

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

**Consolidated Financial Statements for the
Three months Ended March 31, 2017 and 2016 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' 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. (the "Company") and its subsidiaries (collectively the "Group") as of March 31, 2017 and 2016, and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three months ended March 31, 2017 and 2016. 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 consolidated 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 March 31, 2017 and 2016 and for the three months then ended were reviewed by other auditors and our reviews, insofar as it relates to the amounts and information disclosed, is based solely on the report of the other auditors. The accompanying consolidated financial statements of the Group include its investments accounted for using the equity method in SPIL of NT\$45,919,552 thousand and NT\$48,580,715 thousand, constituting 13% and 14% of the Group's total assets, as of March 31, 2017 and 2016, respectively, and its share of profit of SPIL of NT\$307,714 thousand and NT\$400,847 thousand, both constituting 10% of the Group's net profit, for the three months ended March 31, 2017 and 2016.

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 auditors, 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.

As discussed in Note 13 to the consolidated financial statements, the Company has completed the identification of the difference between the cost of the investment and the Company's share of the net fair value of the identifiable assets and liabilities in SPIL. Therefore, the Company has retrospectively adjusted the initial accounting and related accounts recorded at the acquisition date in the comparative financial statements of prior periods.

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 12, 2017

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2017		December 31, 2016		March 31, 2016	
	(Reviewed)		(Audited)		(Retrospectively Adjusted and Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT ASSETS						
Cash and cash equivalents (Notes 4 and 6)	\$ 42,473,518	12	\$ 38,392,524	11	\$ 45,070,041	13
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	2,668,786	1	3,069,812	1	3,101,175	1
Available-for-sale financial assets - current (Notes 4 and 8)	573,199	-	266,696	-	869,832	-
Trade receivables, net (Notes 4 and 9)	43,728,466	13	51,145,557	14	40,527,541	11
Other receivables (Notes 4)	1,161,407	-	665,480	-	516,626	-
Current tax assets (Note 4 and 24)	420,734	-	471,752	-	209,753	-
Inventories (Notes 4 and 10)	19,409,009	6	21,438,062	6	19,408,005	6
Inventories related to real estate business (Notes 4, 11, 23 and 34)	23,206,528	7	24,187,515	7	24,816,142	7
Other financial assets - current (Notes 4, 12 and 34)	478,389	-	558,686	-	387,329	-
Other current assets	2,253,124	1	2,593,575	1	2,096,727	1
Total current assets	<u>136,373,160</u>	<u>40</u>	<u>142,789,659</u>	<u>40</u>	<u>137,003,171</u>	<u>39</u>
NON-CURRENT ASSETS						
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,050,989	-	1,028,338	1	870,010	-
Investments accounted for using the equity method (Notes 4, 5 and 13)	49,833,566	14	49,824,896	14	50,552,236	14
Property, plant and equipment (Notes 4, 14, 23 and 35)	140,072,469	41	143,880,241	40	147,233,740	41
Goodwill (Notes 4, 5 and 15)	10,457,465	3	10,558,878	3	10,472,752	3
Other intangible assets (Notes 4, 16, 23 and 33)	1,464,383	-	1,560,989	-	1,388,102	-
Deferred tax assets (Notes 4 and 24)	4,444,097	1	4,536,924	1	5,189,985	2
Other financial assets - non-current (Notes 4, 12 and 34)	1,315,534	-	1,320,381	-	354,938	-
Long-term prepayments for lease (Note 17)	2,081,434	1	2,237,033	1	2,457,885	1
Other non-current assets	456,327	-	205,740	-	404,698	-
Total non-current assets	<u>211,176,264</u>	<u>60</u>	<u>215,153,420</u>	<u>60</u>	<u>218,924,346</u>	<u>61</u>
TOTAL	<u>\$ 347,549,424</u>	<u>100</u>	<u>\$ 357,943,079</u>	<u>100</u>	<u>\$ 355,927,517</u>	<u>100</u>

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	March 31, 2017		December 31, 2016		March 31, 2016	
	(Reviewed)		(Audited)		(Retrospectively Adjusted and Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT LIABILITIES						
Short-term borrowings (Note 18)	\$ 13,400,193	4	\$ 20,955,522	6	\$ 28,306,679	8
Short-term bills payable (Note 18)	-	-	-	-	5,847,605	2
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	4,943,824	1	1,763,660	-	3,304,190	1
Trade payables	30,620,724	9	35,803,984	10	28,906,657	8
Other payables (Note 20)	19,195,285	6	21,522,034	6	18,625,268	5
Current tax liabilities (Note 4 and 24)	4,515,467	1	4,352,642	1	5,195,595	2
Advance real estate receipts (Note 4)	18,672	-	60,550	-	262,574	-
Current portion of bonds payable (Notes 4 and 19)	15,178,615	4	9,658,346	3	14,481,680	4
Current portion of long-term borrowings (Notes 18 and 34)	7,111,368	2	6,567,565	2	1,352,658	-
Other current liabilities	3,606,768	1	3,791,563	1	3,146,032	1
Total current liabilities	98,590,916	28	104,475,866	29	109,428,938	31
NON-CURRENT LIABILITIES						
Bonds payable (Notes 4 and 19)	28,475,744	8	27,341,557	8	32,582,103	9
Long-term borrowings (Notes 18 and 34)	33,221,638	10	46,547,998	13	35,787,612	10
Deferred tax liabilities (Notes 4 and 24)	5,000,432	2	4,856,549	2	4,745,782	1
Net defined benefit liabilities (Notes 4 and 21)	4,323,898	1	4,172,253	1	4,150,079	1
Other non-current liabilities	1,146,373	-	1,201,480	-	1,058,315	-
Total non-current liabilities	72,168,085	21	84,119,837	24	78,323,891	21
Total liabilities	170,759,001	49	188,595,703	53	187,752,829	52
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 22)						
Share capital						
Ordinary shares	82,448,753	24	79,364,735	22	79,097,419	22
Shares subscribed in advance	644,412	-	203,305	-	181,710	-
Total share capital	83,093,165	24	79,568,040	22	79,279,129	22
Capital surplus	29,885,749	9	22,265,049	6	21,956,413	6
Retained earnings (Note 13)						
Legal reserve	14,597,032	4	14,597,032	4	12,649,145	4
Special reserve	3,353,938	1	3,353,938	1	3,353,938	1
Unappropriated earnings	49,316,474	14	46,747,234	13	43,775,865	13
Total retained earnings	67,267,444	19	64,698,204	18	59,778,948	18
Other equity	(8,066,206)	(2)	(1,883,574)	-	3,731,923	1
Treasury shares	(7,292,513)	(2)	(7,292,513)	(2)	(7,292,513)	(2)
Equity attributable to owners of the Company	164,887,639	48	157,355,206	44	157,453,900	45
NON-CONTROLLING INTERESTS (Notes 4 and 22)						
	11,902,784	3	11,992,170	3	10,720,788	3
Total equity	176,790,423	51	169,347,376	47	168,174,688	48
TOTAL	\$ 347,549,424	100	\$ 357,943,079	100	\$ 355,927,517	100

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

(With Deloitte & Touche review report dated May 12, 2017)

(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)

	<u>For the Three Months Ended March 31</u>			
	<u>2017</u>		<u>2016</u>	
	<u>NT\$</u>	<u>%</u>	<u>NT\$</u>	<u>%</u>
OPERATING REVENUES (Note 4)	\$ 66,550,684	100	\$ 62,371,082	100
OPERATING COSTS (Notes 10 and 23)	<u>54,572,724</u>	<u>82</u>	<u>50,921,801</u>	<u>82</u>
GROSS PROFIT	<u>11,977,960</u>	<u>18</u>	<u>11,449,281</u>	<u>18</u>
OPERATING EXPENSES (Notes 23)				
Selling and marketing expenses	809,090	1	875,642	1
General and administrative expenses	3,177,667	5	2,759,085	5
Research and development expenses	<u>2,763,584</u>	<u>4</u>	<u>2,608,525</u>	<u>4</u>
Total operating expenses	<u>6,750,341</u>	<u>10</u>	<u>6,243,252</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>5,227,619</u>	<u>8</u>	<u>5,206,029</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	108,447	-	166,191	-
Other gains (losses), net (Note 23)	(825,020)	(1)	509,989	1
Finance costs (Note 23)	(492,266)	(1)	(611,304)	(1)
Share of profit (loss) of associates and joint ventures (Note 4 and 5)	<u>(162,037)</u>	<u>-</u>	<u>103,577</u>	<u>-</u>
Total non-operating income and expenses	<u>(1,370,876)</u>	<u>(2)</u>	<u>168,453</u>	<u>-</u>
PROFIT BEFORE INCOME TAX	3,856,743	6	5,374,482	8
INCOME TAX EXPENSE (Notes 4 and 24)	<u>885,481</u>	<u>1</u>	<u>1,318,243</u>	<u>2</u>
NET PROFIT FOR THE PERIOD	<u>2,971,262</u>	<u>5</u>	<u>4,056,239</u>	<u>6</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	(6,943,614)	(10)	(1,469,320)	(2)
Unrealized gain (loss) on available-for-sale financial assets	44,102	-	(23,450)	-
Share of other comprehensive income of associates and joint ventures	<u>170,431</u>	<u>-</u>	<u>10,739</u>	<u>-</u>

(Continued)

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 March 31			
	2017		2016	
	NT\$	%	NT\$	%
Other comprehensive loss for the period, net of income tax	\$ (6,729,081)	(10)	\$ (1,482,031)	(2)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ (3,757,819)</u>	<u>(5)</u>	<u>\$ 2,574,208</u>	<u>4</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,569,240	4	\$ 3,882,120	6
Non-controlling interests	<u>402,022</u>	<u>1</u>	<u>174,119</u>	<u>-</u>
	<u>\$ 2,971,262</u>	<u>5</u>	<u>\$ 4,056,239</u>	<u>6</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ (3,613,392)	(5)	\$ 2,532,354	4
Non-controlling interests	<u>(144,427)</u>	<u>-</u>	<u>41,854</u>	<u>-</u>
	<u>\$ (3,757,819)</u>	<u>(5)</u>	<u>\$ 2,574,208</u>	<u>4</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 0.33</u>		<u>\$ 0.51</u>	
Diluted	<u>\$ 0.30</u>		<u>\$ 0.40</u>	

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

(With Deloitte & Touche review report dated May 12, 2017)

(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							Other Equity			Non-controlling Interests	Total Equity		
	Share Capital		Capital Surplus	Retained Earnings				Exchange Differences on Translating Foreign Operations	Unrealized Gain (loss) on Available- for-sale Financial Assets	Total			Treasury Shares	
	Shares (In Thousands)	Amounts		Legal Reserve	Special Reserve	Unappropriated Earnings	Total							
ADJUSTED BALANCE AT JANUARY 1, 2016 (Note 13)	7,910,428	\$ 79,185,660	\$ 23,757,099	\$ 12,649,145	\$ 3,353,938	\$ 39,899,629	\$ 55,902,712	\$ 4,493,570	\$ 588,119	\$ 5,081,689	\$ (7,292,513)	\$ 156,634,647	\$ 11,503,878	\$ 168,138,525
Net profit for the three months ended March 31, 2016 (After retrospectively adjusted)	-	-	-	-	-	3,882,120	3,882,120	-	-	-	-	3,882,120	174,119	4,056,239
Other comprehensive income (loss) for the three months ended March 31, 2016, net of income tax	-	-	-	-	-	-	-	(1,378,609)	28,843	(1,349,766)	-	(1,349,766)	(132,265)	(1,482,031)
Total comprehensive income (loss) for the three months ended March 31, 2016 (After retrospectively adjusted)	-	-	-	-	-	3,882,120	3,882,120	(1,378,609)	28,843	(1,349,766)	-	2,532,354	41,854	2,574,208
Partial disposal of interest in subsidiaries and additional acquisition of majority-owned 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	8,014	93,469	132,753	-	-	-	-	-	-	-	-	226,222	-	226,222
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	61,506	61,506
ADJUSTED BALANCE AT MARCH 31, 2016	7,918,442	\$ 79,279,129	\$ 21,956,413	\$ 12,649,145	\$ 3,353,938	\$ 43,775,865	\$ 59,778,948	\$ 3,114,961	\$ 616,962	\$ 3,731,923	\$ (7,292,513)	\$ 157,453,900	\$ 10,720,788	\$ 168,174,688
BALANCE AT JANUARY 1, 2017	7,946,184	\$ 79,568,040	\$ 22,265,049	\$ 14,597,032	\$ 3,353,938	\$ 46,747,234	\$ 64,698,204	\$ (1,642,724)	\$ (240,850)	\$ (1,883,574)	\$ (7,292,513)	\$ 157,355,206	\$ 11,992,170	\$ 169,347,376
Change in capital surplus from investments in associates and joint ventures accounted for using the equity method	-	-	274	-	-	-	-	-	-	-	-	274	-	274
Net profit for the three months ended March 31, 2017	-	-	-	-	-	2,569,240	2,569,240	-	-	-	-	2,569,240	402,022	2,971,262
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	-	(6,646,358)	463,726	(6,182,632)	-	(6,182,632)	(546,449)	(6,729,081)
Total comprehensive income (loss) for the three months ended March 31, 2017	-	-	-	-	-	2,569,240	2,569,240	(6,646,358)	463,726	(6,182,632)	-	(3,613,392)	(144,427)	(3,757,819)
Issue of ordinary shares for capital increase by cash (Note 22)	300,000	3,000,000	7,290,000	-	-	-	-	-	-	-	-	10,290,000	-	10,290,000
Issue of ordinary shares under conversion of bonds (Note 19 and 22)	3,931	39,307	89,879	-	-	-	-	-	-	-	-	129,186	-	129,186
Changes in percentage of ownership interest in subsidiaries	-	-	3,055	-	-	-	-	-	-	-	-	3,055	(3,055)	-
Issue of ordinary shares under employee share options	27,852	485,818	237,492	-	-	-	-	-	-	-	-	723,310	-	723,310
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	58,096	58,096
BALANCE AT MARCH 31, 2017	8,277,967	\$ 83,093,165	\$ 29,885,749	\$ 14,597,032	\$ 3,353,938	\$ 49,316,474	\$ 67,267,444	\$ (8,289,082)	\$ 222,876	\$ (8,066,206)	\$ (7,292,513)	\$ 164,887,639	\$ 11,902,784	\$ 176,790,423

