environmental charity in promoting the related domestic environmental protection and public service activities (Note 35).
- b. During the second quarter in 2015, the Company acquired real estate from associate at NT\$2,466,000 thousand, which was primarily based on independent professional appraisal reports and fully paid in June 2015.
- c. In February 2016, USIE repurchased 1,801 thousand shares of USIE's outstanding ordinary shares from the Group's key management personnel, with approximately NT\$1,130,650 thousand.
- d. Compensation to key management personnel

	For the Three Months Ended June 30		For the Six Months Ended June 30	
	2016	2015	2016	2015
	NT\$	NT\$	NT\$	NT\$
Short-term employee benefits	\$ 200,375	\$ 254,742	\$ 400,767	\$ 502,734
Post-employment benefits	962	789	1,877	1,588
Share-based payments	<u>16,134</u>	<u>2,961</u>	<u>32,340</u>	<u>8,844</u>
	<u>\$ 217,471</u>	<u>\$ 258,492</u>	<u>\$ 434,984</u>	<u>\$ 513,166</u>

The compensation to the Company's key management personnel is determined according to personal performance and market trends.

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to Note 9, the following assets were provided as collateral for bank borrowings and the tariff guarantees of imported raw materials:

	June 30, 2016	December 31, 2015	June 30, 2015
	NT\$	NT\$	NT\$
Inventories related to real estate business	\$ 19,443,785	\$ 16,312,519	\$ 4,909,472
Other financial assets (including current and non-current)	<u>519,006</u>	<u>229,613</u>	<u>266,651</u>
	<u>\$ 19,962,791</u>	<u>\$ 16,542,132</u>	<u>\$ 5,176,123</u>

35. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of each balance sheet date were as follows:

a. Significant commitments

- 1) As of June 30, 2016, December 31, 2015 and June 30, 2015, unused letters of credit of the Group were approximately NT\$253,000 thousand, NT\$93,000 thousand and NT\$57,000 thousand, respectively.
- 2) As of June 30, 2016, December 31, 2015 and June 30, 2015, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT\$7,871,976 thousand, NT\$8,089,200 thousand and NT\$11,976,000 thousand, respectively, of which NT\$1,668,700 thousand, NT\$1,756,990 thousand and NT\$2,462,641 thousand had been prepaid, respectively. As of June 30, 2016, December 31, 2015 and June 30, 2015, the commitment that the Group has contracted for the construction related to our real estate business were approximately NT\$1,937,497 thousand, NT\$2,745,400 thousand and NT\$2,361,985 thousand, respectively.
- 3) In consideration of corporate social responsibility for environmental protection, the Company's board of directors, in December 2013, approved contributions to be made in the next 30 years, at a total amount of NT\$3,000,000 thousand, at the minimum, to environmental protection efforts in Taiwan.

b. Non-cancellable operating lease commitments

	<u>June 30, 2016</u> NT\$
Less than 1 year	\$ 308,857
1 to 5 years	449,916
More than 5 years	<u>554,667</u>
	<u>\$ 1,313,440</u>

36. SIGNIFICANT SUBSEQUENT EVENTS

In April 2016, the Company's board of directors resolved to acquire 98,490 thousand preferred shares issued by DECA TECHNOLOGIES INC. ("DECA") at US\$0.608 per share with a total consideration of NT\$1,934,062 thousand (US\$59,882 thousand). The investment was approved by the Investment Commission in May 2016. The Company completed the investment in July 2016 and acquired approximately 20.52% shareholdings of DECA after its completion of capital increase. The total consideration was determined primarily based on independent professional appraisal reports.

37. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The following information was aggregated by the foreign currencies other than functional currencies of the group entities and the exchange rates between foreign currencies and respective functional currencies were disclosed. The significant assets and liabilities denominated in foreign currencies were as follows:

June 30, 2016	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
Monetary financial assets			
US\$	\$ 3,369,915	US\$1=NT\$32.275	\$ 108,763,992
US\$	859,708	US\$1=CNY6.6312	27,747,067
JPY	5,257,661	JPY1=NT\$0.3143	1,652,483
JPY	8,597,459	JPY1=US\$0.0097	2,702,181
Monetary financial liabilities			
US\$	2,994,472	US\$1=NT\$32,275	96,646,571
US\$	841,606	US\$1=CNY6.6312	27,162,829
JPY	5,012,269	JPY1=NT\$0.3143	1,575,356
JPY	8,896,515	JPY1=US\$0.0097	2,796,175
December 31, 2015			
Monetary financial assets			
US\$	2,926,597	US\$1=NT\$32.825	96,065,552
US\$	1,008,097	US\$1=CNY6.4936	33,090,795
JPY	3,380,683	JPY1=NT\$0.2727	921,912
JPY	8,467,689	JPY1=US\$0.0083	2,309,139
Monetary financial liabilities			
US\$	2,988,953	US\$1=NT\$32.825	98,112,393
US\$	995,195	US\$1=CNY6.4936	32,667,265
JPY	3,747,333	JPY1=NT\$0.2727	1,021,898
JPY	8,775,382	JPY1=US\$0.0083	2,393,047
June 30, 2015			
Monetary financial assets			
US\$	3,220,271	US\$1=NT\$30.86	99,377,565
US\$	1,006,103	US\$1=CNY6.1136	31,048,343
JPY	2,095,642	JPY1=NT\$0.2524	528,940
JPY	9,330,092	JPY1=US\$0.0082	2,354,915
Monetary financial liabilities			
US\$	2,498,569	US\$1=NT\$30.86	77,105,843
US\$	1,212,520	US\$1=CNY6.1136	37,418,357
JPY	4,569,015	JPY1=NT\$0.2524	1,153,219
JPY	9,624,363	JPY1=US\$0.0082	2,429,189

The significant realized and unrealized foreign exchange gains (losses) were as follows:

Foreign Currencies	For the Three Months Ended June 30, 2016		For the Three Months Ended June 30, 2015	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain
US\$	US\$1=NT\$32.275	\$ (125,744)	US\$1=NT\$30.86	\$ 174,167
NT\$		(201,794)		650,128
CNY	CNY1=NT\$4.8671	<u>76,438</u>	CNY1=NT\$5.0478	<u>5,830</u>
		<u>\$ (251,100)</u>		<u>\$ 830,125</u>

Foreign Currencies	For the Six Months Ended June 30, 2016		For the Six Months Ended June 30, 2015	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
US\$	US\$1=NT\$32.275	\$ (252,219)	US\$1=NT\$30.86	\$ 237,827
NT\$		917,624		1,128,378
CNY	CNY1=NT\$4.8671	<u>29,309</u>	CNY1=NT\$5.0478	<u>(28,027)</u>
		<u>\$ 694,714</u>		<u>\$ 1,338,178</u>

38. OTHERS

- a. In November 2015, the Company received a legal brief filed by SPIL in connection with a lawsuit brought by SPIL against the Company which was filed with Kaohsiung District Court. On June 27, 2016, as SPIL failed to pay the court expenses upon the deadline, the Kaohsiung District Court dismissed the lawsuit pursuant to the relevant law. As a result, the lawsuit does not have material impact on the financial position and the result of operations of the Group.
- b. On December 20, 2013, the Kaohsiung Environmental Protection Bureau (“KEPB”) imposed a fine of NT\$102,014 thousand (“the Administrative Fine”) upon the Company for the violation of the Water Pollution Control Act. The Company filed an administrative appeal to nullify the Administrative Fine, which, however, was dismissed by the Kaohsiung City Government. The Company then filed a lawsuit with the Kaohsiung High Administrative Court seeking to revoke the dismissal decision made by the Kaohsiung City Government (the “Administrative Appeal Decision”) and the Administrative Fine, and to demand a refund of the fine paid by the Company. The judgment of the Kaohsiung High Administrative Court was rendered on March 22, 2016, ruling to revoke the Administrative Appeal Decision and the Administrative Fine, and to dismiss the other complaint filed by the Company (i.e., to demand a refund of the fine paid by the Company). The Company appealed against the unfavorable ruling on April 14, 2016 and the case is now being heard by the Supreme Administrative Court. Meanwhile, owing to the event above, in January 2014, the Kaohsiung District Prosecutors Office charged the Company with violation of the Waste Disposal Act. The Kaohsiung District Court handed down the judgment and the Company was fined NT\$3,000 thousand. Then the Company appealed against the judgment to the Kaohsiung Branch of Taiwan High Court, and the Kaohsiung Branch of Taiwan High Court rendered on September 29, 2015 a final judgment of finding the Company not guilty of the criminal charge.
- c. For the future development and sustainable development of semiconductor industry, the Company’s board of directors approved in June 2016 to enter into and execute a joint share exchange agreement with SPIL to establish ASE Industrial Holding Co., Ltd. (“HoldCo”) and HoldCo will acquire all issued and outstanding shares of both ASE and SPIL in the way of share exchange. The share exchange will be conducted at an exchange ratio of 1 ordinary share of the Company for 0.5 ordinary share of HoldCo, and at NT\$55 in cash per SPIL’s ordinary share, which has been adjusted to NT\$51.2 after SPIL’s appropriation of earnings in 2016 (Note 13).

As of the date the consolidated financial statements were authorized for issue, the share exchange transaction is subject to the satisfaction of various conditions precedent, including but not limited to the unconditional approvals at the Company and SPIL’s shareholders meeting, the approval or consent to consummate the transaction from all relevant competent authorities (including but not limited to: the TSE, the U.S. Securities and Exchange Commission, Taiwan Fair Trade Commission, the United States Federal Trade Commission and the Ministry of Commerce of the People’s Republic of China). Unless the Company and SPIL entering into an another agreement, this share exchange agreement shall be terminated automatically if the aforementioned conditions precedent are not satisfied or to be waived on or before December 31, 2017.