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

(With Deloitte & Touche review report dated May 12, 2017)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	2016
	NT\$	(Retrospectively Adjusted) NT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,856,743	\$ 5,374,482
Adjustments for:		
Depreciation expense	7,145,883	7,240,736
Amortization expense	114,074	109,229
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	3,964,378	360,444
Finance costs	492,266	611,304
Interest income	(52,739)	(66,383)
Dividend income	(4,034)	(5,351)
Compensation cost of employee share options	202,777	120,617
Share of loss (profit) of associates and joint ventures	162,037	(103,577)
Impairment loss recognized on financial assets	11,176	-
Reversal of impairment loss on financial assets	-	(17,912)
Impairment loss recognized on non-financial assets	83,115	68,823
Reversal of impairment loss recognized on non-financial	(1,652)	-
Net gain on foreign currency exchange	(1,780,119)	(576,642)
Others	(197,842)	105,493
Changes in operating assets and liabilities		
Financial assets held for trading	664,161	1,270,870
Trade receivables	7,407,538	4,421,645
Other receivables	(118,371)	(70,275)
Inventories	3,011,385	4,754,263
Other current assets	247,267	691,970
Financial liabilities held for trading	(1,078,659)	(675,320)
Trade payables	(5,183,260)	(5,231,907)
Other payables	(1,758,595)	(609,591)
Advance real estate receipts	(41,878)	(2,441,132)
Other current liabilities	(52,922)	94,840
Other operating activities items	106,513	66,068
	<u>17,199,242</u>	<u>15,492,694</u>
Interest received	53,630	51,685
Dividend received	4,034	5,351
Interest paid	(591,381)	(532,037)
Income tax paid	(576,350)	(1,004,825)
	<u>16,089,175</u>	<u>14,012,868</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	(14,636,532)	(19,277,821)
Proceeds on sale of financial assets designated as at fair value through profit or loss	14,502,853	19,330,233

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2017	2016 (Retrospectively Adjusted)
	NT\$	NT\$
Purchase of available-for-sale financial assets	\$ (302,648)	\$ (856,678)
Proceeds on sale of available-for-sale financial assets	-	16,035
Cash received from return of capital by available-for-sale financial assets	-	25,122
Acquisition of associates and joint ventures	-	(13,296,307)
Payments for property, plant and equipment	(7,064,649)	(5,106,310)
Proceeds from disposal of property, plant and equipment	182,433	34,917
Payments for intangible assets	(46,463)	(119,979)
Proceeds from disposal of intangible assets	9,090	-
Increase in other financial assets	-	(94,596)
Decrease in other financial assets	85,144	-
Increase in other non-current assets	-	(128,121)
Decrease in other non-current assets	3,459	-
Net cash used in investing activities	<u>(7,267,313)</u>	<u>(19,473,505)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of short-term borrowings	(6,466,350)	(4,080,018)
Proceeds from short-term bills payable	-	1,499,551
Proceeds from issue of bonds	8,000,000	9,000,000
Proceeds from long-term borrowings	7,027,402	12,131,345
Repayment of long-term borrowings	(18,803,424)	(19,093,748)
Proceeds from issue of ordinary shares	10,290,000	-
Proceeds from exercise of employee share options	578,629	167,111
Decrease in non-controlling interests	-	(2,825,773)
Other financing activities items	4,632	(101,272)
Net cash generated from (used in) financing activities	<u>630,889</u>	<u>(3,302,804)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	<u>(5,371,757)</u>	<u>(1,417,699)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	4,080,994	(10,181,140)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>38,392,524</u>	<u>55,251,181</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 42,473,518</u>	<u>\$ 45,070,041</u>

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

(With Deloitte & Touche review report dated May 12, 2017)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2017 AND 2016 (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”). 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 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 May 12, 2017.

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

- a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), Interpretations of IFRS (IFRIC), and Interpretations of IAS (SIC) endorsed and issued into effect by the Financial Supervisory Commission (“FSC”).

Except for the additional disclosures required by the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC and SIC (collectively, the “IFRSs”) endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers

The amendments include additions of several accounting items and requirements for disclosures of impairment of non-financial assets as a consequence of the IFRSs endorsed and issued into effect by the FSC. In addition, as a result of the post implementation review of IFRSs in Taiwan, the amendments also include emphasis on certain recognition and measurement considerations and add requirements for disclosures of related party transactions and goodwill.

The amendments stipulate that other companies or institutions of which the chairman of the board of directors or president serves as the chairman of the board of directors or the president, or is the spouse or second immediate family of the chairman of the board of directors or president of the Group are

deemed to have a substantive related party relationship, unless it can be demonstrated that no control, joint control, or significant influence exists. Furthermore, the amendments require the disclosure of the names of the related parties and the relationship with whom the Group has significant transaction. If the transaction or balance with a specific related party is 10% or more of the Group's respective total transaction or balance, such transaction should be separately disclosed by the name of each related party.

The amendments also require additional disclosure if there is a significant difference between the actual operation after business combination and the expected benefit on acquisition date.

The disclosures of related party transactions were enhanced when the amendments are retrospectively applied from January 1, 2017. Please see notes 33.

b. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

The Group has not applied the following IFRSs issued by the International Accounting Standard Board ("IASB") but not yet endorsed and issued into effect by the FSC.

The FSC announced that IFRS 9 and IFRS 15 will take effect starting January 1, 2018. As of the date the consolidated financial statements were authorized for issue, the FSC has not announced the effective dates of other new IFRSs.

New IFRSs	Effective Date Announced by IASB (Note 1)
Annual Improvements to IFRSs 2014-2016 Cycle	Note 2
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 IFRS15 Revenue from Contracts with Customers"	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
Amendments to IAS 40 "Transfers of investment property"	January 1, 2018
IFRIC 22 "Foreign Currency Transactions and Advance Consideration"	January 1, 2018

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 12 is retrospectively applied for annual periods beginning on or after January 1, 2017; the amendment to IAS 28 is retrospectively applied for annual periods beginning on or after January 1, 2018.

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.

Transition

Financial instruments that have been derecognized prior to the effective date of IFRS 9 cannot be reversed to apply IFRS 9 when it becomes effective. Under IFRS 9, the requirements for classification, measurement and impairment of financial assets are applied retrospectively with the difference between the previous carrying amount and the carrying amount at the date of initial application recognized in the current period and restatement of prior periods is not required. The requirements for general hedge accounting shall be applied prospectively and the accounting for hedging options shall be applied retrospectively.

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 over 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 over 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, 2018.

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.

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 and issued into effect 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

The basis for the consolidated financial statements

The basis for the consolidated financial statements applied in these interim consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2016.

The subsidiaries in the consolidated financial statements

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

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
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

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
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 by ASE Test, Inc. in May 2016	Taipei, ROC	60.0	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	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. (“ASEN”)	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.	Liquidated in February 2017	Shanghai, China	-	100.0	100.0
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
Shanghai Ding Fan Department Store Co., Ltd.	Engaged in department store business, and was established in July 2016	Shanghai, China	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 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

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2017	December 31, 2016	March 31, 2016
Huntington Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2	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
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	97.0	97.0	98.8
Universal Scientific Industrial (Shanghai) Co., Ltd. (“USISH”)	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	75.9	75.9	77.3
Universal Global Technology Co., Limited	Holding company	Hong Kong	75.9	75.9	77.3
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	75.9	75.9	77.3
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	75.9	75.9	77.3
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	Shanghai, China	75.9	75.9	77.3
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	75.9	75.9	77.3
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	75.9	75.9	77.3
USI America Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service.	U.S.A.	75.9	75.9	77.3
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	75.9	75.9	77.3
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	75.9	75.9	77.3
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	75.9	75.9	77.3
Universal Scientific Industrial Co., Ltd. (“USI”)	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	Nantou, ROC	75.7	75.2	76.5

(Concluded)

c. Other significant accounting policies

Except for the following, the accounting policies applied in these interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2016. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2016.

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, 2016.

6. CASH AND CASH EQUIVALENTS

	<u>March 31, 2017</u> NT\$	<u>December 31, 2016</u> NT\$	<u>March 31, 2016</u> NT\$
Cash on hand	\$ 6,568	\$ 6,856	\$ 8,248
Checking accounts and demand deposits	35,574,692	28,823,763	38,810,096
Cash equivalent	<u>6,892,258</u>	<u>9,561,905</u>	<u>6,251,697</u>
	<u>\$ 42,473,518</u>	<u>\$ 38,392,524</u>	<u>\$ 45,070,041</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

	<u>March 31, 2017</u> NT\$	<u>December 31, 2016</u> NT\$	<u>March 31, 2016</u> NT\$
Financial assets designated as at FVTPL			
Private-placement convertible bonds	\$ 100,583	\$ 100,583	\$ 100,500
Structured time deposits	<u>-</u>	<u>-</u>	<u>1,613,105</u>
	<u>100,583</u>	<u>100,583</u>	<u>1,713,605</u>
Financial assets held for trading			
Quoted shares	1,910,367	1,855,073	34,614
Open-end mutual funds	585,131	584,945	583,880
Swap contracts	36,445	462,339	537,947
Forward exchange contracts	<u>36,260</u>	<u>66,872</u>	<u>231,129</u>
	<u>2,568,203</u>	<u>2,969,229</u>	<u>1,387,570</u>
	<u>\$ 2,668,786</u>	<u>\$ 3,069,812</u>	<u>\$ 3,101,175</u>

(Continued)

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>Financial liabilities held for trading</u>			
Conversion option, redemption option and put option of convertible bonds (Note 19)	\$ 2,451,416	\$ 1,213,890	\$ 2,288,997
Swap contracts	2,449,621	422,934	945,445
Forward exchange contracts	40,297	108,912	23,203
Foreign currency option contracts	2,490	17,924	1,712
Interest rate swap contracts	-	-	44,833
	<u>\$ 4,943,824</u>	<u>\$ 1,763,660</u>	<u>\$ 3,304,190</u>
			(Concluded)

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>March 31, 2017</u>		
Sell NT\$/Buy US\$	2017.04-2018.03	NT\$58,562,720/US\$1,864,000
Sell US\$/Buy CNY	2017.04	US\$50,582/CNY349,800
Sell US\$/Buy JPY	2017.05	US\$76,527/JPY8,600,000
Sell US\$/Buy MYR	2017.06	US\$5,000/MYR22,540
Sell US\$/Buy NT\$	2017.04	US\$122,000/NT\$3,698,590
<u>December 31, 2016</u>		
Sell NT\$/Buy US\$	2017.01-2017.12	NT\$59,797,499/US\$1,871,000
Sell US\$/Buy CNY	2017.03	US\$49,904/CNY349,800
Sell US\$/Buy JPY	2017.02	US\$77,153/JPY8,600,000
Sell US\$/Buy NT\$	2017.01	US\$61,000/NT\$1,958,908
<u>March 31, 2016</u>		
Sell NT\$/Buy US\$	2016.04-2017.03	NT\$59,900,304/US\$1,851,834
Sell US\$/Buy CNY	2016.04-2016.06	US\$116,979/CNY769,800
Sell US\$/Buy JPY	2016.05-2016.06	US\$59,785/JPY6,720,000
Sell US\$/Buy NT\$	2016.04	US\$110,650/NT\$3,610,703

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>March 31, 2017</u>		
Sell NT\$/Buy US\$	2017.04-2017.05	NT\$3,364,530/US\$110,000
Sell US\$/Buy CNY	2017.04-2017.05	US\$98,500/CNY680,709
Sell US\$/Buy JPY	2017.04-2017.05	US\$54,024/JPY6,113,947
Sell US\$/Buy KRW	2017.04	US\$9,500/KRW10,769,050
Sell US\$/Buy MYR	2017.04-2017.06	US\$15,000/MYR66,706
Sell US\$/Buy SGD	2017.04-2017.06	US\$8,600/SGD\$12,143

<u>December 31, 2016</u>		
Sell NT\$/Buy US\$	2017.01-2017.02	NT\$2,842,330/US\$90,000
Sell US\$/Buy CNY	2017.01-2017.02	US\$70,000/CNY484,805
Sell US\$/Buy JPY	2017.01-2017.02	US\$43,877/JPY5,063,820
Sell US\$/Buy KRW	2017.01	US\$35,000/KRW41,012,700
Sell US\$/Buy MYR	2017.01-2017.02	US\$19,000/MYR84,544
Sell US\$/Buy NT\$	2017.01-2017.03	US\$190,000/NT\$6,099,400
Sell US\$/Buy SGD	2017.01-2017.03	US\$12,900/SGD18,080
Sell US\$/Buy EUR	2017.01	US\$281/EUR270

<u>March 31, 2016</u>		
Sell NT\$/Buy US\$	2016.06-2016.07	NT\$2,255,025/US\$70,000
Sell CNY/Buy US\$	2016.04	CNY420,000/US\$64,375
Sell US\$/Buy CNY	2016.04-2016.08	US\$145,000/CNY948,069
Sell US\$/Buy JPY	2016.04-2016.06	US\$21,764/JPY2,453,521
Sell US\$/Buy KRW	2016.04	US\$6,000/KRW7,207,300
Sell US\$/Buy MYR	2016.04-2016.05	US\$9,000/MYR37,122
Sell US\$/Buy NT\$	2016.04-2016.08	US\$115,000/NT\$3,844,550
Sell US\$/Buy SGD	2016.04-2016.05	US\$9,400/SGD13,209

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>March 31, 2017</u>		
Buy US\$ Call/CNY Put	2017.08 (Note)	US\$2,000/CNY13,800
Sell US\$ Put/CNY Call	2017.08 (Note)	US\$1,000/CNY 6,900
<u>December 31, 2016</u>		
Buy US\$ Call/CNY Put	2017.08 (Note)	US\$2,000/CNY13,800
Sell US\$ Put/CNY Call	2017.08 (Note)	US\$1,000/CNY6,900
<u>March 31, 2016</u>		
Buy US\$ Call/CNY Put	2017.08 (Note)	US\$2,000/CNY13,800
Sell US\$ Put/CNY Call	2017.08 (Note)	US\$1,000/CNY 6,900

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.

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>March 31, 2016</u>			
2016.10	NT\$1,000,000	4.60% (Fixed)	0.00%-5.00% (Floating)

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Unquoted ordinary shares	\$ 546,667	\$ 553,350	\$ 208,663
Open-end mutual funds	542,930	243,458	850,687
Limited partnership	262,862	273,372	450,067
Quoted ordinary shares	192,051	146,786	215,463
Unquoted preferred shares	<u>79,678</u>	<u>78,068</u>	<u>14,962</u>
	1,624,188	1,295,034	1,739,842
Current	<u>573,199</u>	<u>266,696</u>	<u>869,832</u>
Non-current	<u>\$ 1,050,989</u>	<u>\$ 1,028,338</u>	<u>\$ 870,010</u>

9. TRADE RECEIVABLES, NET

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Trade receivables	\$ 43,791,728	\$ 51,199,266	\$ 40,592,748
Less: Allowance for doubtful debts	<u>63,262</u>	<u>53,709</u>	<u>65,207</u>
Trade receivables, net	<u>\$ 43,728,466</u>	<u>\$ 51,145,557</u>	<u>\$ 40,527,541</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 March 31, 2017, December 31, 2016 and March 31, 2016, except that the Group's five largest customers accounted for 25%, 30% and 28% 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

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Not past due	\$ 40,145,888	\$ 45,959,876	\$ 37,286,984
1 to 30 days	2,795,956	4,467,435	2,854,711
31 to 90 days	724,983	700,122	285,104
More than 91 days	<u>124,901</u>	<u>71,833</u>	<u>165,949</u>
Total	<u>\$ 43,791,728</u>	<u>\$ 51,199,266</u>	<u>\$ 40,592,748</u>

Aging of receivables that were past due but not impaired

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
1 to 30 days	\$ 2,763,719	\$ 4,449,479	\$ 2,215,118
31 to 90 days	<u>538,326</u>	<u>596,647</u>	<u>194,049</u>
Total	<u>\$ 3,302,045</u>	<u>\$ 5,046,126</u>	<u>\$ 2,409,167</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, 2017	\$ 16,453	\$ 37,256	\$ 53,709
Impairment losses recognized (reversed)	(489)	11,665	11,176
Effect of foreign currency exchange differences	<u>(699)</u>	<u>(924)</u>	<u>(1,623)</u>
Balance at March 31, 2017	<u>\$ 15,265</u>	<u>\$ 47,997</u>	<u>\$ 63,262</u>
Balance at January 1, 2016	\$ 39,046	\$ 43,860	\$ 82,906
Impairment losses recognized (reversed)	(23,582)	5,670	(17,912)
Effect of foreign currency exchange differences	<u>(214)</u>	<u>427</u>	<u>213</u>
Balance at March 31, 2016	<u>\$ 15,250</u>	<u>\$ 49,957</u>	<u>\$ 65,207</u>

b. Transfers of financial assets

Except those factored receivables of US\$41,849 thousand in prior years has been collected by Citi Bank in the first quarter of 2016, there was no receivables factored nor advances received for the three months ended March 31, 2017 and 2016, respectively. The credit line under the factoring agreements with Citi Bank was US\$66,000 thousand and US\$92,000 thousand for the three months ended March

31, 2017 and 2016, respectively.

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 thousand, US\$2,000 thousand and US\$5,000 thousand as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively. As of March 31, 2017, 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

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Finished goods	\$ 4,519,974	\$ 6,519,465	\$ 5,822,321
Work in process	3,220,928	2,822,687	3,049,617
Raw materials	10,382,076	10,850,062	9,002,402
Supplies	854,856	795,093	677,936
Raw materials and supplies in transit	<u>431,175</u>	<u>450,755</u>	<u>855,729</u>
	<u>\$ 19,409,009</u>	<u>\$ 21,438,062</u>	<u>\$ 19,408,005</u>

The cost of inventories recognized as operating costs for the three months ended March 31, 2017 and 2016 were NT\$54,458,655 thousand and NT\$49,735,010 thousand, respectively, which included write-down of inventories at NT\$83,115 thousand and NT\$53,882 thousand, respectively.

11. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Land and buildings held for sale	\$ 159,712	\$ 263,526	\$ 130,911
Construction in progress	21,359,291	22,236,464	22,933,802
Land held for construction	<u>1,687,525</u>	<u>1,687,525</u>	<u>1,751,429</u>
	<u>\$ 23,206,528</u>	<u>\$ 24,187,515</u>	<u>\$ 24,816,142</u>

Land and buildings held for sale located in Kun Shan Qiandeng and Shanghai Zhangjiang, China were completed and subsequently 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 ended March 31, 2017 and 2016 is disclosed in Note 23.

As of March 31, 2017, December 31, 2016 and March 31, 2016, inventories related to real estate business of NT\$11,567,121 thousand, NT\$12,076,154 thousand and NT\$13,289,653 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

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Unsecured subordinate corporate bonds	\$ 1,000,000	\$ 1,000,000	\$ -
Time deposits with original maturity of over three months	412,556	480,736	341,210
Pledged time deposits (Note 34)	201,739	206,530	207,467
Guarantee deposits	165,088	178,103	156,715
Others (Note 34)	<u>14,540</u>	<u>13,698</u>	<u>36,875</u>
	1,793,923	1,879,067	742,267
Current	<u>478,389</u>	<u>558,686</u>	<u>387,329</u>
Non-current	<u>\$ 1,315,534</u>	<u>\$ 1,320,381</u>	<u>\$ 354,938</u>

In June 2016, the Group acquired 1,000 units of perpetual unsecured subordinate corporate bonds in the amount of 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 March 31, 2017 and December 31, 2016.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016 (Retrospectively Adjusted)</u>
	NT\$	NT\$	NT\$
Investments in associates	\$ 49,207,944	\$ 49,154,346	\$ 49,945,837
Investments in joint ventures	<u>625,622</u>	<u>670,550</u>	<u>606,399</u>
	<u>\$ 49,833,566</u>	<u>\$ 49,824,896</u>	<u>\$ 50,552,236</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		
			<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016 (Retrospectively Adjusted)</u>
			NT\$	NT\$	NT\$
Material associate Siliconware Precision Industries Co., Ltd. ("SPIL")	Engaged in assembly, testing and turnkey services of integrated circuits	ROC	\$ 45,919,552	\$ 45,884,727	\$ 48,580,715
Associates that are not individually material Deca Technologies Inc. ("DECA")	Holding company and the group engaged in manufacturing, development and marketing of wafer level packaging and interconnect technology	British Cayman Islands	1,730,836	1,820,329	-
Hung Ching Development & Construction Co. ("HC")	Engaged in the development, construction and leasing of real estate properties	ROC	1,287,989	1,162,234	1,309,503
Hung Ching Kwan Co. ("HCK")	Engaged in the leasing of real estate properties	ROC	319,744	321,120	331,359

(Continued)

Name of Associate	Main Business	Operating Location	Carrying Amount		
			March 31, 2017 NT\$	December 31, 2016 NT\$	March 31, 2016 (Retrospectively Adjusted) NT\$
Advanced Microelectronic Products Inc. ("AMPI")	Engaged in integrated circuit	ROC	\$ 249,972	\$ 266,085	\$ 24,409
	Less: Deferred gain on transfer of land		49,508,093 300,149	49,454,495 300,149	50,245,986 300,149
			<u>\$ 49,207,944</u>	<u>\$ 49,154,346</u>	<u>\$ 49,945,837</u>

(Concluded)

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

	March 31, 2017	December 31, 2016	March 31, 2016
SPIL	33.29%	33.29%	33.02%
DECA	22.07%	22.07%	-
HC	26.22%	26.22%	26.22%
HCK	27.31%	27.31%	27.31%
AMPI	38.76%	38.76%	18.24%

3) 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 to 33.29%.

The Company has 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. Therefore, the Company has retrospectively adjusted the comparative consolidated financial statements for prior periods. As of March 31, 2016, the retrospective adjustments are summarized as follows:

	Before retrospective adjustments NT\$	After retrospective adjustments NT\$
Investments accounted for using the equity method - SPIL	<u>\$ 49,143,429</u>	<u>\$ 48,580,715</u>
Retained earnings	<u>\$ 60,341,662</u>	<u>\$ 59,778,948</u>

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 37.

4) In July 2016, the Company acquired 98,490 thousand preferred shares issued by DECA at US\$0.608 per share with a total consideration of NT\$1,934,062 thousand (US\$59,882 thousand). The percentage of ownership was 22.07% and the Company obtained significant influence over DECA. As of March 31, 2017, 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 DECA's identifiable assets and liabilities.

5) In November 2016, the Company's subsidiary, ASE Test, Inc. purchased 90,000 thousand ordinary shares of AMPI in a private placement with NT\$225,000 thousand paid in cash. As a result, the

percentage of ownership held by the Group was 38.76%. As of March 31, 2017, the ASE Test, Inc. has not completed the identification of the difference between the cost of the investment and its share of the net fair value of AMPI's identifiable assets and liabilities.

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

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
SPIL	<u>\$ 51,346,350</u>	<u>\$ 49,634,805</u>	<u>\$ 53,508,000</u>
HC	<u>\$ 1,745,540</u>	<u>\$ 1,310,829</u>	<u>\$ 1,245,631</u>
AMPI	<u>\$ 388,422</u>	<u>\$ 307,038</u>	<u>\$ 105,255</u>

- 7) 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 and issued into effect by the FSC, and adjusted by the Group for equity accounting purposes.

	March 31, 2017	December 31, 2016	March 31, 2016 (Retrospectively Adjusted)
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Current assets	\$ 47,530,562	\$ 50,451,295	\$ 46,930,177
Non-current assets	107,966,385	107,606,186	113,419,012
Current liabilities	(37,987,409)	(41,088,439)	(30,483,889)
Non-current liabilities	<u>(16,920,368)</u>	<u>(16,484,482)</u>	<u>(19,962,892)</u>
Equity	<u>\$ 100,589,170</u>	<u>\$ 100,484,560</u>	<u>\$ 109,902,408</u>
Proportion of the Group's ownership interest in SPIL	33.29%	33.29%	33.02%
Net assets attributable to the Group	33,486,135	\$ 33,451,310	\$ 36,289,775
Goodwill	<u>12,433,417</u>	<u>12,433,417</u>	<u>12,290,940</u>
Carrying amount	<u>\$ 45,919,552</u>	<u>\$ 45,884,727</u>	<u>\$ 48,580,715</u>
		For the Three Month Ended March 31	
		2017	2016 (Retrospectively Adjusted)
		<u>NT\$</u>	<u>NT\$</u>
Operating revenue		<u>\$ 19,551,585</u>	<u>\$ 19,299,310</u>
Gross profit		<u>\$ 2,669,305</u>	<u>\$ 3,150,927</u>
Profit before income tax expense		<u>\$ 174,119</u>	<u>\$ 1,079,274</u>

(Continued)

	For the Three Month Ended March 31	
	2017	2016 (Retrospectively Adjusted)
	NT\$	NT\$
Net profit (loss) for the period	\$ (90,906)	\$ 785,061
Other comprehensive income for the period	<u>210,040</u>	<u>203,834</u>
Total comprehensive income for the period	<u>\$ 119,134</u>	<u>\$ 988,895</u> (Concluded)

8) Aggregate information of associates that are not individually material

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
The Group's share of:		
Net loss for the period	\$ (67,577)	\$ (13,277)
Other comprehensive income (loss) for the period	<u>81,315</u>	<u>(12,478)</u>
Total comprehensive income (loss) for the period	<u>\$ 13,738</u>	<u>\$ (25,755)</u>

9) Except DECA, the investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss as of and for the three months ended March 31, 2017 and 2016 were based on the associates' financial statements reviewed by auditors for the same periods. The Group's management believes that DECA's financial statements not reviewed by auditors would not have material impact on the Group's consolidated financial statements.

b. Investments in joint ventures

1) The joint venture that was not individually material and accounted for using the equity method was the Group's investment in ASE Embedded Electronics Inc. ("ASEEE"). In May 2015, the Group and TDK Corporation ("TDK") entered into an agreement to establish a joint venture to invest in ASEEE. The Group invested NT\$618,097 thousand in August 2015 and participated in ASEEE's cash capital increase with NT\$146,903 thousand in September 2016. As of March 31, 2017, December 31, 2016 and March 31, 2016, the percentage of ownership were all 51%. ASEEE are located in ROC and engaged in the production of embedded substrate. 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.

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

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
The Group's share of net loss and total comprehensive loss for the period	<u>\$ (45,035)</u>	<u>\$ (7,503)</u>

- 3) The investments accounted for using the equity method and the share of loss and other comprehensive loss as of and for the three months ended March 31, 2017 and 2016 were based on the joint venture's financial statements reviewed by auditors for the same period.

14. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Land	\$ 3,310,629	\$ 3,365,013	\$ 3,363,172
Buildings and improvements	58,918,796	58,028,631	59,878,239
Machinery and equipment	68,532,174	72,700,762	75,133,465
Other equipment	1,920,957	2,089,581	1,820,300
Construction in progress and machinery in transit	<u>7,389,913</u>	<u>7,696,254</u>	<u>7,038,564</u>
	<u>\$ 140,072,469</u>	<u>\$ 143,880,241</u>	<u>\$ 147,233,740</u>

For the three months ended March 31, 2017

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>Cost</u>						
Balance at January 1, 2017	\$ 3,365,013	\$ 96,258,175	\$248,200,756	\$ 8,474,661	\$ 7,713,542	\$364,012,147
Additions	-	298,463	9,555	9,836	6,073,993	6,391,847
Disposals	-	(202,177)	(1,581,865)	(88,039)	(18,012)	(1,890,093)
Reclassification	-	3,132,597	3,026,867	85,308	(6,244,772)	-
Effect of foreign currency exchange differences	<u>(54,384)</u>	<u>(2,222,022)</u>	<u>(5,203,719)</u>	<u>(259,531)</u>	<u>(134,838)</u>	<u>(7,874,494)</u>
Balance at March 31, 2017	<u>\$ 3,310,629</u>	<u>\$ 97,265,036</u>	<u>\$244,451,594</u>	<u>\$ 8,222,235</u>	<u>\$ 7,389,913</u>	<u>\$360,639,407</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2017	\$ -	\$ 38,229,544	\$175,499,994	\$ 6,385,080	\$ 17,288	\$220,131,906
Depreciation expense	-	1,291,193	5,643,408	211,282	-	7,145,883
Reversal of impairment loss	-	-	(1,652)	-	-	(1,652)
Disposals	-	(201,826)	(1,249,151)	(87,880)	(17,288)	(1,556,145)
Reclassification	-	(8,030)	776	7,254	-	-
Effect of foreign currency exchange differences	<u>-</u>	<u>(964,641)</u>	<u>(3,973,955)</u>	<u>(214,458)</u>	<u>-</u>	<u>(5,153,054)</u>
Balance at March 31, 2017	<u>\$ -</u>	<u>\$ 38,346,240</u>	<u>\$175,919,420</u>	<u>\$ 6,301,278</u>	<u>\$ -</u>	<u>\$220,566,938</u>

For the three months ended March 31, 2016

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<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	-	(8,204)	76,387	15,395	5,019,701	5,103,279
Disposals	-	(207,281)	(2,293,550)	(24,376)	(2,700)	(2,527,907)
Reclassification	-	1,703,062	2,423,802	216,732	(4,343,642)	(46)
Effect of foreign currency exchange differences	<u>(18,128)</u>	<u>(488,297)</u>	<u>(847,554)</u>	<u>(30,569)</u>	<u>80,121</u>	<u>(1,304,427)</u>
Balance at March 31, 2016	<u>\$ 3,363,172</u>	<u>\$ 95,447,212</u>	<u>\$242,642,692</u>	<u>\$ 7,899,590</u>	<u>\$ 7,151,240</u>	<u>\$356,503,906</u>

(Continued)

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<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	-	1,281,544	5,754,648	204,544	-	7,240,736
Impairment losses recognized	-	8,556	-	5,564	821	14,941
Disposals	-	(206,529)	(2,248,526)	(17,681)	-	(2,472,736)
Reclassification	-	(314)	-	314	-	-
Effect of foreign currency exchange differences	-	(161,162)	(565,193)	(20,865)	(1,487)	(748,707)
Balance at March 31, 2016	<u>\$ -</u>	<u>\$ 35,568,973</u>	<u>\$167,509,227</u>	<u>\$ 6,079,290</u>	<u>\$ 112,676</u>	<u>\$209,270,166</u>

(Concluded)

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 ended March 31, 2017 and 2016 are disclosed in Note 23.