Due to the aforementioned share exchange agreement, treasury shares of the Company and the convertible bonds embedded with conversion option recognized as equity issued by the Company were affected as follows:

- 1) For the outstanding balance of the Bonds, except where the Bonds have been redeemed or repurchased and cancelled or converted by the holders by exercising their conversion rights before the share exchange record date, the holders of the Bonds may, after the Company obtains approval from all relevant competent authorities and after the share exchange record date, convert such outstanding balance into newly issued HoldCo common shares. The conversion shall be subject to applicable laws, the indenture of the Bonds and the share exchange ratio.
- 2) Treasury shares purchased before the share exchange record date for the conversion of the Currency Linked Bonds will be exchanged to HoldCo's ordinary shares, which will still be held by the Company, based on the agreed share exchange ratio. The conversion price of the Currency Linked Bonds shall also be adjusted in accordance with the agreed share exchange ratio in the joint share exchange agreement.
- 3) For the employee share options issued by the Company upon the approval from relevant competent authorities before the execution of the joint share exchange agreement, HoldCo will assume the Company's obligations under the employee share options as of the share exchange record date. Except that the exercise price and amount shall be adjusted in accordance with the agreed share exchange ratio and that the shares subject to exercise shall be converted into HoldCo's newly issued ordinary shares, all other terms and conditions for issuance will remain the same. The final execution arrangements shall be made by HoldCo in compliance with relevant laws and regulations and subject to the approval of relevant competent authorities.

39. ADDITIONAL DISCLOSURES

Following are the additional disclosures required by the Securities and Futures Bureau for ASE Inc.:

- a. Financial provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: Please see Table 2 attached;
- c. Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 3 attached;
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Please see Table 4 attached;
- e. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- g. Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 6 attached;
- i. Information about the derivative financial instruments transaction: Please see Note 7;

- j. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 9 attached;
- k. Names, locations, and related information of investees over which ASE Inc. exercises significant influence (excluding information on investment in Mainland China): Please see Table 7 attached;
- l. Information on investment in Mainland China
 - 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 8 attached;
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 5 attached;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None;
 - c) The amount of property transactions and the amount of the resultant gains or losses: No significant transactions;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

40. OPERATING SEGMENTS INFORMATION

The Group has the following reportable segments: Packaging, Testing, EMS and Estate. The Group packages bare semiconductors into finished semiconductors with enhanced electrical and thermal characteristics; provides testing services, including front-end engineering testing, wafer probing and final testing services; engages in the designing, assembling, manufacturing and sale of electronic components and telecommunications equipment motherboards, real estate business. Information about other business activities and operating segments that are not reportable are combined and disclosed in "Others." The Group engages in other activities such as substrate production.

The accounting policies for segments are the same as those described in Note 4. The measurement basis for resources allocation and performance evaluation is based on profit before income tax.

Segment information for the six months ended June 30, 2016 and 2015 was as follows:

Segment revenues and results

	<u>Packaging</u>	<u>Testing</u>	<u>EMS</u>	<u>Estate</u>	<u>Others</u>	<u>Adjustment and Elimination</u>	<u>Total</u>
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>For the six months ended June 30, 2016</u>							
Revenue from external customers	<u>\$ 58,213,756</u>	<u>\$ 12,497,404</u>	<u>\$ 49,594,039</u>	<u>\$ 3,014,914</u>	<u>\$ 1,651,672</u>	<u>\$ -</u>	<u>\$ 124,971,785</u>
Inter-segment revenues (Note)	<u>\$ 1,726,700</u>	<u>\$ 111,300</u>	<u>\$ 23,005,886</u>	<u>\$ -</u>	<u>\$ 4,646,394</u>	<u>\$ (29,490,280)</u>	<u>\$ -</u>
Segment profit before income tax	<u>\$ 5,849,853</u>	<u>\$ 2,971,430</u>	<u>\$ 1,433,850</u>	<u>\$ 1,489,804</u>	<u>\$ 384,619</u>	<u>\$ -</u>	<u>\$ 12,129,556</u>
<u>As of June 30, 2016</u>							
Segment assets	<u>\$ 204,567,151</u>	<u>\$ 42,451,792</u>	<u>\$ 63,835,078</u>	<u>\$ 28,718,028</u>	<u>\$ 15,370,318</u>	<u>\$ -</u>	<u>\$ 354,942,367</u>
<u>For the six months ended June 30, 2015</u>							
Revenue from external customers	<u>\$ 57,938,792</u>	<u>\$ 12,410,279</u>	<u>\$ 62,834,080</u>	<u>\$ 741</u>	<u>\$ 1,700,078</u>	<u>\$ -</u>	<u>\$ 134,883,970</u>
Inter-segment revenues (Note)	<u>\$ 4,327,354</u>	<u>\$ 89,179</u>	<u>\$ 27,722,611</u>	<u>\$ -</u>	<u>\$ 3,949,889</u>	<u>\$ (36,089,033)</u>	<u>\$ -</u>
Segment profit before income tax	<u>\$ 6,231,681</u>	<u>\$ 2,929,407</u>	<u>\$ 1,656,543</u>	<u>\$ (79,638)</u>	<u>\$ 168,434</u>	<u>\$ -</u>	<u>\$ 10,906,427</u>
<u>As of June 30, 2015</u>							
Segment assets	<u>\$ 158,872,293</u>	<u>\$ 42,793,574</u>	<u>\$ 89,441,706</u>	<u>\$ 27,657,833</u>	<u>\$ 16,395,589</u>	<u>\$ -</u>	<u>\$ 335,160,995</u>

Note: Inter-segment revenues were eliminated upon consolidation.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Amounts In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)	
													Item	Value			
1	A.S.E. Holding Limited	The Company	Other receivables form related parties	Yes	\$ 2,802,240	\$ 1,097,350	\$ 1,097,350	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	\$ 3,041,666	\$ 6,083,331	
		ASE Trading (Shanghai) Ltd.	Long-term receivables form related parties	Yes	834,000	806,875	-	-	The need for short-term financing	-	Operating capital Payments for equipment	-	-	-	-	14,936,211	22,404,316
2	J & R Holding Limited	The Company	Other receivables form related parties	Yes	9,407,520	6,616,375	6,616,375	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	10,212,982	20,425,965	
		Global Advanced Packaging Technology Limited, Cayman Islands	Other receivables form related parties	Yes	2,502,000	2,420,625	2,420,625	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE WeiHai Inc.	Other receivables form related parties	Yes	3,000,580	548,675	548,675	0.76~1.09	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		Omniquest Industrial Limited	Other receivables form related parties	Yes	1,504,536	1,455,603	3,228	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE Assembly & Test (Shanghai) Limited	Long-term receivables form related parties	Yes	567,120	548,675	548,675	0.84~1.03	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		Anstock Limited	Long-term receivables form related parties	Yes	763,785	730,065	730,065	5.24~6.59	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE Trading (Shanghai) Ltd.	Long-term receivables form related parties	Yes	5,004,000	4,841,250	-	-	The need for short-term financing	-	Operating capital Payments for equipment	-	-	-	-	14,936,211	22,404,316
		Innosource Limited	Long-term receivables form related parties	Yes	733,920	710,050	710,050	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE Corporation	Long-term receivables form related parties	Yes	1,291,000	1,291,000	1,291,000	0.85	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE Labuan Inc.	Long-term receivables form related parties	Yes	645,500	645,500	645,500	0.85	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
3	ASE Test Limited	Real Tech Holdings Limited	Other receivables form related parties	Yes	2,168,400	2,097,875	2,097,875	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	10,212,982	20,425,965	
		The Company	Other receivables form related parties	Yes	5,938,080	5,422,200	5,422,200	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	6,137,219	12,274,438	
		A.S.E. Holding Limited	Other receivables form related parties	Yes	1,668,000	-	-	0.83~0.84	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	3,098,425	3,066,125	3,066,125	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	489,225	484,125	484,125	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	-	14,936,211	22,404,316
4	ASE Test, Inc.	The Company	Other receivables form related parties	Yes	5,600,000	4,000,000	4,000,000	0.76~0.81	The need for short-term financing	-	Operating capital	-	-	-	5,659,561	11,319,122	
		ASE Trading (Shanghai) Ltd.	Other receivables form related parties	Yes	667,200	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	-	5,659,561	11,319,122
		ASE Corporation	Other receivables form related parties	Yes	1,910,076	47,953	-	0.76~0.81	The need for short-term financing	-	Operating capital	-	-	-	-	5,659,561	11,319,122
		ASE Investment (Labuan) Inc.	Other receivables form related parties	Yes	2,668,800	2,582,000	2,500,000	0.76~0.80	The need for short-term financing	-	Operating capital	-	-	-	-	5,659,561	11,319,122
		Advanced Microelectronic Products Inc.	Other receivables form related parties	Yes	75,000	75,000	75,000	3.33	The need for short-term financing	-	Operating capital	-	-	-	-	5,659,561	11,319,122
5	J&R Industrial Inc.	The Company	Other receivables form related parties	Yes	190,000	190,000	190,000	0.76~0.81	The need for short-term financing	-	Operating capital	-	-	-	199,849	399,698	
		ASE Electronics Inc.	Other receivables form related parties	Yes	190,000	190,000	190,000	0.76~0.81	The need for short-term financing	-	Operating capital	-	-	-	-	199,849	399,698
6	ISE Labs, Inc.	J & R Holding Limited	Long-term receivables form related parties	Yes	1,534,560	1,484,650	1,484,650	0.92~1.05	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316	
7	ASE (Korea) Inc.	The Company	Other receivables form related parties	Yes	3,002,400	2,904,750	2,582,000	3.43~3.47	The need for short-term financing	-	Operating capital	-	-	-	3,096,653	6,193,306	

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
		ASE WeiHai Inc.	Other receivables form related parties	Yes	\$ 2,420,625	\$ 2,420,625	\$ 2,420,625	2.46~3.44	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 14,936,211	\$ 22,404,316
8	ASE Japan Co., Ltd.	J & R Holding Limited	Other receivables form related parties	Yes	2,577,260	2,577,260	2,577,260	0.43~0.53	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
9	USI Enterprise Limited	The Company	Other receivables form related parties	Yes	7,584,625	7,584,625	7,584,625	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	7,938,910	15,877,820
		USIINC	Other receivables form related parties	Yes	2,268,480	2,194,700	2,194,700	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	7,938,910	15,877,820
		J&R Holding Limited	Other receivables form related parties	Yes	6,475,392	3,227,500	3,227,500	0.83~3.37	The need for short-term financing	-	Operating capital	-	-	-	7,938,910	15,877,820
10	Huntington Holdings International Co.Ltd.	The Company	Other receivables form related parties	Yes	1,834,800	1,775,125	1,775,125	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	8,769,968	17,539,936
11	Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	3,274,092	3,129,545	3,129,545	4.45	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
12	ASE (Kun Shan) Inc.	ASE Investment (Kun Shan) Limited	Other receivables form related parties	Yes	2,037	1,947	1,947	4.85	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
13	Real Tech Holdings Limited	The Company	Other receivables form related parties	Yes	4,003,200	3,873,000	3,873,000	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	8,333,765	16,667,529
14	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Other receivables form related parties	Yes	687,407	121,678	121,678	4.35~6.00	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
		Shanghai Ding Qi Property Management Co., Ltd.	Other receivables form related parties	Yes	14,984	14,601	14,601	4.35	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
15	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Kunshan) Co., Ltd.	Other receivables form related parties	Yes	1,527,570	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,767,611	13,535,221
		Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	6,493,110	6,327,230	2,827,946	0.80~1.75	The need for short-term financing	-	Operating capital	-	-	-	6,767,611	13,535,221
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	6,110,280	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,767,611	13,535,221
		Universal Global Electronics (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	509,190	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,767,611	13,535,221
16	Omniquest Industrial Limited	The Company	Other receivables form related parties	Yes	3,169,200	3,066,125	3,066,125	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	3,294,865	6,589,729
17	Anstock II Limited	J & R Holding Limited	Long-term receivables form related parties	Yes	9,907,920	9,585,675	9,585,675	2.45	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
18	USI Electronics (Shenzhen) Co., Ltd.	Universal Scientific Industrial (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	1,322,590	-	-	0.80	The need for short-term financing	-	Operating capital	-	-	-	1,825,322	3,650,644
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	1,476,651	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	1,825,322	3,650,644
19	ASE Assembly & Test (Shanghai) Limited	ASE Trading (Shanghai) Ltd.	Long-term receivables form related parties	Yes	1,000,800	968,250	-	-	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
20	ASE Trading (Shanghai) Ltd.	J & R Holding Limited	Long-term receivables form related parties	Yes	6,672,000	6,455,000	-	-	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
		A.S.E. Holding Limited	Long-term receivables form related parties	Yes	3,336,000	3,227,500	-	-	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
21	ASE (Shanghai) Inc.	ASE WeiHai Inc.	Other receivables form related parties	Yes	166,800	-	-	1.12~1.19	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
22	Innosource Limited	The Company	Other receivables form related parties	Yes	733,920	710,050	710,050	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	806,186	1,612,372
23	ASE Investment (Labuan) Inc.	The Company	Other receivables form related parties	Yes	3,169,200	3,066,125	2,980,898	0.76~0.87	The need for short-term financing	-	Operating capital	-	-	-	3,130,855	6,261,710
24	Global Advanced Packaging Technology Limited, Cayman Islands	The Company	Other receivables form related parties	Yes	1,968,240	1,904,225	1,904,225	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	2,160,178	4,320,355

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
25	ASE Corporation	The Company	Other receivables form related parties	Yes	\$ 1,910,076	\$ 1,338,953	\$ 1,291,000	0.76~0.85	The need for short-term financing	-	Operating capital	\$ -	-	\$ -	\$ 3,296,000	\$ 6,592,000
26	ASE Electronics Inc.	The Company	Other receivables form related parties	Yes	200,000	-	-	0.76~0.81	The need for short-term financing	-	Operating capital	-	-	-	800,979	1,601,958
27	ASE Singapore Pte. Ltd.	A.S.E. Holding Limited	Other receivables form related parties	Yes	400,320	387,300	387,300	0.83~0.87	The need for short-term financing	-	Operating capital	-	-	-	14,936,211	22,404,316
28	Universal Scientific (Kunshan) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	399,576	389,368	243,355	1.75	The need for short-term financing	-	Operating capital	-	-	-	508,973	1,017,946
29	ASE Labuan Inc.	The Company	Other receivables form related parties	Yes	645,500	645,500	645,500	0.85	The need for short-term financing	-	Operating capital	-	-	-	804,677	1,609,353

(Concluded)

Note 1: Limit amount of lending to a company shall not exceed 20% of the net worth of the company. However, when the foreign subsidiaries whose voting shares are 100% owned directly or indirectly, by ASE as a lender, the amount lending to a company shall not exceed 10% of the net worth of ASE.

Note 2: Where an inter-company or inter-firm short-term financing facility is necessary provided that the total amount of such financing facility shall not exceed 40% of the amount of the net worth of the lending company. However, the foreign subsidiaries whose voting shares are 100% owned directly or indirectly, by ASE as a lender, the total amount lending to a company shall not exceed 15% of the net worth of ASE.

Note 3: Amount was eliminated based on the reviewed financial statements.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Amounts In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement /Guarantee Amount Provided to Each	Maximum Balance	Ending Balance	Amount Actually	Amount of Endorsement/ Guarantee Collateralized	Ratio of Accumulated Endorsement/Guarantee to Net Equity per Latest Financial Statement	Maximum Endorsement /Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland CHINA
	Name	Name	Nature of Relationship	Guaranteed Party (Note 1)	for the Period		Drawn	by Properties					
0	The Company	Anstock Limited	100% voting shares indirectly owned by the Company	\$ 44,808,632	\$ 2,653,363 (Note 3)	\$ 2,484,649 (Note 3)	\$ 2,462,169 (Note 3)	\$ -	1.7	\$ 59,744,843	Yes	No	No
		Anstock II Limited	100% voting shares indirectly owned by the Company	44,808,632	10,327,005 (Note 3)	9,991,130 (Note 3)	9,774,517 (Note 3)	-	6.7	59,744,843	Yes	No	No
1	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	100% voting shares directly owned by the Company	13,803,374	633,647 (Note 3)	613,164 (Note 3)	487,266 (Note 3)	-	3.1	19,719,105	Yes	No	Yes

Note 1: The ceilings on the amounts for any single entity is permitted to make in endorsements/guarantees shall not exceed 30% and 70% of total equity of shareholders, respectively, according to “The Process of make in endorsements/guarantees” of ASE and DH.

Note 2: The ceilings on the aggregate amounts are permitted to make in endorsements/guarantees shall not exceed 40% and 100% of total equity of shareholders, respectively, according to “The Process of make in endorsements/guarantees” of ASE and DH.

Note 3: Amount was included principal and interest.