15. GOODWILL

	Cost	Accumulated impairment	Carrying amount
	NT\$	NT\$	NT\$
Balance at January 1, 2017	\$ 12,547,874	\$ 1,988,996	\$ 10,558,878
Effect of foreign currency exchange differences	<u>(101,413)</u>	<u>-</u>	<u>(101,413)</u>
Balance at March 31, 2017	<u>\$ 12,446,461</u>	<u>\$ 1,988,996</u>	<u>\$ 10,457,465</u>
Balance at January 1, 2016	\$ 12,495,515	\$ 1,988,996	\$ 10,506,519
Effect of foreign currency exchange differences	<u>(33,767)</u>	<u>-</u>	<u>(33,767)</u>
Balance at March 31, 2016	<u>\$ 12,461,748</u>	<u>\$ 1,988,996</u>	<u>\$ 10,472,752</u>

16. OTHER INTANGIBLE ASSETS

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

	March 31, 2017	December 31, 2016	March 31, 2016
	NT\$	NT\$	NT\$
Customer relationships	\$ 174,011	\$ 194,089	\$ 254,324
Computer software	881,423	943,527	984,576
Patents and acquired specific technology	294,434	302,955	15,374

(Continued)

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Others	\$ 114,515	\$ 120,418	\$ 133,828
	<u>\$ 1,464,383</u>	<u>\$ 1,560,989</u>	<u>\$ 1,388,102</u>

(Concluded)

For the three months ended March 31, 2017

	<u>Customer relationships</u>	<u>Computer software</u>	<u>Patents and acquired specific technology</u>	<u>Others</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>					
Balance at January 1, 2017	\$ 915,636	\$ 3,552,229	\$ 451,137	\$ 192,392	\$ 5,111,394
Additions	-	36,863	-	-	36,863
Disposals	-	(30,033)	(123,743)	-	(153,776)
Effect of foreign currency exchange differences	-	(73,025)	(3,076)	(1,783)	(77,884)
Balance at March 31, 2017	<u>\$ 915,636</u>	<u>\$ 3,486,034</u>	<u>\$ 324,318</u>	<u>\$ 190,609</u>	<u>\$ 4,916,597</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2017	\$ 721,547	\$ 2,608,702	\$ 148,182	\$ 71,974	\$ 3,550,405
Amortization expense	20,078	81,313	8,355	4,328	114,074
Disposals	-	(25,906)	(123,743)	-	(149,649)
Effect of foreign currency exchange differences	-	(59,498)	(2,910)	(208)	(62,617)
Balance at March 31, 2017	<u>\$ 741,625</u>	<u>\$ 2,604,611</u>	<u>\$ 29,884</u>	<u>\$ 76,094</u>	<u>\$ 3,452,214</u>

For the three months ended March 31, 2016

	<u>Customer relationships</u>	<u>Computer software</u>	<u>Patents and acquired specific technology</u>	<u>Others</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>					
Balance at January 1, 2016	\$ 915,636	\$ 3,338,360	\$ 154,082	\$ 193,338	\$ 4,601,416
Additions	-	119,979	-	-	119,979
Disposals	-	(17,243)	(30)	-	(17,273)

(Continued)

	<u>Customer relationships</u> NT\$	<u>Computer software</u> NT\$	<u>Patents and acquired specific technology</u> NT\$	<u>Others</u> NT\$	<u>Total</u> NT\$
Effect of foreign currency exchange differences	\$ -	\$ (3,458)	\$ (899)	\$ (488)	\$ (4,845)
Balance at March 31, 2016	<u>\$ 915,636</u>	<u>\$ 3,437,638</u>	<u>\$ 153,153</u>	<u>\$ 192,850</u>	<u>\$ 4,699,277</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2016	\$ 641,234	\$ 2,385,038	\$ 138,386	\$ 54,665	\$ 3,219,323
Amortization expense	20,078	83,686	1,103	4,362	109,229
Disposals	-	(14,954)	(30)	-	(14,984)
Effect of foreign currency exchange differences	-	(708)	(1,680)	(5)	(2,393)
Balance at March 31, 2016	<u>\$ 661,312</u>	<u>\$ 2,453,062</u>	<u>\$ 137,779</u>	<u>\$ 59,022</u>	<u>\$ 3,311,175</u> (Concluded)

Each class of other intangible assets were amortized on the straight-line basis over the following useful lives:

Customer relationships	11 years
Computer software	2-5 years
Patents and acquired specific technology	5-15 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 0.22%-5.10%, 0.70%-8.99% and 0.21%-5.78% as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively.

b. Short-term bills payable – only as of March 31, 2016

Commercial papers	\$ 5,850,000
Less: unamortized arrangement fee	<u>2,395</u>
	<u>\$ 5,847,605</u>
Annual interest rate	0.73%

c. Long-term borrowings

1) Bank loans

As of March 31, 2017, December 31, 2016 and March 31, 2016, the long-term bank loans with fixed interest rates were all amounted to NT\$1,500,000 thousand with annual interest rates at 1.20%, 1.20% and 1.17%, respectively. The long-term bank loans with fixed interest rate will be repayable through December 2018. The others were long-term bank loans with floating interest rates and consisted of the followings:

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Working capital bank loans			
Syndicated bank loans - repayable through July 2017 to July 2018, annual interest rates were 2.28%, 2.55% and 1.72%-2.22% as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively	\$ 7,036,560	\$ 9,223,500	\$ 11,921,968
Others - repayable through April 2017 to November 2019, annual interest rates were 0.74%-2.80%, 0.74%-4.48% and 0.95%-4.14% as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively	23,279,070	36,009,917	17,548,563
Mortgage loans			
Repayable through July 2017 to June 2023, annual interest rates were all 4.95%-5.39% as of March 31, 2017, December 31, 2016 and March 31, 2016	<u>4,524,166</u>	<u>4,390,003</u>	<u>4,186,025</u>
	34,839,796	49,623,420	33,656,556
Less: unamortized arrangement fee	<u>5,399</u>	<u>7,198</u>	<u>15,493</u>
	34,834,397	49,616,222	33,641,063
Less: current portion	<u>7,111,368</u>	<u>6,567,565</u>	<u>1,352,658</u>
	<u>\$ 27,723,029</u>	<u>\$ 43,048,657</u>	<u>\$ 32,288,405</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 Company and its subsidiaries were in compliance with all of the loan covenants as of December 31, 2016.

The Group had sufficient long term credit facility obtained before March 31, 2016 to refinance a portion of loans on a long-term basis. Therefore, NT\$3,975,980 thousand was not classified as current portion of long-term borrowings as of March 31, 2016.

2) Long-term bills payable

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Ta Ching Bills Finance Corporation, annual interest rates were 1.01%, 1.00% and 1.03%% as of March 31, 2017, December 31, 2016 and March 31, 2016, respectively	\$ 2,000,000	\$ 2,000,000	\$ 2,000,000
China Bills Finance Corporation, annual interest rates was 0.97%	1,000,000	-	-
International Bills Finance Corporation, annual interest rates was 0.97%	<u>1,000,000</u>	<u>-</u>	<u>-</u>
	4,000,000	2,000,000	2,000,000
Less: unamortized discounts	<u>1,391</u>	<u>659</u>	<u>793</u>
	<u>\$ 3,998,609</u>	<u>\$ 1,999,341</u>	<u>\$ 1,999,207</u>

19. BONDS PAYABLE

	<u>March 31, 2017</u>	<u>December 31, 2015</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Unsecured domestic bonds			
Repayable at maturity in January 2021 and interest due annually with annual interest rate at 1.30%	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Repayable at maturity in January 2023 and interest due annually with annual interest rate at 1.50%	2,000,000	2,000,000	2,000,000
Repayable at maturity in January 2022 and interest due annually with annual interest rate at 1.25%	3,700,000	-	-
Repayable at maturity in January 2024 and interest due annually with annual interest rate at 1.45%	4,300,000	-	-
Unsecured convertible overseas bonds			
US\$400,000 thousand	12,016,746	12,900,000	12,874,000
US\$200,000 thousand (linked to New Taiwan dollar)	6,185,600	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%	9,099,000	9,675,000	9,655,500
CNY500,000 thousand, repayable at maturity in September 2016 and interest due semi-annually with annual interest rate at 4.25%	-	-	2,490,636 (Continued)

	<u>March 31, 2017</u>	<u>December 31, 2015</u>	<u>March 31, 2016</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
	44,301,346	37,760,600	48,205,736
Less: discounts on bonds payable	<u>646,987</u>	<u>760,697</u>	<u>1,141,953</u>
	43,654,359	36,999,903	47,063,783
Less: current portion	<u>15,178,615</u>	<u>9,658,346</u>	<u>14,481,680</u>
	<u>\$ 28,475,744</u>	<u>\$ 27,341,557</u>	<u>\$ 32,582,103</u>
			(Concluded)

The Group had sufficient long term credit facility obtained before March 31, 2016 to refinance a portion of the bonds payable on a long-term basis. Therefore, NT\$8,000,000 thousand was not classified as current portion of bonds payable as of March 31, 2016.

- 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 March 31, 2017, December 31, 2016 and March 31, 2016, the conversion price was NT\$28.96, NT\$28.99 and NT\$30.28, respectively. In March 2017, the Bonds holders exercised the conversion right to convert the Bonds of US\$3,800 thousand at a conversion price NT\$28.96.

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 March 31, 2107, December 31, 2016 and March 31, 2016, the conversion price was NT\$49.48, NT\$49.52 and NT\$51.73, respectively.

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 are unconditionally and irrevocably guaranteed by the Company and the proceeds was used to fund certain eligible projects to promote the Group's transition to low-carbon and climate resilient growth.

20. OTHER PAYABLES

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Payables for property, plant and equipment	\$ 5,167,725	\$ 5,605,528	\$ 4,798,638
Accrued salary and bonus	4,894,187	6,606,406	4,927,292
Accrued employees' compensation and remuneration to directors	2,648,996	2,400,778	2,714,089
Accrued employee insurance	632,418	617,419	573,708
Accrued utilities	396,512	410,796	428,448
Payables for patents and acquired specific technology (Note 33)	113,738	120,938	-
Others	<u>5,341,709</u>	<u>5,760,169</u>	<u>5,183,093</u>
	<u>\$ 19,195,285</u>	<u>\$ 21,522,034</u>	<u>\$ 18,625,268</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 2016 and 2015 actuarial reports

22. EQUITY

a. Share capital

Ordinary shares

	March 31, 2017	December 31, 2016	March 31, 2016
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>
Shares capital reserved			
Employee share options	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>8,277,967</u>	<u>7,946,184</u>	<u>7,918,442</u>

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 March 31, 2017, December 31, 2016 and March 31, 2016, there were 500,000 thousand ordinary shares included in the authorized shares that were not yet required to complete the share registration process.

In December 2016, the board of directors approved the issue of 300,000 thousand ordinary shares for cash capital increase at NT\$34.3 per share. The aforementioned cash capital increase has been completed and the Company has completed the registration formalities.

As disclosed in Note 19, 3,931 thousand ordinary shares were issued under the conversion of Bonds and the Company has not complete the registration formalities.

American Depositary Receipts

The Company issued ADSs and each ADS represents five ordinary shares. As of March 31, 2017, December 31, 2016 and March 31, 2016, 108,091 thousand, 125,518 thousand and 125,667 thousand ADSs were outstanding and represented approximately 540,455 thousand, 627,590 thousand and 628,336 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	\$ 13,226,869	\$ 5,844,397	\$ 5,564,098

(Continued)

	March 31, 2017	December 31, 2016	March 31, 2016
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 7,176,958	\$ 7,176,958	\$ 7,176,958
Arising from conversion of bonds	89,879	-	-
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries (2)	6,135,832	6,132,777	6,577,097
Arising from treasury share transactions	950,368	950,368	717,355
Arising from exercised employee share options	715,338	630,411	552,252
Arising from expired employee share options	17,167	3,626	3,626
Arising from share of changes in capital surplus of associates	82,517	82,243	30,284
<u>May not be used for any purpose</u>			
Arising from employee share options	1,276,799	1,230,247	1,120,721
Arising from equity component of convertible bonds	<u>214,022</u>	<u>214,022</u>	<u>214,022</u>
	<u>\$ 29,885,749</u>	<u>\$ 22,265,049</u>	<u>\$ 21,956,413</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 was 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(f).