TABLE 3

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

JUNE 30, 2016

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2016				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	H&HH Venture Investment Corporation	-	Available-for-sale financial assets - non-current	884,832	\$ -	15	\$ -	
	H&D Venture Capital Investment Corporation	-	Available-for-sale financial assets - non-current	1,613,793	23,125	13	23,125	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	4,203	20	-	20	
	Asia Pacific Emerging Industry Venture Capital Co, Ltd.	-	Available-for-sale financial assets - non-current	6,000,000	37,473	7	37,473	
	StarChips Technology Inc.	-	Available-for-sale financial assets - non-current	333,334	-	6	-	
The Company	Bond							
	AMPI Second Private of Domestic Unsecured Convertible Bonds	-	Financial assets at fair value through profit or loss - current	1,000	100,500	-	100,500	
	Limited Liability Partnership							
Ripley Cable Holdings I, L.P.	-	Available-for-sale financial assets - non-current	-	390,987	4	390,987		
ASE Test, Inc.	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	10,978,776	402,372	-	402,372	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	1,133,363	5,273	1	5,273	
	Fund							
CTBC Global Real Estate Income Fund-A	-	Available-for-sale financial assets - current	2,500,000	25,000	-	25,000		
ASE Test, Inc.	Corporate bond							
	Nan Shan Life Insurance Co., Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016	-	Other financial assets - non-current	1,000	1,000,000	-	1,000,000	
J&R Industrial Inc.	Fund							
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	33,664,705	473,033	-	473,033	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	1,575,019	23,073	-	23,073	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,616,592	31,006	-	31,006	
Hua Nan Phoenix Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,833,825	45,614	-	45,614		
Luchu Development Corporation	Stock							
Powerchip Technology Corporation	-	Available-for-sale financial assets - non-current	1,677,166	40,520	-	40,520		
A.S.E. Holding Limited	Stock							
	Global Strategic Investment Inc.	-	Available-for-sale financial assets - non-current	490,000	US\$ 424 thousand	3	US\$ 424 thousand	
	SiPhoton, Inc.	-	Available-for-sale financial assets - non-current	544,800	US\$ - thousand	4	US\$ - thousand	
Global Strategic Investment, Inc. (Samoa)	-	Available-for-sale financial assets - non-current	869,891	US\$ 745 thousand	2	US\$ 745 thousand		
J & R Holding Limited	Stock							
The Company	Parent Company	Available-for-sale financial assets - non-current	46,703,763	US\$ 53,035 thousand	1	US\$ 53,035 thousand		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	June 30, 2016				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
ASE Test Limited	Limited Liability Partnership							
	Crimson Velocity Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US\$ 737 thousand	-	US\$ 737 thousand	
	H&QAP Greater China Growth Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US\$ 1,031 thousand	8	US\$ 1,031 thousand	
	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	88,200,472 (Note)	US\$ 100,156 thousand	1	US\$ 100,156 thousand	
Shanghai Ding Hui Real Estate Development Co., Ltd.	Fund							
	180ETF	-	Financial assets at fair value through profit or loss - current	447,825	CNY 1,217 thousand	-	CNY 1,217 thousand	
	300ETF	-	Financial assets at fair value through profit or loss - current	339,700	CNY 1,074 thousand	-	CNY 1,074 thousand	
	Stock							
	Gree Electric Appliances, Inc. Of Zhuhai	-	Financial assets at fair value through profit or loss - current	28,000	CNY 538 thousand	-	CNY 538 thousand	
	Saic Motor Corporation Limited	-	Financial assets at fair value through profit or loss - current	19,250	CNY 391 thousand	-	CNY 391 thousand	
USIINC	Stock							
	Allied Circuit Co., Ltd	-	Available-for-sale financial assets - current	827,009	\$ 22,908	2	\$ 22,908	
	Universal Venture Capital Investment Corporation	-	Available-for-sale financial assets - non-current	6,200,000	34,746	5	34,746	
	Gapertise Inc.	-	Available-for-sale financial assets - non-current	247,500	4,950	4	4,950	
	WellySun Inc.	-	Available-for-sale financial assets - non-current	108,000	1,728	1	1,728	
	Plasmag Technology Inc.	-	Available-for-sale financial assets - non-current	733,000	-	2	-	
Huntington Holdings International Co., Ltd.	Stock							
	United Pacific Industrial Ltd.	-	Financial assets at fair value through profit or loss - current	5,548,800	US\$ 286 thousand	-	US\$ 286 thousand	
	Cadence Design SYS Inc.	-	Financial assets at fair value through profit or loss - current	9,633	US\$ 234 thousand	-	US\$ 234 thousand	
	Solid Gain Investments Ltd.	-	Available-for-sale financial assets - non-current	1,322,833	US\$ 701 thousand	20	US\$ 701 thousand	
	Preferred Stock							
	Techgains I Corporation	-	Available-for-sale financial assets - non-current	526,732	US\$ 268 thousand	10	US\$ 268 thousand	
	Techgains II Corporation	-	Available-for-sale financial assets - non-current	669,705	US\$ 196 thousand	4	US\$ 196 thousand	
Unitech Holdings International Co., Ltd.	Stock							
	United Pacific Industrial Ltd.	-	Financial assets at fair value through profit or loss - current	5,613,600	US\$ 289 thousand	-	US\$ 289 thousand	
	WacomCo., Ltd.	-	Available-for-sale financial assets - non-current	1,200,000	US\$ 4,651 thousand	1	US\$ 4,651 thousand	
	Sequans Communications SA	-	Available-for-sale financial assets - non-current	370,554	US\$ 760 thousand	1	US\$ 760 thousand	
	Asia Global Venture Co., Ltd.	-	Available-for-sale financial assets - non-current	1,000,000	US\$ 431 thousand	10	US\$ 431 thousand	

(Concluded)

Note: ASE, Inc.'s stocks held by ASE Test Limited, 88,200,472 shares, are all trusted without power to decide the allocation of the trust assets.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount (Note 1)
The Company	Stock USI	Investments accounted for using the equity method	(Note 2)	Subsidiary	39,603,222	\$ 1,187,548	-	\$ -	39,603,222	\$ 792,064	\$ 1,242,836	\$ -	-	\$ -
	SPIL	Investments accounted for using the equity method	(Note 3)	Associate	779,000,000	35,423,058	258,300,000	13,735,498	-	-	-	-	1,037,300,000	46,410,338
ASE Test, Inc.	Fund UPAMC JAMES BOND MONEY MARKET FUND	Available-for-sale financial assets - current	-	-	-	-	18,170,696	300,000	18,170,696	300,454	-	454	-	-
	Corporate bond Nan Shan Life Insurance Co., Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016	Other financial assets - non-current	-	-	-	-	1,000	1,000,000	-	-	-	-	1,000	1,000,000
UGTW	Stock USI	Investments accounted for using the equity method	(Note 2)	Subsidiary	-	-	39,603,222	894,612	-	-	-	-	39,603,222	1,002,725

Note 1: The ending balance of Long-Term Stock Investment-Equity Method includes share of profits/losses of investees and other related adjustment to equity. The ending balance of other financial assets includes the adjustment to fair value.

Note 2: Organizational restructuring due to the acquiring of USI by UG-TW.

Note 3: Acquired by Public Market

TABLE 5

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Amounts In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	ASE (Shanghai) Inc.	Subsidiary	Purchases	\$ 1,188,683	7	Net 60 days from the end of the month of when invoice is issued	\$ -	-	\$ (682,395)	(7)	Note
	ASE Electronics Inc.	Subsidiary	Purchases	1,264,740	7	Net 60 days from the end of the month of when invoice is issued	-	-	(721,586)	(8)	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(1,558,812)	(3)	Net 60 days from the end of the month of when invoice is issued	-	-	1,053,848	6	Note
ASE Assembly & Test (Shanghai) Limited	ASE (Shanghai) Inc.	Associate	Purchases	183,491	12	Net 60 days from the end of the month of when invoice is issued	-	-	(57,518)	(10)	Note
	ASE Electronics Inc.	Associate	Purchases	113,723	8	Net 60 days from the end of the month of when invoice is issued	-	-	(48,035)	(8)	Note
Advanced Semiconductor Engineering (HK) Limited	ASE (Shanghai) Inc.	Parent company	Purchases	720,604	100	Net 90 days from the end of the month of when invoice is issued	-	-	(402,428)	(100)	Note
ASE Electronics (M) Sdn. Bhd.	ASE Electronics Inc.	Associate	Purchases	218,203	28	Net 60 days from invoice date	-	-	(97,547)	(24)	Note
Universal Scientific Industrial Co., Ltd.	The Company	The Ultimate Parent of the Company	Purchases	1,558,812	15	Net 60 days from the end of the month of when invoice is issued	-	-	(1,051,051)	(31)	Note
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	Sales	(1,188,683)	(47)	Net 60 days from the end of the month of when invoice is issued	-	-	685,415	55	Note
	ASE Assembly & Test (Shanghai) Limited	Associate	Sales	(183,491)	(7)	Net 60 days from invoice date	-	-	57,518	5	Note
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	Sales	(720,604)	(29)	Net 90 days from the end of the month of when invoice is issued	-	-	402,538	32	Note
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	Sales	(1,264,740)	(56)	Net 60 days from the end of the month of when invoice is issued	-	-	747,917	65	Note
	ASE Electronics (M) Sdn. Bhd.	Associate	Sales	(218,203)	(10)	Net 60 days from invoice date	-	-	97,657	9	Note
	ASE Assembly & Test (Shanghai) Limited	Associate	Sales	(113,723)	(5)	Net 60 days from the end of the month of when invoice is issued	-	-	48,035	4	Note
Suzhou ASEN Semiconductors Co., Ltd.	NXP Semiconductors Taiwan Ltd.	Subsidiary of the company has significant influence over Suzhou ASEN Semiconductors Co., Ltd. — Subsidiary of NXP B.V.	Sales	(999,562)	(36)	Net 90 days from the end of the month of when invoice is issued	-	-	686,889	50	Note
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Scientific Industrial Co., Ltd.	Associate	Purchases	CNY 301,604 thousand	18	T/T 75 days	-	-	(CNY 121,737 thousand)	(12)	Note
			Sales	(CNY 1,244,222 thousand)	(56)	T/T 75 days	-	-	CNY 555,233 thousand	55	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary	Purchases	CNY 454,541 thousand	17	T/T 75 days	-	-	(CNY 253,472 thousand)	(22)	Note
	Universal Global Industrial Co., Limited	Subsidiary	Sales	(CNY 24,816 thousand)	(1)	T/T 75 days	-	-	CNY 10,556 thousand	1	Note

(Continued)

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(US\$ 70,227 thousand)	(57)	T/T 75 days	\$ -	-	US\$ 38,238 thousand	51	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Associate	Sales	(US\$ 52,869 thousand)	(43)	T/T 75 days	-	-	US\$ 36,034 thousand	48	Note
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Associate	Purchases	US\$ 190,777 thousand	59	T/T 75 days	-	-	(US\$ 83,730 thousand)	(56)	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(US\$ 44,951 thousand)	(14)	T/T 75 days	-	-	US\$ 18,216 thousand	12	Note
			Purchases	US\$ 3,802 thousand	1	T/T 75 days	-	-	(US\$ 1,592 thousand)	(1)	Note
	Universal Global Scientific Industrial Co., Ltd.	Associate	Sales	(US\$ 226,258 thousand)	(70)	T/T 75 days	-	-	US\$ 105,266 thousand	68	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Associate	Purchases	US\$ 81,440 thousand	25	T/T 75 days	-	-	(US\$ 30,863 thousand)	(21)	Note
			Sales	(US\$ 3,589 thousand)	(1)	T/T 75 days	-	-	US\$ 1,077 thousand	1	Note
Universal Global Scientific Industrial Co., Ltd.	Universal Global Industrial Co., Limited	Associate	Purchases	\$ 7,432,563	90	T/T 75 days	-	-	\$ (3,397,451)	(84)	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(128,042)	(1)	T/T 75 days	-	-	74,525	2	Note
	USI Electronics (Shenzhen) Co., Ltd.	Associate	Sales	(113,640)	(1)	T/T 75 days	-	-	59,368	1	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(290,025)	(3)	T/T 75 days	-	-	138,071	3	Note
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Technology Co., Limited	Associate	Purchases	CNY 352,845 thousand	43	T/T 75 days	-	-	(CNY 238,906 thousand)	(47)	Note
	Universal Global Industrial Co., Limited	Associate	Purchases	CNY 22,942 thousand	3	T/T 75 days	-	-	(CNY 7,141 thousand)	(1)	Note
		Associate	Sales	(CNY 534,517 thousand)	(54)	T/T 75 days	-	-	CNY 205,264 thousand	43	Note

Note: Amount was eliminated based on the reviewed financial statements.

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL

JUNE 30, 2016

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Related Party	Relationships	Ending Balance (Note 1)	Turnover Rate (Note 2)	Overdue (Note 1)		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
The Company	Universal Scientific Industrial Co., Ltd.	Subsidiary	\$ 1,053,848 (Note5)	2	\$ 6,628	Continued collection	\$ 301,759	\$ -
	ASE Test, Inc.	Subsidiary	247,379 (Note5)	3	4,019	Continued collection	16,066	-
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	753,158 (Note5)	4	-	-	227,305	-
Omniquest Industrial Limited	The Company	Parent company	3,066,125 (Notes 3,5)	-	-	-	-	-
ISE Labs, Inc.	J & R Holding Limited	Parent company	1,484,991 (Notes 3,5)	-	-	-	-	-
Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Associate	3,171,353 (Notes 3,5)	-	-	-	-	-
Anstock II Limited	J & R Holding Limited	Parent company	9,645,040 (Notes 3,5)	-	-	-	-	-
A.S.E. Holding Limited	The Company	Parent company	1,097,350 (Notes 3,5)	-	-	-	-	-
ASE Test, Inc.	The Company	Parent company	6,767,393 (Notes 3,4,5)	-	-	-	616,016	-
	ASE Investment (Labuan) Inc.	Associate	2,500,000 (Notes 3,5)	-	-	-	1,400,000	-
ASE Test Limited	The Company	The Ultimate Parent of the Company	5,563,321 (Notes 3,5)	-	-	-	-	-
	Omniquest Industrial Limited	Associate	3,079,427 (Notes 3,5)	-	-	-	-	-
	ASE Investment (Labuan) Inc.	Associate	485,195 (Notes 3,5)	-	-	-	-	-
ASE Singapore Pte. Ltd.	A.S.E. Holding Limited	Associate	387,580 (Notes 3,5)	-	-	-	-	-
ASE (Korea) Inc.	The Company	The Ultimate Parent of the Company	2,422,850 (Notes 3,5)	-	-	-	1,037	-
	ASE WeiHai Inc.	Subsidiary	2,583,032 (Notes 3,5)	-	-	-	-	-
J & R Holding Limited	The Company	Parent company	6,691,101 (Notes 3,5)	-	-	-	-	-
	Global Advanced Packaging Technology Limited, Cayman Islands.	Subsidiary	2,440,045 (Notes 3,5)	-	-	-	-	-
	Anstock Limited	Subsidiary	792,562 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Associate	549,331 (Notes 3,5)	-	-	-	-	-
	ASE Assembly & Test (Shanghai) Limited	Associate	553,709 (Notes 3,5)	-	-	-	-	-
	Innosource Limited	Associate	714,336 (Notes 3,5)	-	-	-	-	-
	Real Tech Holdings Limited	Associate	2,099,394 (Notes 3,5)	-	-	-	-	-
	ASE Corporation	Associate	1,291,122 (Notes 3,5)	-	-	-	-	-
	ASE Labuan Inc.	Associate	645,561 (Notes 3,5)	-	-	-	-	-
Innosource Limited	The Company	Parent company	710,050 (Notes 3,5)	-	-	-	-	-
J&R Industrial Inc.	The Company	The Ultimate Parent of the Company	190,000 (Notes 3,5)	-	-	-	-	-
	ASE Electronics Inc.	Associate	190,000 (Notes 3,5)	-	-	-	-	-
Global Advanced Packaging Technology Limited, Cayman Islands.	The Company	The Ultimate Parent of the Company	1,904,225 (Notes 3,5)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationships	Ending Balance (Note 1)	Turnover Rate (Note 2)	Overdue (Note 1)		Amounts Received in Subsequent Period	Allowance for Bad Debts	
					Amount	Actions Taken			
ASE Japan Co., Ltd.	J & R Holding Limited	Parent company	\$ 2,577,994 (Notes 3,5)	-	\$ -	-	\$ 62,860	\$ -	
ASE Investment (Labuan) Inc.	The Company	The Ultimate Parent of the Company	2,980,898 (Notes 3,5)	-	-	-	1,400,000	-	
ASE Corporation	The Company	The Ultimate Parent of the Company	1,291,000 (Notes 3,5)	-	-	-	-	-	
ASE Labuan Inc.	The Company	The Ultimate Parent of the Company	645,500 (Notes 3,5)	-	-	-	-	-	
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	685,415 (Note 5)	4	-	-	23,443	-	
			Advanced Semiconductor Engineering (HK) Limited Subsidiary	402,538 (Note 5)	4	-	-	-	-
Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary	124,524 (Notes 3,5)	-	-	-	209	-	
USI Enterprise Limited	The Company	The Ultimate Parent of the Company	7,584,625 (Notes 3,5)	-	-	-	-	-	
			J & R Holding Limited Associate	3,230,811 (Notes 3,5)	-	-	-	-	-
			USI Inc. Parent company	2,197,893 (Notes 3,5)	-	-	-	-	-
Huntington Holdings International Co. Ltd.	The Company	The Ultimate Parent of the Company	1,775,125 (Notes 3,5)	-	-	-	-	-	
Real Tech Holdings Limited	The Company	The Ultimate Parent of the Company	3,873,000 (Notes 3,5)	-	-	-	-	-	
Suzhou ASEN Semiconductors Co., Ltd.	NXP Semiconductors Taiwan Ltd.	Subsidiary of the company has significant influence over Suzhou ASEN Semiconductors Co., Ltd.	687,443	3	-	-	166,087	-	
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Associate	CNY 555,274 thousand (Note 5)	4	-	-	CNY 197,491 thousand	-	
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	CNY 588,032 thousand (Notes 3,5)	-	-	-	-	-	
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	US\$ 38,257 thousand (Note 5)	2	-	-	US\$ 15,438 thousand	-	
			Universal Global Technology (Kunshan) Co., Ltd.	US\$ 36,034 thousand (Note 5)	5	-	-	US\$ 16,005 thousand	-
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Associate	US\$ 18,373 thousand (Note 5)	4	-	-	US\$ 6,206 thousand	-	
			Universal Global Scientific Industrial Co., Ltd.	US\$ 105,309 thousand (Note 5)	4	-	-	US\$ 37,659 thousand	-
Universal Global Scientific Industrial Co., Ltd.	Universal Scientific Industrial Co., Ltd.	Subsidiary	138,206 (Note 5)	2	-	-	-	-	
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Industrial Co., Limited	Associate	CNY 205,264 thousand (Note 5)	5	-	-	CNY 65,329 thousand	-	
			Universal Global Technology (Shanghai) Co., Ltd.	CNY 50,024 thousand (Notes 3,5)	-	-	-	-	-

(Concluded)

Note 1: Include Accounts receivables and other receivables

Note 2: Exclude other receivables

Note 3: Intercompany Loan, please refer to Table 1.

Note 4: Turnkey transaction.

Note 5: Amount was eliminated based on the reviewed financial statements.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