The amended Articles of Incorporation of ASE Inc. (the "Articles") in June 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 2016 proposed by the Company's board of directors in March 2017, and for 2015 resolved at the Company's annual shareholders' meetings in June 2016, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Year 2016	For Year 2015	For Year 2016	For Year 2015
	NT\$	NT\$	NT\$	NT\$
			(in dollars)	(in dollars)
Legal reserve	\$ 2,168,034	\$ 1,947,887		
Cash dividends	<u>11,415,198</u>	<u>12,476,779</u>	\$ 1.40	\$ 1.60
	<u>\$ 13,583,232</u>	<u>\$ 14,424,666</u>		

d. Others equity

- 1) Exchange differences on translating foreign operations

	For the Three Months Ended	
	March 31	
	2017	2016
	NT\$	NT\$
Balance at January 1	\$ (1,642,724)	\$ 4,493,570
Exchange differences arising on translating foreign operations	(6,396,711)	(1,336,881)
Share of exchange difference of associates and joint venture accounted for using the equity method	<u>(249,647)</u>	<u>(41,728)</u>
Balance at March 31	<u>\$ (8,289,082)</u>	<u>\$ 3,114,961</u>

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

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Balance at January 1	\$ (240,850)	\$ 588,119
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	43,648	(23,589)
Cumulative gain reclassified to profit or loss on disposal of available-for-sale financial assets	-	(35)
Share of unrealized gain on available-for-sale financial assets of associates joints venture accounted for using the equity method	<u>420,078</u>	<u>52,467</u>
Balance at March 31	<u>\$ 222,876</u>	<u>\$ 616,962</u>

f. Treasury shares (in thousand shares)

	Beginning Balance	Addition	Decrease	Ending Balance
<u>Three months ended March 31, 2017</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>Three months ended March 31, 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>

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>March 31, 2017</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,417,768
J&R Holding	46,704	381,709	1,809,771
			(Continued)

	Shares Held By Subsidiaries (in thousand shares)	Carrying amount NT\$	Fair Value NT\$
ASE Test, Inc.	10,979	\$ 196,677	\$ 425,428
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,652,967</u>
<u>December 31, 2016</u>			
ASE Test	88,200	\$ 1,380,721	\$ 2,915,026
J&R Holding	46,704	381,709	1,543,559
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>362,849</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 4,821,434</u>
<u>March 31, 2016</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,303,318
J&R Holding	46,704	381,709	1,749,056
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>411,115</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,463,319</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

	For the Three Months Ended March 31	
	2017 NT\$	2016 NT\$
Balance at January 1	\$ 11,992,170	\$ 11,503,878
Attributable to non-controlling interests:		
Share of profit for the period	402,022	174,119
Exchange difference on translating foreign operations	(546,903)	(132,439)
Unrealized gain on available-for-sale financial assets	454	174
Additional non-controlling interests arising from partial disposal of subsidiaries (Note 28)	(3,055)	26,436

(Continued)

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Repurchase of outstanding ordinary shares of subsidiaries (Note 28)	\$ -	\$ 912,886
Non-controlling interest relating to issue of ordinary shares under employee share options.	<u>58,096</u>	<u>61,506</u>
Balance at March 31	<u>\$ 11,902,784</u>	<u>\$ 10,720,788</u> (Concluded)

23. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Government subsidy	\$ 29,419	\$ 82,366
Interest income	52,739	66,383
Rental income	22,255	12,091
Dividends income	<u>4,034</u>	<u>5,351</u>
	<u>\$ 108,447</u>	<u>\$ 166,191</u>

b. Other gains (losses), net

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Net gains on financial assets designated as at FVTPL	\$ 54,823	\$ 41,743
Net losses arising on financial instruments held for trading	(4,019,201)	(402,187)
Foreign exchange gains, net	2,890,697	881,441
Others	<u>248,661</u>	<u>(11,008)</u>
	<u>\$ (825,020)</u>	<u>\$ 509,989</u>

c. Finance costs

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Total interest expense for financial liabilities measured at amortized cost	\$ 572,259	\$ 662,846
Less: Amounts included in the cost of qualifying assets Inventories related to real estate business	(65,940)	(57,070)
		(Continued)

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Property, plant and equipment	\$ (19,014)	\$ (12,458)
	487,305	593,318
Other finance costs	<u>4,961</u>	<u>17,986</u>
	<u>\$ 492,266</u>	<u>\$ 611,304</u>
		(Concluded)

Information relating to the capitalized borrowing costs was as follows:

	For the Three Months Ended March 31	
	2017	2016
Annual interest capitalization rates		
Inventories related to real estate business	4.35%-5.39%	4.35%-6.00%
Property, plant and equipment	1.26%-5.49%	1.15%-4.00%

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Property, plant and equipment	\$ 7,145,883	\$ 7,240,736
Intangible assets	<u>114,074</u>	<u>109,229</u>
Total	<u>\$ 7,259,957</u>	<u>\$ 7,349,965</u>
Summary of depreciation by function		
Operating costs	\$ 6,644,834	\$ 6,739,005
Operating expenses	<u>501,049</u>	<u>501,731</u>
	<u>\$ 7,145,883</u>	<u>\$ 7,240,736</u>
Summary of amortization by function		
Operating costs	\$ 42,247	\$ 34,634
Operating expenses	<u>71,827</u>	<u>74,595</u>
	<u>\$ 114,074</u>	<u>\$ 109,229</u>

e. Employee benefits expense

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Post-employment benefits		
Defined contribution plans	\$ 562,375	\$ 577,421
Defined benefit plans	<u>89,194</u>	<u>96,992</u>
	651,569	674,413
Equity-settled share-based payments	202,777	120,617
Salary, incentives and bonus	10,563,726	9,953,067
Other employee benefits	<u>1,730,299</u>	<u>1,414,961</u>
	<u>\$ 13,148,371</u>	<u>\$ 12,163,058</u>
Summary of employee benefits expense by function		
Operating costs	\$ 8,856,770	\$ 8,283,809
Operating expenses	<u>4,291,601</u>	<u>3,879,249</u>
	<u>\$ 13,148,371</u>	<u>\$ 12,163,058</u>

f. Employees' compensation and the remuneration to directors

To be in compliance with the Company Act as amended in May 2015, the amended Articles of Incorporation of the Company, which has been approved in the shareholders' meeting in June 2016, stipulates 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 ended March 31, 2017 and 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, and were as follows.

	For the Three Months Ended March 31	
	2017	2016
	NT\$	NT\$
Employees' compensation	\$ 254,324	\$ 398,060
Remuneration to directors	23,120	36,187

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 2016 and 2015 resolved by the board of directors in March 2017 and in April 2016, respectively, were stated as below.

	For Year 2016	For Year 2015
	NT\$	NT\$
Employees' compensation	\$ 2,151,900	\$ 2,033,800
Remuneration to directors	148,000	140,000

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, 2016 and 2015 were deemed changes in estimates. The difference was NT\$42,634 thousand and NT\$44,200 thousand and had been adjusted in net profit for the years ended December 31, 2017 and 2016, respectively.

Information on the employees' compensation and the remuneration to directors resolved by the Company's board of directors 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:

	For the Three Months Ended	
	March 31	
	2017	2016
	NT\$	NT\$
Current income tax		
In respect of the current period	\$ 761,717	\$ 1,519,369
Income tax on unappropriated earnings	45,378	62,807
Changes in estimate for prior periods	<u>(16,902)</u>	<u>25,423</u>
	<u>790,193</u>	<u>1,607,599</u>
Deferred income tax		
In respect of the current period	225,158	(289,421)
Adjustments to attributable to changes in tax rates	-	14,184
Changes in estimate for prior periods	11,552	-
Effect of foreign currency exchange differences	<u>(141,422)</u>	<u>(14,119)</u>
	<u>95,288</u>	<u>(289,356)</u>
Income tax expense recognized in profit or loss	<u>\$ 885,481</u>	<u>\$ 1,318,243</u>

b. Integrated income tax

As of March 31, 2017, December 31, 2016 and March 31, 2016, unappropriated earnings were all generated on and after January 1, 1998. As of March 31, 2017, December 31, 2016 and March 31, 2016, the balance of the Imputation Credit Account ("ICA") was NT\$3,328,374 thousand, NT\$3,328,374 thousand and NT\$1,913,243 thousand, respectively.

The creditable ratio for the distribution of earnings of 2016 and 2015 was 9.31% (estimated) and 9.65% (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.

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 March 31	
	2017	2016 (Retrospectively Adjusted)
	NT\$	NT\$
Profit for the period attributable to owners of the Company	\$ 2,569,240	\$ 3,882,120
Effect of potentially dilutive ordinary shares:		
Convertible bonds	23,903	(457,434)
Employee share options issued by subsidiaries	(72,287)	(90,529)
Investments in associates	<u>(176,148)</u>	<u>(32,573)</u>
Earnings used in the computation of diluted earnings per share	<u>\$ 2,344,708</u>	<u>\$ 3,301,584</u>

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

	For the Three Months Ended March 31	
	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	7,700,388	7,649,386
Effect of potentially dilutive ordinary shares:		
Convertible bonds	124,911	515,295
Employees' compensation	58,218	62,605
Employee share options	<u>47,798</u>	<u>65,992</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>7,931,315</u>	<u>8,293,278</u>

The Group is able to settle the employees' compensation by cash or shares. The Group assumed that the entire amount of the compensation 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 shareholders approve the number of shares to be distributed to employees at their meeting in the following year.

The third unsecured convertible overseas bonds issued by the Company were anti-dilutive for the three months ended March 31, 2017 and were excluded from the computation of diluted earnings per share for the same period.

26. SHARE-BASED PAYMENT ARRANGEMENTS

a. 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. 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.

ASE Inc. Option Plans

Information about share options was as follows:

	For the Three Months Ended March 31			
	2017		2016	
	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	210,795	\$27.3	252,607	\$26.6
Options forfeited	(1,457)	36.4	(1,057)	33.6
Options exercised	<u>(27,852)</u>	20.8	<u>(8,014)</u>	20.9
Balance at March 31	<u>181,486</u>	28.2	<u>243,536</u>	26.7
Options exercisable, end of period	<u>108,684</u>	20.8	<u>150,054</u>	20.8

The weighted average share prices at the dates of exercise of share options for the three months ended March 31, 2017 and 2016 was NT\$36.9 and NT\$36.1, 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)
March 31, 2017	\$ 20.4-22.6 36.5	2.5 8.4
December 31, 2016	20.4-22.6 36.5	2.5 8.7
March 31, 2016	20.4-22.6 36.5	3.2 9.4

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 Three Months Ended March 31			
	2017		2016	
	Number of Options (In Thousands)	Exercise Price Per Share (US\$)	Number of Options (In Thousands)	Exercise Price Per Share (US\$)
Balance at January 1 and March 31	<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 March 31, 2017, December 31, 2016 and March 31, 2016, the remaining contractual life was 0.7 years, 1 years and 1.7 years, respectively.

USIE Option Plans

The terms of the plans issued by USIE were the same with those of the Company's option plans.

Information about share options was as follows:

	For the Three Months Ended March 31			
	2017		2016	
	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 and March 31	<u>25,933</u>	\$ 2.2	<u>29,695</u>	\$ 2.1
Options exercisable, end of period	<u>25,933</u>	2.2	<u>28,917</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)
March 31, 2017	\$ 1.5	3.7
	2.4-2.9	3.6
December 31, 2016	1.5	4.0
	2.4-2.9	3.9
March 31, 2016	1.5	4.7
	2.4-2.9	4.6

USISH Option Plan

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 Three Months Ended March 31			
	2017		2016	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (CNY)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (CNY)
Balance at January 1	24,997	\$ 15.5	26,627	\$ 15.5
Options forfeited	<u>(259)</u>	15.5	<u>(405)</u>	15.5
Balance at March 31	<u>24,738</u>	15.5	<u>26,222</u>	15.5
Options exercisable, end of period	<u>-</u>	-	<u>-</u>	-

As of March 31, 2017, December 31, 2016 and March 31, 2016, the remaining contractual life of the share options was 8.7 years, 8.9 years and 9.7 years, respectively.

Employee benefits expense recognized on employee share options was NT\$118,777 thousand and NT\$120,617 thousand for the three months ended March 31, 2017 and 2016, respectively.

b. New shares reserved for subscription by employees under cash capital increase

In December 2016, the board of directors approved the cash capital increase and, as required under the Company Act of the ROC, simultaneously granted options to employees to purchase 10% of such newly issued shares. The grant of the options was accounted for as employee options, accordingly a share-based compensation, and was measured at fair value in accordance with IFRS 2. The Group recognized employee benefits expense and capital surplus arising from exercised employee share options of NT\$84,000 thousand in full at the grant date (also the vested date), of which 4,836 thousand shares has not been exercised, and, therefore, \$13,541 thousand was reclassified from capital surplus arising from exercised employee share options to capital surplus arising from expired employee share options.

Information about the Company's employee share options related to the aforementioned newly issued shares was as follows:

	Number of Options (In Thousand)
Options granted for the year ended 2017	30,000
Options exercised for the year ended 2017	25,164
Weighted-average fair value of options granted (NT\$ per share)	\$ 2.80

Fair value was measured using the Black-Scholes Option Pricing Model and the inputs to the model were as follows:

Share price at the grant date	NT\$36.55 per share
Exercise price	NT\$34.30 per share
Expected volatility	27.15%

(Continued)

Expected lives	47 days
Expected dividend yield	-
Risk free interest rate	0.37%
	(Concluded)

Expected volatility was based on the Company's historical share prices volatility.

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, preliminary 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 March 31, 2017, 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 February 2016, USIE repurchased its own 4,501 thousand 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 the first quarter of 2016.

In February 2016, the Company disposal 39,603 thousand shares in USI to the Company's subsidiary, UGTW, at NT\$20 per share with a total consideration of NT\$ 792,064 thousand 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 in the first quarter of 2016.

In January 2017, USI completed its cash capital increase of NT\$1,000,000 thousand and the Group's shareholdings of USI increased from 75.2% to 75.7% since the Group did not proportional subscribe for additional new shares. The transaction was accounted for as an equity transaction since the Group did not cease to have control over USI and capital surplus was increased by NT\$3,055 thousand in the first quarter of 2017.

29. NON-CASH TRANSACTIONS

For the three months ended March 31, 2017 and 2016, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Three Months Ended	
	March 31	
	2017	2016
	NT\$	NT\$
Payments for property, plant and equipment		
Purchase of property, plant and equipment	\$ 6,391,847	\$ 5,103,279
Increase in prepayments for property, plant and equipment (recorded under the line item of other non-current assets)	254,013	31,770
Decrease (increase) in payables for property, plant and equipment	437,803	(16,281)
Capitalized borrowing costs	<u>(19,014)</u>	<u>(12,458)</u>
	<u>\$ 7,064,649</u>	<u>\$ 5,106,310</u>
Proceeds from disposal of property, plant and equipment		
Consideration from disposal of property, plant and equipment	\$ 560,880	\$ 37,029
Increase in other receivables	<u>(378,447)</u>	<u>(2,112)</u>
	<u>\$ 182,433</u>	<u>\$ 34,917</u>
Payments for other intangible assets		
Purchase for other intangible assets	\$ 36,863	\$ 119,979
Decrease in other payables	7,200	-
Decrease in other liabilities	<u>2,400</u>	<u>-</u>
	<u>\$ 46,463</u>	<u>\$ 119,979</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 January 2037. 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 2017 to 2023 with the option to renew the leases upon expiration.