**NAMES, LOCATION, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE SIX MONTHS ENDED JUNE 30, 2016
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				June 30, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
The Company	A.S.E. Holding Limited	Bermuda	Investment activities	US\$ 283,966 thousand	US\$ 283,966 thousand	243,966	100	\$ 14,952,421	\$ (31,777)	\$ (46,158)	Subsidiary
	J & R Holding Limited	Bermuda	Investment activities	US\$ 479,693 thousand	US\$ 479,693 thousand	435,128	100	48,647,815	1,685,833	1,478,399	Subsidiary
	ASE Marketing & Service Japan Co., Ltd.	Japan	Engaged in marketing and sales services	JPY 60,000 thousand	JPY 60,000 thousand	1,200	100	33,658	1,294	1,294	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 250,504 thousand	US\$ 250,504 thousand	250,504,067	71	11,313,277	756,386	501,231	Subsidiary
	Innosource Limited	British Virgin Islands	Investment activities	US\$ 86,000 thousand	US\$ 86,000 thousand	86,000,000	100	4,027,672	158,314	148,566	Subsidiary
	HCK	Taiwan	Engaged in the leasing of real estate properties	\$ 390,470	\$ 390,470	35,497,273	27	328,075	(15,998)	(4,369)	Associate
	HC	Taiwan	Engaged in the development, construction and leasing of real estate properties	2,845,913	2,845,913	68,629,782	26	1,207,767	(25,725)	519	Associate
	Universal Scientific Industrial Co., Ltd.	Taiwan	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	-	520,490	-	-	-	(34,564)	55,288	Subsidiary
	ASE Test, Inc.	Taiwan	Engaged in the testing of semiconductors	20,698,867	20,698,867	1,131,452,502	100	27,991,234	1,312,001	1,294,435	Subsidiary
	USI Inc.	Taiwan	Investment activities	20,836,477	20,836,477	990,080,566	99	42,939,748	903,858	852,170	Subsidiary
	Luchu Development Corporation	Taiwan	Engaged in the development of real estate properties	1,366,238	1,366,238	131,961,457	67	1,340,381	(1,351)	(907)	Subsidiary
	ASEEE	Taiwan	Engaged in the production of embedded substrate	618,097	618,097	61,809,660	51	587,920	(51,075)	(26,048)	Associate
	SPIL	Taiwan	Engaged in assembly, testing and turnkey services of integrated circuits	48,790,498	35,055,000	1,037,300,000	33	46,410,338	4,412,731	1,335,345	Associate
	AMPI	Taiwan	Engaged in integrated circuit	178,861	178,861	33,308,452	18	11,820	(155,682)	(28,396)	Associate
	ASE Test, Inc.	Alto Enterprises Limited	British Virgin Islands	Investment activities	US\$ 188,000 thousand	US\$ 188,000 thousand	188,000,000	100	4,337,950	14,932	(Note 2)
Super Zone Holdings Limited		Hong Kong	Investment activities	US\$ 100,000 thousand	US\$ 100,000 thousand	100,000,000	100	3,235,508	26,971	(Note 2)	Subsidiary
Luchu Development Corporation		Taiwan	Engaged in the development of real estate properties	372,504	372,504	37,250,448	19	378,287	(1,351)	(Note 2)	Subsidiary
TLJ Intertech Inc.		Taiwan	Engaged in information software services	89,998	-	2,119,080	60	89,357	(1,069)	(Note 2)	Subsidiary
A.S.E. Holding Limited	ASE Test Limited	Singapore	Investment activities	US\$ 84,889 thousand	US\$ 84,889 thousand	11,148,000	10	US\$ 105,449 thousand	US\$ 21,580 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 168,643 thousand	US\$ 168,643 thousand	168,642,842	70	US\$ 339,520 thousand	(US\$ 4,677 thousand)	(Note 2)	Subsidiary
J & R Holding Limited	ASE Test Limited	Singapore	Investment activities	US\$ 964,524 thousand	US\$ 964,524 thousand	98,276,087	90	US\$ 1,052,495 thousand	US\$ 21,580 thousand	(Note 2)	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 30,200 thousand	US\$ 30,200 thousand	30,200,000	8	US\$ 43,438 thousand	US\$ 23,095 thousand	(Note 2)	Subsidiary
	J&R Industrial Inc.	Taiwan	Engaged in leasing equipment and investing activity	US\$ 51,344 thousand	US\$ 51,344 thousand	170,000,006	100	US\$ 30,960 thousand	US\$ 47 thousand	(Note 2)	Subsidiary
	ASE Japan Co., Ltd.	Japan	Engaged in the packaging and testing of semiconductors	US\$ 25,606 thousand	US\$ 25,606 thousand	7,200	100	US\$ 83,933 thousand	US\$ 927 thousand	(Note 2)	Subsidiary
	ASE (U.S.) Inc.	U.S.A	After-sales service and sales support	US\$ 4,600 thousand	US\$ 4,600 thousand	1,000	100	US\$ 12,593 thousand	US\$ 573 thousand	(Note 2)	Subsidiary
	Global Advanced Packaging Technology Limited, Cayman Islands	British Cayman Islands	Investment activities	US\$ 190,000 thousand	US\$ 190,000 thousand	190,000,000	100	US\$ 347,337 thousand	US\$ 26,165 thousand	(Note 2)	Subsidiary
	Anstock Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 462 thousand	(US\$ 129 thousand)	(Note 2)	Subsidiary
	Anstock II Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 96 thousand	US\$ 62 thousand	(Note 2)	Subsidiary
ASE Investment (Labuan) Inc.	ASE (Korea) Inc.	Korea	Engaged in the packaging and testing of semiconductors	US\$ 160,000 thousand	US\$ 160,000 thousand	20,741,363	100	US\$ 485,063 thousand	(US\$ 4,761 thousand)	(Note 2)	Subsidiary
ASE Test Limited	ASE Holdings (Singapore) Pte Ltd	Singapore	Investment activities	US\$ 65,520 thousand	US\$ 65,520 thousand	71,428,902	100	US\$ 144,692 thousand	US\$ 6,873 thousand	(Note 2)	Subsidiary
	ASE Test Holdings, Ltd.	British Cayman Islands	Investment activities	US\$ 222,399 thousand	US\$ 222,399 thousand	5	100	US\$ 100,103 thousand	US\$ 609 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 72,304 thousand	US\$ 72,304 thousand	72,304,040	30	US\$ 145,508 thousand	(US\$ 4,677 thousand)	(Note 2)	Subsidiary
	ASE Singapore Pte. Ltd.	Singapore	Engaged in the packaging and testing of semiconductors	US\$ 55,815 thousand	US\$ 55,815 thousand	30,100,000	100	US\$ 162,657 thousand	US\$ 11,075 thousand	(Note 2)	Subsidiary
ASE Test Holdings, Ltd.	ISE Labs, Inc.	U.S.A	Engaged in the testing of semiconductors	US\$ 221,145 thousand	US\$ 221,145 thousand	26,250,000	100	US\$ 100,101 thousand	US\$ 609 thousand	(Note 2)	Subsidiary
ASE Holdings (Singapore) Pte Ltd	ASE Electronics (M) Sdn. Bhd.	Malaysia	Engaged in the packaging and testing of semiconductors	US\$ 60,000 thousand	US\$ 60,000 thousand	159,715,000	100	US\$ 144,692 thousand	US\$ 6,873 thousand	(Note 2)	Subsidiary
Omniquest Industrial Limited	ASE Corporation	British Cayman Islands	Investment activities	US\$ 352,784 thousand	US\$ 352,784 thousand	352,784,067	100	US\$ 510,612 thousand	US\$ 23,159 thousand	(Note 2)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of June 30, 2016			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				June 30, 2016	December 31, 2015	Shares	Percentage of Ownership	Carrying Value			
ASE Corporation ASE Labuan Inc.	ASE Mauritius Inc.	Mauritius	Investment activities	US\$ 217,800 thousand	US\$ 217,800 thousand	217,800,000	100	US\$ 385,883 thousand	US\$ 17,873 thousand	(Note 2)	Subsidiary
	ASE Labuan Inc.	Malaysia	Investment activities	US\$ 126,184 thousand	US\$ 126,184 thousand	126,184,067	100	US\$ 124,659 thousand	US\$ 5,327 thousand	(Note 2)	Subsidiary
	ASE Electronics Inc.	Taiwan	Engaged in the production of substrates	US\$ 125,813 thousand	US\$ 125,813 thousand	398,981,900	100	US\$ 124,087 thousand	US\$ 5,329 thousand	(Note 2)	Subsidiary
Innosource Limited ASE (Shanghai) Inc.	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 74,000 thousand	US\$ 74,000 thousand	74,000,000	21	US\$ 106,477 thousand	US\$ 23,095 thousand	(Note 2)	Subsidiary
	Advanced Semiconductor Engineering (HK) Limited	Hong Kong	Engaged in the trading of substrates	US\$ 1,000 thousand	US\$ 1,000 thousand	-	100	US\$ 8,879 thousand	US\$ 10 thousand	(Note 2)	Subsidiary
USI Inc.	Huntington Holdings International Co. Ltd.	British Virgin Islands	Holding company	\$ 8,370,606	\$ 8,370,606	255,856,840	100	\$ 43,849,090	\$ 973,152	(Note 2)	Subsidiary
Huntington Holdings International Co. Ltd.	Unitech Holdings International Co. Ltd.	British Virgin Islands	Holding company	US\$ 3,000 thousand	US\$ 3,000 thousand	3,000,000	100	US\$ 9,012 thousand	US\$ 75 thousand	(Note 2)	Subsidiary
	Real Tech Holdings Limited	British Virgin Islands	Holding company	US\$ 149,151 thousand	US\$ 149,151 thousand	149,151,000	100	US\$ 1,291,056 thousand	US\$ 31,725 thousand	(Note 2)	Subsidiary
	Universal ABIT Holding Co., Ltd.	British Cayman Islands	Holding company	US\$ 28,125 thousand	US\$ 28,125 thousand	90,000,000	100	US\$ 13 thousand	US\$ - thousand	(Note 2)	Subsidiary
	Rising Capital Investment Limited	British Virgin Islands	Holding company	US\$ 6,000 thousand	US\$ 6,000 thousand	6,000,000	100	US\$ 1,139 thousand	US\$ 3 thousand	(Note 2)	Subsidiary
	Rise Accord Limited	British Virgin Islands	Holding company	US\$ 2,000 thousand	US\$ 2,000 thousand	20,000	100	US\$ 150 thousand	US\$ - thousand	(Note 2)	Subsidiary
Real Tech Holdings Limited	USI Enterprise Limited	Hong Kong	Engaged in the services of investment advisory and warehousing management	US\$ 210,900 thousand	US\$ 210,900 thousand	210,900,000	99.59	US\$ 1,218,737 thousand	US\$ 32,103 thousand	(Note 2)	Subsidiary
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Hong Kong	Holding company	CNY 324,185 thousand	CNY 324,185 thousand	390,000,000	100	CNY 1,594,484 thousand	CNY 113,971 thousand	(Note 2)	Subsidiary
Universal Global Technology Co., Limited	Universal Global Industrial Co., Limited Universal Global Scientific Industrial Co., Ltd.	Hong Kong	Engaged in manufacturing, trading and investing activity	US\$ 11,000 thousand	US\$ 11,000 thousand	85,800,000	100	US\$ 19,612 thousand	US\$ 980 thousand	(Note 2)	Subsidiary
		Taiwan	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	US\$ 30,400 thousand	US\$ 30,400 thousand	98,000,000	100	US\$ 88,862 thousand	(US\$ 1,453 thousand)	(Note 2)	Subsidiary
	USI Japan Co., Ltd	Japan	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	US\$ 885 thousand	US\$ 885 thousand	6,400	100	US\$ 872 thousand	(US\$ 8 thousand)	(Note 2)	Subsidiary
	Universal Scientific Industrial De Mexico S.A. De C.V.	Mexico	Engaged in the assembling of motherboards and computer components	US\$ 23,963 thousand	US\$ 23,963 thousand	281,085,325	100	US\$ 44,753 thousand	US\$ 3,022 thousand	(Note 2)	Subsidiary
	USI America Inc.	U.S.A	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service	US\$ 9,500 thousand	US\$ 9,500 thousand	250,000	100	US\$ 5,464 thousand	US\$ 99 thousand	(Note 2)	Subsidiary
Universal Global Industrial Co., Limited	Universal Scientific Industrial De Mexico S.A. De C.V.	Mexico	Engaged in the assembling of motherboards and computer components	US\$ - thousand	US\$ - thousand	1	-	US\$ - thousand	US\$ 3,022 thousand	(Note 2)	Subsidiary
Universal Global Scientific Industrial Co., Ltd.	Universal Scientific Industrial Co., Ltd.	Taiwan	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	792,064	-	39,603,222	99	1,002,725	77,529	(Note 2)	Subsidiary

(Concluded)

Note 1: The share of profits/losses of investee includes the effect of unrealized gross profit on intercompany transaction.

Note 2: The share of profits/losses of investee company is not reflected herein as such amount is already included in the share of profits/losses of the investor company.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Investee Company	Main Business Activities	Paid-in Capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended June 30, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2016	Net income of investee for the six months ended June 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2016	Book value of investments in Mainland China as of June 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2016
					Remitted to Mainland China	Remitted back to Taiwan						
ASE (Shanghai) Inc.	Engaged in the production of substrates	\$ 4,236,563 (US\$ 133,812 thousand)	Note 1 (1)	\$ 4,398,576 (US\$ 137,800 thousand)	\$ -	\$ -	\$ 4,398,576 (US\$ 137,800 thousand)	\$ 579,789 (US\$ 17,687 thousand) (Note 5)	100	\$ 579,789 (US\$ 17,687 thousand) (Note 5)	\$ 10,559,710 (US\$ 327,179 thousand)	None
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	8,350,204 (US\$ 268,000 thousand)	Note 1 (2)	8,350,204 (US\$ 268,000 thousand) (Note 10)	-	-	8,350,204 (US\$ 268,000 thousand)	21,474 (US\$ 648 thousand) (Note 4)	100	21,474 (US\$ 648 thousand) (Note 4)	6,186,411 (US\$ 191,678 thousand)	None
ASE Module (Shanghai) Inc.	Engage in the production and sale of electronic components and printed circuit boards	383,640 (US\$ 12,000 thousand)	Note 1 (3)	383,640 (US\$ 12,000 thousand)	-	-	383,640 (US\$ 12,000 thousand)	1,139 (US\$ 35 thousand) (Note 5)	100	1,139 (US\$ 35 thousand) (Note 5)	594,574 (US\$ 18,422 thousand)	None
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	6,501,336 (US\$ 203,580 thousand)	Note 1 (4)	5,792,530 (US\$ 180,000 thousand)	-	-	5,792,530 (US\$ 180,000 thousand)	862,928 (US\$ 26,289 thousand) (Note 4)	100	862,928 (US\$ 26,289 thousand) (Note 4)	11,321,764 (US\$ 350,791 thousand)	None
Suzhou ASEN Semiconductors Co., Ltd.	Engaged in the packaging and testing of semiconductors	1,568,467 (US\$ 48,672 thousand)	Note 1 (5)	711,180 (US\$ 21,600 thousand)	-	-	711,180 (US\$ 21,600 thousand)	276,381 (US\$ 8,449 thousand) (Note 5)	60	165,829 (US\$ 5,069 thousand) (Note 5)	2,383,637 (US\$ 73,854 thousand)	None
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	4,507,081 (US\$ 152,200 thousand)	Note 1 (6)	1,295,307 (US\$ 40,000 thousand)	-	-	1,295,307 (US\$ 40,000 thousand)	(94,677) (US\$ -2,898 thousand) (Note 5)	100	(94,677) (US\$ -2,898 thousand) (Note 5)	1,568,152 (US\$ 48,587 thousand)	None
Shanghai Ding Hui Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	16,345,070 (CNY 3,600,000 thousand)	Note 2	- (Note 2)	-	-	- (註2)	815,882 (CNY 161,322 thousand) (Note 5)	100	731,400 (CNY 144,578 thousand) (Note 5)	19,834,582 (CNY 4,075,200 thousand)	None
Shanghai Ding Wei Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	6,908,089 (CNY 1,548,000 thousand)	Note 2	- (Note 2)	-	-	- (註2)	(16,057) (CNY -3,200 thousand) (Note 5)	100	(16,057) (CNY -3,200 thousand) (Note 5)	7,446,242 (CNY 1,529,900 thousand)	None
Shanghai Ding Yu Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	4,936,538 (CNY 1,100,000 thousand)	Note 2	- (Note 2)	-	-	- (註2)	(11,894) (CNY -2,381 thousand) (Note 5)	100	(11,894) (CNY -2,381 thousand) (Note 5)	5,350,236 (CNY 1,099,256 thousand)	None
Kun Shan Ding Hong Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	3,139,662 (CNY 670,000 thousand)	Note 2	- (Note 2)	-	-	- (註2)	(5,103) (CNY -1,026 thousand) (Note 5)	100	(5,103) (CNY -1,026 thousand) (Note 5)	3,250,263 (CNY 667,797 thousand)	None
Kun Shan Ding Yue Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	1,546,415 (CNY 330,000 thousand)	Note 2	- (Note 2)	-	-	- (註2)	76 (CNY -15 thousand) (Note 5)	100	76 (CNY -15 thousand) (Note 5)	1,604,784 (CNY 329,718 thousand)	None
Advanced Semiconductor Engineering (China) Ltd.	Engage in the packaging and testing of semiconductors	3,149,000 (US\$ 100,000 thousand)	Note 1 (7)	3,149,000 (US\$ 100,000 thousand)	-	-	3,149,000 (US\$ 100,000 thousand)	26,971 (US\$ 839 thousand) (Note 4)	100	26,971 (US\$ 839 thousand) (Note 4)	3,235,385 (US\$ 100,244 thousand)	None
ASE Investment (Kun Shan) Limited	Holding company	3,717,318 (US\$ 122,000 thousand)	Note 1 (8)	3,717,318 (US\$ 122,000 thousand) (Note 10)	-	-	3,717,318 (US\$ 122,000 thousand)	9,643 (US\$ 291 thousand) (Note 4)	100	9,643 (US\$ 291 thousand) (Note 4)	2,814,237 (US\$ 87,196 thousand)	None

(Continued)

Investee Company	Main Business Activities	Paid-in Capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2016	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended June 30, 2016		Accumulated amount of remittance from Taiwan to Mainland China as of June 30, 2016	Net income of investee for the six months ended June 30, 2016	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the six months ended June 30, 2016	Book value of investments in Mainland China as of June 30, 2016	Accumulated amount of investment income remitted back to Taiwan as of June 30, 2016
					Remitted to Mainland China	Remitted back to Taiwan						
Wuxi Tongzhi Microelectronics Co., Ltd.	Engage in the packaging and testing of semiconductors	\$ 356,682 (CNY 73,461 thousand)	(Note 2)	\$ - (Note 2)	\$ -	\$ -	\$ - (Note 2)	\$ 11,528 (CNY 2,291 thousand) (Note 4)	100	\$ 11,528 (CNY 2,291 thousand) (Note 4)	\$ 449,216 (CNY 92,296 thousand)	None
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	2,566 (CNY 500 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(34) (CNY -7 thousand) (Note 4)	100	(34) (CNY -7 thousand) (Note 4)	2,161 (CNY 444 thousand)	None
Shanghai Ding Qi Property Management Co., Ltd.	Engaged in the management of real estate properties	5,078 (CNY 1,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(3,504) (CNY -699 thousand) (Note 5)	100	(3,504) (CNY -699 thousand) (Note 5)	(1,841) (CNY -378 thousand)	None
USI Electronics (Shenzhen) Co., Ltd	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	2,270,625 (US\$ 75,000 thousand)	Note 1 (9)	1,180,746	-	-	1,180,746	1,112,859 (CNY 222,003 thousand) (Note 6)	77	864,052 (US\$ 26,394 thousand) (Note 6)	7,047,953 (US\$ 218,372 thousand)	\$ 1,196,256 (US\$ 41,243 thousand)
Universal Scientific Industrial (Shanghai) Co., Ltd.	Engaged in the designing, manufacturing and sale of electronic components	10,649,110 (CNY 2,175,924 thousand)	Note 1 (9)	1,668,233	-	-	1,668,233	1,349,693 (US\$ 41,230 thousand) (Note 6)	77	1,042,719 (US\$ 31,852 thousand) (Note 6)	26,140,952 (US\$ 809,944 thousand)	None
Universal Scientific Industrial (Kunshan) Co., Ltd.	Engaged in the manufacturing and sale of computer assistance system and related peripherals	383,201 (US\$ 12,000 thousand)	Note 1 (9)	383,201	-	-	383,201	4,327 (US\$ 132 thousand) (Note 6)	99	4,291 (US\$ 131 thousand) (Note 6)	337,344 (US\$ 10,452 thousand)	None
e-Cloud Corporation	Engaged in the sale of electronic components and telecommunications equipment	147,450 (US\$ 5,000 thousand)	Note 1 (10)	147,450	-	-	147,450	-	-	-	- (Note 11)	None
Siargo(SH), Ltd.	Engaged in manufacturing and sale of MEMS mass flow sensors	227,063 (US\$ 7,500 thousand)	(Note 3)	3,035	-	-	3,035	-	-	-	-	None
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	1,202,223 (CNY 250,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	312,011 (CNY 62,243 thousand) (Note 6)	77	239,288 (CNY 47,737 thousand) (Note 6)	1,959,946 (CNY 402,689 thousand)	None
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	6,652,140 (CNY 1,330,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(313,418) (CNY -62,524 thousand) (Note 6)	77	(241,295) (CNY -48,138 thousand) (Note 6)	2,507,816 (CNY 515,254 thousand)	None
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	240,850 (CNY 50,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	3,222 (CNY 643 thousand) (Note 6)	77	2,481 (CNY 495 thousand) (Note 6)	200,366 (CNY 41,167 thousand)	None

(Continued)

Investee Company	Accumulated Investment in Mainland China as of June 30, 2016	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The company	\$ 15,203,097 (US\$ 471,400 thousand)	\$ 16,790,306 (US\$ 576,400 thousand)(Note 9)	\$ - (Note 7)
ASE Test, Inc.	8,878,838 (US\$ 288,000 thousand)	8,878,838 (US\$ 288,000 thousand)	16,978,684 (Note 8)
USI Inc.	3,382,665	33,194,404 (US\$1,051,064 thousand)	- (Note 7)

Note 1: Investments through a holding company registered in a third region. The holding companies are as follow:

- (1) ASE Mauritius Inc., ASE Corporation, Omniquest Industrial Limited, Innosource Limited and J&R Holding Limited.
- (2) ASE Mauritius Inc., Alto Enterprises Limited, Innosource Limited, ASE Corporation, Omniquest Industrial Limited and J&R Holding Limited.
- (3) Innosource Limited.
- (4) Global Advanced Packaging Technology Limited, Cayman Islands and J&R Holding Limited.
- (5) J&R Holding Limited.
- (6) ASE (Korea) Inc., ASE Test Limited, ASE Investment (Labuan) Inc., ASE Holding Ltd. and J&R Holding Limited.
- (7) Super Zone Holdings Limited.
- (8) Alto Enterprises Limited.
- (9) Real Tech Holdings Limited and Huntington Holdings International Co. Ltd..
- (10) Rise Capital Investment Limited and Huntington Holdings International Co. Ltd..