According to aforementioned lease agreements, the Group recognized rental expense of NT\$342,229 thousand and NT\$325,243 thousand for the three months ended March 31, 2017 and 2016, 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 March 31, 2017, December 31, 2016 and March 31, 2016, respectively, were as follows:

	Carrying Amount	Fair Value
	NT\$	NT\$
March 31, 2017	\$ 43,654,359	\$ 43,932,455
December 31, 2016	36,999,903	37,300,356
March 31, 2016	47,063,783	47,146,290

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>March 31, 2017</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	\$ -	\$ 100,583	\$ -	\$ 100,583
Derivative financial assets				
Swap contracts	-	36,445	-	36,445
Forward exchange contracts	-	36,260	-	36,260
				(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
<u>March 31, 2017</u>				
Non-derivative financial assets held for trading				
Quoted shares	\$ 1,910,367	\$ -	\$ -	\$ 1,910,367
Open-end mutual funds	<u>585,131</u>	<u>-</u>	<u>-</u>	<u>585,131</u>
	<u>\$ 2,495,498</u>	<u>\$ 173,288</u>	<u>\$ -</u>	<u>\$ 2,668,786</u>
Available-for-sale financial assets				
Unquoted shares	\$ -	\$ -	\$ 626,345	\$ 626,345
Open-end mutual funds	542,930	-	-	542,930
Limited partnership	-	-	262,862	262,862
Quoted shares	<u>192,051</u>	<u>-</u>	<u>-</u>	<u>192,051</u>
	<u>\$ 734,981</u>	<u>\$ -</u>	<u>\$ 889,207</u>	<u>\$ 1,624,188</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 2,451,416	\$ -	\$ 2,451,416
Swap contracts	-	2,449,621	-	2,449,621
Forward exchange contracts	-	40,297	-	40,297
Foreign currency option contracts	<u>-</u>	<u>2,490</u>	<u>-</u>	<u>2,490</u>
	<u>\$ -</u>	<u>\$ 4,943,824</u>	<u>\$ -</u>	<u>\$ 4,943,824</u>
<u>December 31, 2016</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	-	100,583	-	100,583
Derivative financial assets				
Swap contracts	-	462,339	-	462,339
Forward exchange contracts	-	66,872	-	66,872
Non-derivative financial assets held for trading				
Quoted shares	1,855,073	-	-	1,855,073
Open-end mutual funds	<u>584,945</u>	<u>-</u>	<u>-</u>	<u>584,945</u>
	<u>\$ 2,440,018</u>	<u>\$ 629,794</u>	<u>\$ -</u>	<u>\$ 3,069,812</u>
Available-for-sale financial assets				
Unquoted shares	\$ -	\$ -	\$ 631,418	\$ 631,418
Limited Partnership	-	-	273,372	273,372
Open-end mutual funds	243,458	-	-	243,458

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Quoted shares	\$ 146,786	\$ -	\$ -	\$ 146,786
	<u>\$ 390,244</u>	<u>\$ -</u>	<u>\$ 904,790</u>	<u>\$ 1,295,034</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 1,213,890	\$ -	\$ 1,213,890
Swap contracts	-	422,934	-	422,934
Forward exchange contracts	-	108,912	-	108,912
Foreign currency option contracts	<u>-</u>	<u>17,924</u>	<u>-</u>	<u>17,924</u>
	<u>\$ -</u>	<u>\$ 1,763,660</u>	<u>\$ -</u>	<u>\$ 1,763,660</u>
<u>March 31, 2016</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Structured time deposits	\$ -	\$ 1,613,105	\$ -	\$ 1,613,105
Private-placement convertible bonds	-	100,500	-	100,500
Derivative financial assets				
Swap contracts	-	537,947	-	537,947
Forward exchange contracts	-	231,129	-	231,129
Non-derivative financial assets held for trading				
Open-end mutual funds	583,880	-	-	583,880
Quoted shares	<u>34,614</u>	<u>-</u>	<u>-</u>	<u>34,614</u>
	<u>\$ 618,494</u>	<u>\$ 2,482,681</u>	<u>\$ -</u>	<u>\$ 3,101,175</u>
Available-for-sale financial assets				
Open-end mutual funds	\$ 850,687	\$ -	\$ -	\$ 850,687
Unquoted shares	-	-	223,625	223,625
Quoted shares	215,463	-	-	215,463
Limited partnership	<u>-</u>	<u>-</u>	<u>450,067</u>	<u>450,067</u>
	<u>\$ 1,066,150</u>	<u>\$ -</u>	<u>\$ 673,692</u>	<u>\$ 1,739,842</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 2,288,997	\$ -	\$ 2,288,997
Swap contracts	-	945,445	-	945,445

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Interest rate swap contracts	\$ -	\$ 44,833	\$ -	\$ 44,833
Foreign currency option contracts	-	23,203	-	23,203
Forward exchange contracts	<u>-</u>	<u>1,712</u>	<u>-</u>	<u>1,712</u>
	<u>\$ -</u>	<u>\$ 3,304,190</u>	<u>\$ -</u>	<u>\$ 3,304,190</u> (Concluded)

For the financial assets and liabilities that were measured at fair value on a recurring basis held for the three months ended March 31, 2017 and 2016, 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 three months ended March 31, 2017 and 2016 were as follows:

	For the Three Months Ended	
	March 31	
	<u>2017</u>	<u>2016</u>
	NT\$	NT\$
Balance at January 1	\$ 904,790	\$ 741,089
Purchases	2,648	6,678
Total losses recognized in other comprehensive income	(18,231)	(48,953)
Disposals	<u>-</u>	<u>(25,122)</u>
Balance at March 31	<u>\$ 889,207</u>	<u>\$ 673,692</u>

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 by estimating future cash inflows from disposal (net of transaction cost).

- c. Categories of financial instruments

	March 31, 2017	December 31, 2016	March 31, 2016
	NT\$	NT\$	NT\$
Financial assets			
<hr/>			
FVTPL			
Designated as at FVTPL	\$ 100,583	\$ 100,583	\$ 1,713,605
Held for trading	2,568,203	2,969,229	1,387,570
Available-for-sale financial assets	1,624,188	1,295,034	1,739,842
Loans and receivables (Note 1)	89,157,314	92,082,628	86,856,475
<hr/>			
Financial liabilities			
<hr/>			
FVTPL			
Held for trading	4,943,824	1,763,660	3,304,190
Measured at amortized cost (Note 2)	147,203,567	168,397,006	165,890,262

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, 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 36.

The Group was principally subject to the impact to exchange rate fluctuation in US\$ and JPY against NT\$ or 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\$92,000 thousand and NT\$24,000 thousand for the three months ended March 31, 2017 and 2016, 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 three months ended March 31, 2017 and 2016, 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:

	March 31, 2017	December 31, 2016	March 31, 2016
	NT\$	NT\$	NT\$
Fair value interest rate risk			
Financial liabilities	\$ 31,115,603	\$ 30,243,887	\$ 26,834,781
Cash flow interest rate risk			
Financial assets	37,086,270	29,977,709	41,835,967
Financial liabilities	47,138,914	65,800,323	51,515,293

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 three months ended March 31, 2017 and 2016 would have decreased or increased approximately by NT\$26,000 thousand and NT\$22,000 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 three months ended March 31, 2017 and 2016, 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 three months ended March 31, 2017 and 2016 would have increased or decreased approximately by NT\$26,000 thousand and NT\$7,200 thousand, respectively, and other comprehensive income before income tax for the three months ended March 31, 2017 and 2016 would have increased or decreased approximately by NT\$16,000 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 three months ended March 31, 2017 and 2016 would have decreased approximately by NT\$997,000 thousand and NT\$660,000 thousand, respectively, or increased approximately by NT\$724,000 thousand and NT\$540,000 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
	NT\$	NT\$	NT\$	NT\$	NT\$
<u>March 31, 2017</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 23,173,984	\$ 14,585,405	\$ 4,994,223	\$ 69,588	\$ 179,574
Floating interest rate liabilities	4,195,922	2,841,266	9,062,493	30,972,536	1,758,815
Fixed interest rate liabilities	<u>3,372,533</u>	<u>1,793,020</u>	<u>15,689,386</u>	<u>25,475,130</u>	<u>6,462,396</u>
	<u>\$ 30,742,439</u>	<u>\$ 19,219,691</u>	<u>\$ 29,746,102</u>	<u>\$ 56,517,254</u>	<u>\$ 8,400,785</u>
<u>December 31, 2016</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 23,907,221	\$ 20,553,395	\$ 4,360,322	\$ 42,285	\$ 190,941
Floating interest rate liabilities	9,733,727	5,232,407	6,634,931	44,504,416	1,728,448
Fixed interest rate liabilities	<u>5,360,644</u>	<u>1,019,221</u>	<u>10,549,983</u>	<u>28,553,095</u>	<u>2,062,500</u>
	<u>\$ 39,001,592</u>	<u>\$ 26,805,023</u>	<u>\$ 21,545,236</u>	<u>\$ 73,099,796</u>	<u>\$ 3,981,889</u>
<u>March 31, 2016</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 18,585,549	\$ 14,908,284	\$ 6,888,727	\$ 1,903	\$ 190,557
Floating interest rate liabilities	6,992,010	4,189,451	10,834,358	30,013,690	1,437,411
Fixed interest rate liabilities	<u>16,578,742</u>	<u>1,368,241</u>	<u>24,253,415</u>	<u>25,259,893</u>	<u>2,062,500</u>
	<u>\$ 42,156,301</u>	<u>\$ 20,465,976</u>	<u>\$ 41,976,500</u>	<u>\$ 55,275,486</u>	<u>\$ 3,690,468</u>

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
	NT\$	NT\$	NT\$
<u>March 31, 2017</u>			
Net settled			
Forward exchange contracts	\$ <u>4,900</u>	\$ <u>(33,130)</u>	\$ <u>-</u>
Foreign currency options	\$ <u>3</u>	\$ <u>-</u>	\$ <u>-</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 3,985,361	\$ 1,680,475	\$ -
Outflows	<u>(3,957,761)</u>	<u>(1,672,216)</u>	<u>-</u>
	<u>27,600</u>	<u>8,259</u>	<u>-</u>

(Continued)

	On Demand or Less than 1 Month NT\$	1 to 3 Months NT\$	3 Months to 1 Year NT\$
Swap contracts			
Inflows	\$ 12,788,516	\$ 16,124,460	\$ 35,334,450
Outflows	<u>(13,123,319)</u>	<u>(16,919,048)</u>	<u>(36,227,488)</u>
	<u>(334,803)</u>	<u>(794,588)</u>	<u>(893,038)</u>
	<u>\$ (307,203)</u>	<u>\$ (786,329)</u>	<u>\$ (893,038)</u>
<hr/> December 31, 2016 <hr/>			
Net settled			
Forward exchange contracts	<u>\$ 22,680</u>	<u>\$ 13,320</u>	<u>\$ -</u>
Foreign currency options	<u>\$ (344)</u>	<u>\$ -</u>	<u>\$ -</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 5,134,196	\$ 912,213	\$ -
Outflows	<u>(5,245,724)</u>	<u>(915,900)</u>	<u>-</u>
	<u>(111,528)</u>	<u>(3,687)</u>	<u>-</u>
Swap contracts			
Inflows	5,345,159	17,399,695	43,537,500
Outflows	<u>(5,439,190)</u>	<u>(17,540,927)</u>	<u>(42,882,201)</u>
	<u>(94,031)</u>	<u>(141,232)</u>	<u>655,299</u>
	<u>\$ (205,559)</u>	<u>\$ (144,919)</u>	<u>\$ 655,299</u>
<hr/> March 31, 2016 <hr/>			
Net settled			
Forward exchange contracts	<u>\$ 64,930</u>	<u>\$ 49,820</u>	<u>\$ 26,450</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 5,610,530	\$ 2,194,546	\$ 521,694
Outflows	<u>(5,562,890)</u>	<u>(2,166,916)</u>	<u>(514,960)</u>
	<u>47,640</u>	<u>27,630</u>	<u>6,734</u>
Swap contracts			
Inflows	10,514,900	17,936,073	40,520,915
Outflows	<u>(10,436,336)</u>	<u>(17,926,839)</u>	<u>(40,787,565)</u>
	<u>78,564</u>	<u>9,234</u>	<u>(266,650)</u>
Interest rate swap			
Outflows	<u>(11,468)</u>	<u>-</u>	<u>(23,063)</u>
Foreign currency option contracts			
Inflows	<u>2,186</u>	<u>-</u>	<u>-</u>
	<u>\$ 116,922</u>	<u>\$ 36,864</u>	<u>\$ (282,979)</u>

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. Related parties

Except those disclosed in Note 13 and NXP B.V. accounted for as a related party of the Group's subsidiary, ASEN, over which NXP B.V. has significant influence, the related parties were as follows:

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
ASE Cultural and Educational Foundation	Substantial related party
Fu Hwa Construction Co., Ltd.	Associate

b. The Company contributed each NT\$100,000 thousand to ASE Cultural and Educational Foundation in January 2017 and 2016, respectively, for environmental charity in promoting the related domestic environmental protection and public service activities (Note 35).

c. In the third quarter of 2016, the Company acquired patents and acquired specific technology from Deca at NT\$403,543 thousand which was primarily based on independent professional appraisal reports. As of March 31, 2017, NT\$151,650 thousand has not been paid and was accrued under the line item of other payables and other non-current liabilities.

d. The Company contracted with Fu Hwa Construction to construct a female employee dormitory on current leased land. Total consideration was primarily based on independent professional appraisal reports and NT\$646,500 thousand was paid as of March 31, 2016. The female employee dormitory has been completely constructed as of December 31, 2016 and the total consideration was fully paid as of March 31, 2017.

e. 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.

c. Compensation to key management personnel

	For the Three Months Ended	
	March 31	
	<u>2017</u>	<u>2016</u>
	<u>NT\$</u>	<u>NT\$</u>
Short-term employee benefits	\$ 190,027	\$ 200,392
Post-employment benefits	1,050	915
Share-based payments	<u>4,974</u>	<u>16,206</u>
	<u>\$ 196,051</u>	<u>\$ 217,513</u>

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

34. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

The following assets were provided as collateral for bank borrowings and the tariff guarantees of imported raw materials:

	<u>March 31, 2017</u>	<u>December 31, 2016</u>	<u>March 31, 2016</u>
	NT\$	NT\$	NT\$
Inventories related to real estate business	\$ 16,210,049	\$ 16,813,023	\$ 19,699,758
Other financial assets (including current and non-current)	<u>216,279</u>	<u>220,228</u>	<u>244,342</u>
	<u>\$ 16,426,328</u>	<u>\$ 17,033,251</u>	<u>\$ 19,944,100</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 March 31, 2017, December 31, 2016, and March 31, 2016, unused letters of credit of the Group were approximately NT\$57,000 thousand, NT\$97,000 thousand and NT\$77,000 thousand, respectively.
- 2) As of March 31, 2017, December 31, 2016 and March 31, 2016, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT\$7,492,198 thousand, NT\$6,630,957 thousand and NT\$8,632,342 thousand, respectively, of which NT\$962,876 thousand, NT\$668,509 thousand and NT\$1,624,402 thousand had been prepaid, respectively. As of March 31, 2017, December 31, 2016 and March 31, 2016, the commitment that the Group has contracted for the construction related to our real estate business were approximately NT\$1,409,674 thousand, NT\$1,574,822 thousand and NT\$2,057,850 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>March 31, 2017</u>
	NT\$
Less than 1 year	\$ 279,536
1 to 5 years	374,129
More than 5 years	<u>456,280</u>
	<u>\$ 1,109,945</u>

36. 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:

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
<u>March 31, 2017</u>			
Monetary financial assets			
US\$	\$ 3,020,893	US\$1=NT\$30.33	\$ 91,623,685
US\$	778,976	US\$1=CNY6.8993	23,626,342
JPY	6,503,007	JPY1=NT\$0.2713	1,764,266
JPY	9,006,660	JPY1=US\$0.0089	2,443,507
Monetary financial liabilities			
US\$	2,761,381	US\$1=NT\$30.33	83,752,686
US\$	734,213	US\$1=CNY6.8993	22,268,680
JPY	6,379,139	JPY1=NT\$0.2713	1,730,660
JPY	9,210,008	JPY1=US\$0.0089	2,498,675
<u>December 31, 2016</u>			
Monetary financial assets			
US\$	3,106,557	US\$1=NT\$32.25	100,186,466
US\$	1,020,769	US\$1=CNY6.9370	32,919,814
JPY	4,976,309	JPY1=NT\$0.2756	1,371,471
JPY	9,277,760	JPY1=US\$0.0085	2,556,951
Monetary financial liabilities			
US\$	3,013,288	US\$1=NT\$32.25	97,178,536
US\$	891,487	US\$1=CNY6.9370	28,750,462
JPY	5,881,716	JPY1=NT\$0.2756	1,621,001
JPY	9,543,756	JPY1=US\$0.0085	2,630,259
<u>March 31, 2016</u>			
Monetary financial assets			
US\$	2,934,513	US\$1=NT\$32.185	94,447,288
US\$	901,021	US\$1=CNY6.4612	28,999,366
JPY	3,072,811	JPY1=NT\$0.2863	879,746
JPY	7,119,349	JPY1=US\$0.0089	2,038,270
Monetary financial liabilities			
US\$	2,843,661	US\$1=NT\$32.185	91,523,220
US\$	910,358	US\$1=CNY6.4612	29,299,862
JPY	3,643,213	JPY1=NT\$0.2863	1,043,052
JPY	7,364,071	JPY1=US\$0.0089	2,108,334

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

Foreign Currencies	<u>For the Three Months Ended March 31, 2017</u>		<u>For the Three Months Ended March 31, 2016</u>	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
US\$	US\$1=NT\$30.33	\$ (186,460)	US\$1=NT\$32.185	\$ (126,475)

(Continued)

Foreign Currencies	For the Three Months Ended March 31, 2017		For the Three Months Ended March 31, 2016	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NT\$		\$ 3,103,133		\$ 1,119,418
CNY	CNY1=NT\$4.3961	<u>(17,222)</u>	CNY1=NT\$4.9813	<u>(47,129)</u>
		<u>\$ 2,899,451</u>		<u>\$ 945,814</u> (Concluded)

37. 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.
- 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.

As of the date the consolidated financial statements were authorized for issue, the share exchange transaction has not been completed. According to the share exchange agreement, the completion of share exchange transaction is subject to the satisfaction or waiver of all conditions precedent (including the unconditional approvals at the Company and SPIL’s shareholders meeting, the approval or consent to consummate the transaction from all relevant competent authorities). 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 hold 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.

38. 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: Please see Table 5 attached;
- 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 6 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 7 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 10 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 8 attached;

1. 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 9 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 6 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: Please see Table 2 attached;
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: 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.

39. OPERATING SEGMENTS INFORMATION

The Group has the following reportable segments: Packaging, Testing and EMS. 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. 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 and real estate business.

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 three months ended March 31, 2017 and 2016 was as follows:

Segment revenues and results

	<u>Packaging</u> NT\$	<u>Testing</u> NT\$	<u>EMS</u> NT\$	<u>Others</u> NT\$	<u>Adjustment and Elimination</u> NT\$	<u>Total</u> NT\$
<u>For the three months ended March 31, 2017</u>						
Revenue from external customers	\$ 29,806,277	\$ 6,365,015	\$ 29,354,513	\$ 1,024,879	\$ -	\$ 66,550,684
Inter-segment revenues (Note)	\$ 1,305,112	\$ 43,200	\$ 10,427,687	\$ 2,050,197	\$ (13,826,196)	\$ -
Segment profit before income tax	\$ 755,727	\$ 1,597,365	\$ 1,438,314	\$ 65,337	\$ -	\$ 3,856,743

(Continued)

	<u>Packaging</u> NT\$	<u>Testing</u> NT\$	<u>EMS</u> NT\$	<u>Others</u> NT\$	<u>Adjustment and Elimination</u> NT\$	<u>Total</u> NT\$
<u>As of March 31, 2017</u>						
Segment assets	<u>\$ 202,106,647</u>	<u>\$ 42,175,423</u>	<u>\$ 65,026,089</u>	<u>\$ 38,241,265</u>	<u>\$ -</u>	<u>\$ 347,549,424</u>
<u>For the three months ended March 31, 2016</u>						
Revenue from external customers	<u>\$ 28,036,135</u>	<u>\$ 5,995,319</u>	<u>\$ 24,748,770</u>	<u>\$ 3,590,858</u>	<u>\$ -</u>	<u>\$ 62,371,082</u>
Inter-segment revenues (Note)	<u>\$ 632,158</u>	<u>\$ 53,382</u>	<u>\$ 11,228,124</u>	<u>\$ 2,119,606</u>	<u>\$ (14,033,270)</u>	<u>\$ -</u>
Segment profit before income tax	<u>\$ 2,139,371</u>	<u>\$ 1,288,408</u>	<u>\$ 440,652</u>	<u>\$ 1,506,051</u>	<u>\$ -</u>	<u>\$ 5,374,482</u>
<u>As of March 31, 2016</u>						
Segment assets	<u>\$ 202,642,993</u>	<u>\$ 42,064,470</u>	<u>\$ 66,116,459</u>	<u>\$ 45,103,595</u>	<u>\$ -</u>	<u>\$ 355,927,517</u>

(Concluded)

Note: Inter-segment revenues were eliminated upon consolidation.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2017
(Amounts In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the year	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	\$ 2,821,050	\$ 2,274,750	\$ 2,274,750	1.46~1.49	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,927,216	\$ 5,854,431
		J & R Holding Limited	Long-term receivables form related parties	Yes	613,000	606,600	606,600	1.38	The need for short-term financing	-	Operating capital Payments for equipment	-	-	-	16,488,764	24,733,146
2	J & R Holding Limited	The Company	Other receivables form related parties	Yes	9,099,000	9,099,000	9,099,000	1.46~1.73	The need for short-term financing	-	Operating capital	-	-	-	10,096,368	20,192,737
		Global Advanced Packaging Technology Limited	Other receivables form related parties	Yes	532,865	515,610	515,610	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE WeiHai Inc.	Other receivables form related parties	Yes	2,053,550	1,789,470	1,789,470	1.31~1.50	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	1,413,660	1,364,850	-	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE Assembly & Test (Shanghai) Limited	Long-term receivables form related parties	Yes	532,865	515,610	515,610	1.34~1.50	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		Anstock Limited	Other receivables form related parties	Yes	1,869,130	1,446,317	1,314,434	5.47~11.75	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		Innosource Limited	Long-term receivables form related parties	Yes	3,135	3,033	3,033	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE Corporation	Long-term receivables form related parties	Yes	2,977,775	1,668,150	1,668,150	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE Labuan Inc.	Long-term receivables form related parties	Yes	626,900	-	-	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	1,253,800	758,250	758,250	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
3	ASE Test Limited	The Company	Other receivables form related parties	Yes	5,762,700	5,762,700	5,762,700	1.46~1.73	The need for short-term financing	-	Operating capital	-	-	-	6,134,769	12,269,539
		A.S.E. Holding Limited	Long-term receivables form related parties	Yes	2,194,150	2,123,100	2,123,100	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	1,410,525	30,330	30,330	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	470,175	454,950	454,950	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		J & R Holding Limited	Long-term receivables form related parties	Yes	2,237,450	2,214,090	2,214,090	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
4	ASE Test, Inc.	The Company	Other receivables form related parties	Yes	5,600,000	5,350,000	5,350,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,922,787	11,845,574
		ASE Investment (Labuan) Inc.	Other receivables form related parties	Yes	1,233,548	1,152,540	1,100,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,922,787	11,845,574
		Omniquest Industrial Limited	Other receivables form related parties	Yes	1,567,250	1,516,500	1,450,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,922,787	11,845,574
5	J&R Industrial Inc.	The Company	Other receivables form related parties	Yes	190,000	190,000	190,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	200,296	400,592
		ASE Electronics Inc.	Other receivables form related parties	Yes	190,000	190,000	190,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	200,296	400,592
6	ISE Labs, Inc.	J & R Holding Limited	Long-term receivables form related parties	Yes	1,441,870	1,395,180	1,395,180	1.37~1.56	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the year	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		
7	ASE (Korea) Inc.	The Company	Other receivables form related parties	Yes	\$ 2,350,875	\$ 1,668,150	\$ 1,668,150	2.77~2.79	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 2,955,805	\$ 5,911,611
		ASE WeiHai Inc.	Other receivables form related parties	Yes	1,253,800	606,600	606,600	2.77~2.79	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
8	ASE Japan Co., Ltd.	J & R Holding Limited	Other receivables form related parties	Yes	2,397,720	2,360,310	2,360,310	0.43	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
9	USI Enterprise Limited	The Company	Other receivables form related parties	Yes	7,366,075	6,672,600	6,672,600	1.46~1.49	The need for short-term financing	-	Operating capital	-	-	-	7,872,481	15,744,962
		USIINC	Other receivables form related parties	Yes	2,131,460	2,062,440	1,819,800	1.46~1.49	The need for short-term financing	-	Operating capital	-	-	-	7,872,481	15,744,962
		J&R Holding Limited	Other receivables form related parties	Yes	1,685,750	1,668,150	1,668,150	1.17~1.38	The need for short-term financing	-	Operating capital	-	-	-	7,872,481	15,744,962
		Global Advanced Packaging Technology Limited	Other receivables form related parties	Yes	2,037,425	1,971,450	1,971,450	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	7,872,481	15,744,962
10	Huntington Holdings International Co.Ltd.	The Company	Other receivables form related parties	Yes	1,567,250	1,516,500	1,516,500	1.46~1.73	The need for short-term financing	-	Operating capital	-	-	-	8,531,395	17,062,790
11	Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties Long-term receivables form related parties	Yes	1,809,720	1,424,336	1,424,336	5.44~8.93	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
12	ASE (Kun Shan) Inc.	ASE Investment (Kun Shan) Limited	Other receivables form related parties	Yes	1,965	1,890	1,890	4.35	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
13	Real Tech Holdings Limited	The Company	Other receivables form related parties	Yes	1,723,975	1,668,150	1,668,150	1.46~1.72	The need for short-term financing	-	Operating capital	-	-	-	8,138,612	16,277,223
14	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Other receivables form related parties	Yes	342,750	219,805	219,805	4.35	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
		Shanghai Ding Qi Property Management Co., Ltd.	Other receivables form related parties	Yes	13,710	13,188	13,188	4.35	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
15	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	3,297,075	3,297,075	879,220	1.75	The need for short-term financing	-	Operating capital	-	-	-	6,953,891	13,907,781
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	2,742,000	2,637,660	-	-	The need for short-term financing	-	Operating capital	-	-	-	6,953,891	13,907,781
16	Omniquest Industrial Limited	The Company	Other receivables form related parties	Yes	2,977,775	1,516,500	1,450,000	0.92~1.49	The need for short-term financing	-	Operating capital	-	-	-	3,072,158	6,144,316
17	Anstock II Limited	J & R Holding Limited	Other receivables form related parties	Yes	9,309,465	9,008,010	9,008,010	2.45	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
18	USI Electronics (Shenzhen) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	1,485,250	1,428,733	1,385,626	0.80~1.75	The need for short-term financing	-	Operating capital	-	-	-	1,939,012	3,878,024
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	1,485,250	1,428,733	909,900	0.8	The need for short-term financing	-	Operating capital	-	-	-	1,939,012	3,878,024
19	ASE Assembly & Test (Shanghai) Limited	Shanghai Ding Wei Real Development Co., Ltd.	Other receivables form related parties	Yes	879,220	879,220	439,610	4.35	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
20	ASE Investment (Labuan) Inc.	The Company	Other receivables form related parties	Yes	2,911,951	2,365,740	2,313,200	0.92~1.49	The need for short-term financing	-	Operating capital	-	-	-	2,989,030	5,978,059
21	Global Advanced Packaging Technology Limited	The Company	Other receivables form related parties	Yes	2,037,425	1,971,450	1,971,450	1.46~1.49	The need for short-term financing	-	Operating capital	-	-	-	2,131,480	4,262,960

(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		
22	ASE Corporation	The Company	Other receivables form related parties	Yes	2,977,775	1,668,150	1,668,150	1.46~1.49	The need for short-term financing	-	Operating capital	-	-	-	3,073,390	6,146,780
23	ASE Electronics Inc.	The Company	Other receivables form related parties	Yes	300,000	300,000	300,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	818,274	1,636,548
24	Universal Scientific (Kunshan) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	365,600	-	-	1.75	The need for short-term financing	-	Operating capital	-	-	-	573,066	1,146,133
25	ASE Labuan Inc.	The Company	Other receivables form related parties	Yes	626,900	-	-	1.46~1.49	The need for short-term financing	-	Operating capital	-	-	-	821,703	1,643,406
26	ASE Electronics (M) SDN. BHD.	J & R Holding Limited	Other receivables form related parties	Yes	250,760	151,650	151,650	1.17~1.19	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146
27	ASE (Shanghai) Inc.	ASE WeiHai Inc.	Other receivables form related parties	Yes	70,338	70,338	70,338	4.35	The need for short-term financing	-	Operating capital	-	-	-	16,488,764	24,733,146

(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 THREE MONTHS ENDED MARCH 31, 2017
(Amounts In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement /Guarantee Amount Provided to Each	Maximum Balance		Amount Actually	Amount of Endorsement/ Guarantee Collateralized by Properties	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 Year	Ending Balance	Drawn						
0	The Company	Anstock II Limited	100% voting shares indirectly owned by the Company	\$ 49,466,292	\$ 9,503,412 (Note 3)	\$ 9,195,677 (Note 3)	\$ 9,134,448 (Note 3)	\$ -	5.6	\$ 65,955,056	Yes	No	No

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

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

Note 3: Amount was included principal and interest.