Note 2: Invested by companies in Mainland China.

Note 3: The company was invested by Asia Global Venture Co. Ltd which is invested by UHI as available-for-sale. Asia Global Venture Co. Ltd disposed all of the company's shares in October, 2013, therefore as of June 30, 2016 UHI does not invest to any company in Mainland China.

Note 4: The basis for investment income (loss) recognition is from the financial statements reviewed and attested by R.O.C. parent company's CPA

Note 5: The basis for investment income (loss) recognition is from the financial statements reviewed and attested by international accounting firm which has cooperative relationship with accounting firm in R.O.C.

Note 6: The basis for investment income (loss) recognition is from the financial statements reviewed and attested by other CPA in the same accounting firm with R.O.C. parent company's CPA.

Note 7: Pursuant to the Jing-Shen-Zi Letter No. 09704604680 of the Ministry of Economic Affairs, R.O.C amended 'Guidelines Governing the Review of Investment or Technical Cooperation in the Mainland Area' dated on August 29, 2008, as the Company has obtained the certificate of being qualified for operating headquarters, issued by the Industrial Development Bureau, MOEA, the ceiling amount of the investment in Mainland China is not applicable to the Company. (Approved on August 13th, 2015.)

Note 8: The upper limit on investment of ASE Test, Inc. is calculated as follow: $\$28,297,806 \times 60\% = 16,978,684$

Note 9: US\$80,000 thousand was directly remitted by the subsidiary, ASE (Korea), and US\$25,000 thousand was by means of Debt for Equity Swap. Therefore, there is US\$105,000 thousand difference between MOEA approved investment amount and accumulated outflow of investment from Taiwan.

Note 10: It was the same fund that ASE Test, Inc. indirectly invested to ASE Investment (KS) through another company in 3rd area and then invested to ASEKS.

Note 11: e-Cloud Corporation was liquidated in December 2013.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE SIX MONTHS ENDED JUNE 30, 2016

(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Account	Amount (Note)	Terms	
0	The Company	ASE Test, Inc.	Parent company to subsidiary	Other payables	\$ 6,749,733	The transaction has the same terms with other companies	2
			Parent company to subsidiary	Disposal of property, plant and equipment	188,619		-
			Parent company to subsidiary	Purchase of property, plant and equipment	1,219,360		1
		Universal Scientific Industrial Co., Ltd.	Parent company to subsidiary	Other receivables	233,442		-
			Parent company to subsidiary	Trade receivables	1,053,848		-
			Parent company to subsidiary	Operating revenues	1,558,812		1
			Parent company to subsidiary	Trade payables	682,395		-
		ASE (Shanghai) Inc.	Parent company to subsidiary	Operating costs	1,188,683		1
			Parent company to subsidiary	Operating expenses	462,953		-
		ASE (U.S.) Inc.	Parent company to subsidiary	Operating expenses	462,953		-
			Parent company to subsidiary	Operating expenses	462,953		-
		ASE Electronics Inc.	Parent company to subsidiary	Trade payables	721,286		-
			Parent company to subsidiary	Operating costs	1,264,740		1
		J & R Holding Limited	Parent company to subsidiary	Other payables	6,616,375		2
		Omniquest Industrial Limited	Parent company to subsidiary	Other payables	3,066,125		1
		Innosource Limited	Parent company to subsidiary	Other payables	710,050		-
		ASE Labuan Inc.	Parent company to subsidiary	Other payables	645,500		-
		ASE Test Limited	Parent company to subsidiary	Other payables	5,422,200		2
			Parent company to subsidiary	Dividend payables	141,121		-
		Global Advanced Packaging Technology Limited, Cayman Islands	Parent company to subsidiary	Other payables	1,904,225		1
ASE Investment (Labuan) Inc.	Parent company to subsidiary	Other payables	2,980,898	1			
J&R Industrial Inc.	Parent company to subsidiary	Other payables	190,000	-			
ASE (Korea) Inc.	Parent company to subsidiary	Other payables	2,583,032	1			
Huntington Holdings International Co., Ltd.	Parent company to subsidiary	Other payables	1,775,125	1			
USI Enterprise Limited	Parent company to subsidiary	Other payables	7,584,625	2			
Real Tech Holdings Limited	Parent company to subsidiary	Other payables	3,873,000	1			
ASE Corporation	Parent company to subsidiary	Other payables	1,291,000	-			
A.S.E. Holding Limited	Parent company to subsidiary	Other payables	1,097,350	-			
1	ASE (Shanghai) Inc.	ASE Assembly & Test (Shanghai) Limited	Subsidiary to subsidiary	Operating revenues	183,491	The transaction has the same terms with other companies	-
			Subsidiary to subsidiary	Trade receivables	402,538		-
			Subsidiary to subsidiary	Operating revenues	720,604	The transaction has the same terms with other companies	1
2	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	124,524		-
3	ASE Investment (Labuan) Inc.	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	485,195		-
4	A.S.E. Holding Limited	ASE Singapore Pte. Ltd.	Subsidiary to subsidiary	Other payables	387,580		-
5	Omniquest Industrial Limited	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	3,079,427		1

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Account	Amount (Note)	Terms	
6	J & R Holding Limited	Global Advanced Packaging Technology Limited, Cayman Islands	Subsidiary to subsidiary	Other receivables	\$ 2,440,045		1
		Innosource Limited	Subsidiary to subsidiary	Other assets	714,336		-
		ASE Labuan Inc.	Subsidiary to subsidiary	Other assets	645,561		-
		Anstock Limited	Subsidiary to subsidiary	Other assets	792,562		-
		Real Tech Holdings Limited	Subsidiary to subsidiary	Other receivables	2,099,394		1
		ISE Labs, Inc.	Subsidiary to subsidiary	Other liabilities	1,484,991		-
		Anstock II Limited	Subsidiary to subsidiary	Other liabilities	9,585,675		3
		ASE Japan Co., Ltd.	Subsidiary to subsidiary	Other payables	2,577,994		1
		ASE Assembly & Test (Shanghai) Limited	Subsidiary to subsidiary	Other assets	553,709		-
		ASE WeiHai Inc.	Subsidiary to subsidiary	Other receivables	549,331		-
		USI Enterprise Limited	Subsidiary to subsidiary	Other payables	3,230,811		1
		ASE Corporation	Subsidiary to subsidiary	Other assets	1,291,122		-
7	Anstock II Limited	J&R Holding Limited	Subsidiary to subsidiary	Interest income	120,422		-
8	ASE Electronics Inc.	J&R Industrial Inc.	Subsidiary to subsidiary	Other payables	190,000		-
		ASE Electronics (M) Sdn. Bhd.	Subsidiary to subsidiary	Operating revenues	218,203		-
9	ASE Test, Inc.	ASE Investment (Labuan) Inc.	Subsidiary to subsidiary	Other receivables	2,500,000		1
10	ASE Assembly & Test (Shanghai) Limited	Anstock Limited	Subsidiary to subsidiary	Other payables	3,171,353		1
		ASE Electronics Inc.	Subsidiary to subsidiary	Operating costs	113,723		-
11	ASE WeiHai Inc.	ASE (Korea) Inc.	Subsidiary to subsidiary	Other payables	2,422,850		1
12	USI Inc.	USI Enterprise Limited	Subsidiary to subsidiary	Other payables	2,194,700		1
13	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary to subsidiary	Operating costs	2,299,507		2
		Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Trade payables	1,233,687		-
		Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Other receivables	2,838,644		1
		Universal Global Industrial Co., Limited	Subsidiary to subsidiary	Operating revenues	124,249		-
14	Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	1,471,742		1
			Subsidiary to subsidiary	Operating costs	6,235,829		5
			Subsidiary to subsidiary	Trade receivables	587,925		-
			Subsidiary to subsidiary	Trade payables	2,702,382		1
		Universal Global Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Operating revenues	7,401,457		6
			Subsidiary to subsidiary	Trade receivables	3,397,451		1
		Universal Global Technology (Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	117,739		-
			Subsidiary to subsidiary	Operating costs	2,674,357		2
15	Universal Global Technology Co., Limited	Universal Global Technology (Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	1,728,569		1
			Subsidiary to subsidiary	Trade receivables	1,162,993		-

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Account	Amount (Note)	Terms	
16	Universal Global Scientific Industrial Co., Ltd.	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	\$ 113,640		-
		Universal Scientific Industrial (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	128,042		-
		Universal Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Operating revenues	290,025		-
			Subsidiary to subsidiary	Trade receivables	138,071		-
17	Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Other receivables	243,475		-

Note: Amount was eliminated based on the reviewed financial statements.

(Concluded)