TABLE 3

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD

MARCH 31, 2017

(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	March 31, 2017				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	27,164	13	27,164	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	4,203	12	-	12	
	Asia Pacific Emerging Industry Venture Capital Co, Ltd.	-	Available-for-sale financial assets - non-current	6,000,000	38,262	7	38,262	
	StarChips Technology Inc.	-	Available-for-sale financial assets - non-current	333,334	-	6	-	
	Bond							
AMPI Second Private of Domestic Unsecured Convertible Bonds	-	Financial assets at fair value through profit or loss - current	1,000	100,583	-	100,583		
Limited Liability Partnership	Ripley Cable Holdings I, L.P.	-	Available-for-sale financial assets - non-current	-	219,921	4	219,921	
	ASE Test, Inc.							
ASE Test, Inc.	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	10,978,776	425,428	-	425,428	
	Powertec Energy Corporation	-	Available-for-sale financial assets - non-current	97,000,000	226,994	4	226,994	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	1,133,363	3,174	1	3,174	
	HanTech Venture Capital Corporation	-	Available-for-sale financial assets - non-current	7,725,000	63,502	7	63,502	
	Fund							
	CTBC Hua-win Money Market Fund	-	Available-for-sale financial assets - current	18,323,744	200,176	-	200,176	
	CTBC Global Real Estate Income Fund-A	-	Available-for-sale financial assets - current	2,500,000	22,525	-	22,525	
	UPAMC JAMES BOND MONEY MARKET FUND	-	Available-for-sale financial assets - current	6,038,173	100,061	-	100,061	
	Union Money Market Fund	-	Available-for-sale financial assets - current	7,642,280	100,063	-	100,063	
	Franklin Templeton SinoAm Money Market Fund	-	Available-for-sale financial assets - current	9,770,778	100,067	-	100,067	
	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	474,066	-	474,066	
Jih Sun Money Market Fund		-	Financial assets at fair value through profit or loss - current	1,575,019	23,125	-	23,125	
Hua Nan Kirin Money Market Fund		-	Financial assets at fair value through profit or loss - current	2,616,592	31,070	-	31,070	
Hua Nan Phoenix Money Market Fund		-	Financial assets at fair value through profit or loss - current	2,833,825	45,693	-	45,693	
Luchu Development Corporation	Stock							
	Powerchip Technology Corporation	-	Available-for-sale financial assets - non-current	1,677,166	38,231	-	38,231	
A.S.E. Holding Limited	Stock							
	Global Strategic Investment Inc.	-	Available-for-sale financial assets - non-current	490,000	US\$ 417 thousand	3	US\$ 417 thousand	
	SiPhoton, Inc.	-	Available-for-sale financial assets - non-current	544,800	-	4	-	
Global Strategic Investment, Inc. (Samoa)	-	Available-for-sale financial assets - non-current	869,891	US\$ 505 thousand	2	US\$ 505 thousand		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2017				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
J & R Holding Limited	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	46,703,763	US\$ 47,862 thousand	1	US\$ 47,862 thousand	
	Limited Liability Partnership							
	Crimson Velocity Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US\$ 559 thousand	-	US\$ 559 thousand	
	H&QAP Greater China Growth Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US\$ 857 thousand	8	US\$ 857 thousand	
ASE Test Limited	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	88,200,472 (Note)	US\$ 112,686 thousand	1	US\$ 112,686 thousand	
Shanghai Ding Hui Real Estate Development Co., Ltd.	Fund							
	180ETF	-	Financial assets at fair value through profit or loss - current	447,825	CNY 1,369 thousand	-	CNY 1,369 thousand	
	300ETF	-	Financial assets at fair value through profit or loss - current	339,700	CNY 1,173 thousand	-	CNY 1,173 thousand	
	Stock							
	Gree Electric Appliances, Inc. Of Zhuhai	-	Financial assets at fair value through profit or loss - current	28,000	CNY 888 thousand	-	CNY 888 thousand	
	Saic Motor Corporation Limited	-	Financial assets at fair value through profit or loss - current	19,250	CNY 489 thousand	-	CNY 489 thousand	
	Central China Securities	-	Financial assets at fair value through profit or loss - current	1,000	CNY 14 thousand	-	CNY 14 thousand	
USIINC	Stock							
	Allied Circuit Co., Ltd	-	Available-for-sale financial assets - current	827,009	\$ 30,269	2	\$ 30,269	
	Universal Venture Capital Investment Corporation	-	Available-for-sale financial assets - non-current	6,200,000	35,973	5	35,973	
	Gapertise Inc.	-	Available-for-sale financial assets - non-current	275,000	3,614	4	3,614	
	WellySun Inc.	-	Available-for-sale financial assets - non-current	108,000	1,293	1	1,293	
	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\$ 393 thousand	-	US\$ 393 thousand	
	Cadence Design SYS Inc.	-	Financial assets at fair value through profit or loss - current	9,633	US\$ 302 thousand	-	US\$ 302 thousand	
	Solid Gain Investments Ltd.	-	Available-for-sale financial assets - non-current	1,322,833	US\$ 710 thousand	20	US\$ 710 thousand	
	Preferred Stock							
	Techgains I Corporation	-	Available-for-sale financial assets - non-current	526,732	US\$ 264 thousand	10	US\$ 264 thousand	
	Techgains II Corporation	-	Available-for-sale financial assets - non-current	669,705	US\$ 183 thousand	4	US\$ 183 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\$ 397 thousand	-	US\$ 397 thousand	
	WacomCo., Ltd.	-	Available-for-sale financial assets - non-current	1,200,000	US\$ 4,315 thousand	1	US\$ 4,315 thousand	
	Sequans Communications SA	-	Available-for-sale financial assets - non-current	370,554	US\$ 1019 thousand	-	US\$ 1019 thousand	
	Asia Global Venture Co., Ltd.	-	Available-for-sale financial assets - non-current	1,000,000	US\$ 576 thousand	10	US\$ 576 thousand	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2017				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
USISH	Stock China Petroleum & Chemical Corporation	-	Financial assets at fair value through profit or loss - current	10,000,030	CNY 57,400 thousand	-	CNY 57,400 thousand	
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	1,700,000	CNY 62,917 thousand	-	CNY 62,917 thousand	
	Anhui Conch Cement Company Limited	-	Financial assets at fair value through profit or loss - current	822,065	CNY 17,050 thousand	-	CNY 17,050 thousand	
	Fuyao Glass Industry Group Co.,Ltd	-	Financial assets at fair value through profit or loss - current	700,000	CNY 15,827 thousand	-	CNY 15,827 thousand	
	Weichai Power Co.,Ltd.	-	Financial assets at fair value through profit or loss - current	1,800,000	CNY 20,250 thousand	-	CNY 20,250 thousand	
	Tencent Holdings Ltd	-	Financial assets at fair value through profit or loss - current	320,000	CNY 63,297 thousand	-	CNY 63,297 thousand	
	Petrochina Company Limited	-	Financial assets at fair value through profit or loss - current	8,000,000	CNY 40,413 thousand	-	CNY 40,413 thousand	
	China Mobile Limited	-	Financial assets at fair value through profit or loss - current	700,000	CNY 52,855 thousand	-	CNY 52,855 thousand	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,400,000	CNY 29,644 thousand	-	CNY 29,644 thousand	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	1,100,000	CNY 47,852 thousand	-	CNY 47,852 thousand	
	Cheung Kong Property Holdings Limited	-	Financial assets at fair value through profit or loss - current	390,000	CNY 18,126 thousand	-	CNY 18,126 thousand	
	Preferred Stock MoBagel, Inc.	-	Available-for-sale financial assets - non-current	54,000	US\$ 86 thousand	1	US\$ 86 thousand	
UGTW	Fund Franklin U.S. Government Money Fund	-	Available-for-sale financial assets - current	1,956,583	\$ 20,039	-	\$ 20,039	
	Stock TriKnight Capital Corporation	-	Available-for-sale financial assets - non-current	10,500,000	105,000	5	105,000	

(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 THREE MONTHS ENDED MARCH 31, 2017

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

Company Name	Marketable Securities Type and	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)
UGTW	Stock USI	Investments accounted for using the method	(Note 2)	Subsidiary	39,603,222	\$ 1,000,490	99,914,324	\$ 999,143	39,603,222				139,517,546	\$ 2,032,201

Note 1: The ending balance of investment accounted for using the equity method including share of profits/losses of investees and other adjustment related to equity.

Note 2: Cash capital increase.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

ACQUISITION OF INDIVIDUAL REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2017

(Amounts In Thousands of New Taiwan Dollars)

Company Name	Types of Property	Transaction Date	Transaction Date (Tax excluded)	Payment Term	Counter-party	Nature of Relationships	Prior Transaction of Related Counter-party				Price Reference	Purpose of Acquisition	Other Terms
							Owner	Relationships	Transfer Date	Amount			
The Company	No.66, Yenfa Rd. in Nantze 2nd Export Processing Zone, Kaohsiung City	January 24, 2017	\$ 518,427	Has been paid fully	LCY Chemical Corp.	-	-	-	-	\$ -	Based on independent professional appraisal reports	To meet the corporate R&D Lab and office space demands.	None

TABLE 6

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 THREE MONTHS ENDED MARCH 31, 2017
(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	\$ 442,757	5	Net 60 days from the end of the month of when invoice is issued	\$ -	-	\$ (478,604)	(6)	Note
	ASE Electronics Inc.	Subsidiary	Purchases	520,492	6	Net 60 days from the end of the month of when invoice is issued	-	-	(480,419)	(6)	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(1,234,935)	(5)	Net 60 days from the end of the month of when invoice is issued	-	-	1,288,645	8	Note
ASE Assembly & Test (Shanghai) Limited	Advanced Semiconductor Engineering (HK) Limited	Consolidated subsidiary	Purchases	102,884	15	Net 45 days from invoice date	-	-	(70,306)	(13)	Note
Advanced Semiconductor Engineering (HK) Limited	ASE (Shanghai) Inc.	Parent company	Purchases	457,047	100	Net 90 days from the end of the month of when invoice is issued	-	-	(450,847)	(100)	Note
	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	Sales	(102,884)	(25)	Net 45 days from invoice date	-	-	70,306	21	Note
Universal Scientific Industrial Co., Ltd.	The Company	The Ultimate Parent of the Company	Purchases	1,234,935	24	Net 60 days from the end of the month of when invoice is issued	-	-	(1,287,527)	(31)	Note
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	Sales	(442,757)	(37)	Net 60 days from the end of the month of when invoice is issued	-	-	480,403	40	Note
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	Sales	(457,047)	(39)	Net 90 days from the end of the month of when invoice is issued	-	-	450,847	37	Note
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	Sales	(520,492)	(55)	Net 60 days from the end of the month of when invoice is issued	-	-	493,860	56	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	(465,751)	(29)	Net 90 days from the end of the month of when invoice is issued	-	-	596,172	46	

(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	
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	CNY 135,254 thousand	19	T/T 75 days	-	-	(CNY 105,372 thousand)	(11)	Note
			Sales	(CNY 535,659 thousand)	(54)	T/T 75 days	-	-	CNY 452,034 thousand	51	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary	Purchases	CNY 268,041 thousand	17	T/T 75 days	-	-	(CNY 309,477 thousand)	(28)	Note
	Universal Global Industrial Co., Limited	Subsidiary	Sales	(CNY 23,774 thousand)	(1)	T/T 75 days	-	-	CNY 18,659 thousand	2	Note
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(US\$ 39,665 thousand)	(70)	T/T 75 days	-	-	US\$ 44,870 thousand	65	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Sales	(US\$ 15,671 thousand)	(28)	T/T 75 days	-	-	US\$ 22,432 thousand	32	Note
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Purchases	US\$ 77,712 thousand	51	T/T 75 days	-	-	(US\$ 65,519 thousand)	(44)	Note
	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Sales	(US\$ 19,400 thousand)	(13)	T/T 75 days	-	-	US\$ 15,244 thousand	11	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Purchases	US\$ 3,446 thousand		T/T 75 days	-	-	(US\$ 2,704 thousand)	(2)	Note
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	Sales	(US\$ 107,181 thousand)	(70)	T/T 75 days	-	-	US\$ 95,784 thousand	67	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Purchases	US\$ 51,623 thousand	34	T/T 75 days	-	-	(US\$ 46,677 thousand)	(31)	Note
Universal Global Scientific Industrial Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	\$ 3,356,902	85	T/T 75 days	-	-	\$ (2,904,927)	(78)	Note
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Technology Co., Limited	Consolidated subsidiary	Purchases	CNY 109,763 thousand	23	T/T 75 days	-	-	(CNY 154,762 thousand)	(24)	Note
	Universal Global Industrial Co., Limited	Consolidated subsidiary	Sales	(CNY 356,072 thousand)	(58)	T/T 75 days	-	-	CNY 323,099 thousand	53	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
MARCH 31, 2017

(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	\$ 1,288,645 (Note5)	3	\$ -	-	\$ 434,819	\$ -
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	794,412 (Note5)	4	-	-	205,467	-
Omniquest Industrial Limited	The Company	Parent company	1,450,000 (Notes 3,5)	-	-	-	-	-
ISE Labs, Inc.	J & R Holding Limited	Parent company	1,395,715 (Notes 3,5)	-	-	-	-	-
Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	1,426,057 (Notes 3,5)	-	-	-	-	-
Anstock II Limited	J & R Holding Limited	Parent company	9,063,184 (Notes 3,5)	-	-	-	-	-
A.S.E. Holding Limited	The Company	Parent company	2,274,750 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Consolidated subsidiary	606,693 (Notes 3,5)	-	-	-	-	-
ASE Test, Inc.	The Company	Parent company	6,999,389 (Notes 3,4,5)	-	-	-	-	-
	Omniquest Industrial Limited	Consolidated subsidiary	1,450,000 (Notes 3,5)	-	-	-	-	-
	ASE Investment (Labuan) Inc.	Consolidated subsidiary	459,453 (Notes 3,5)	-	-	-	-	-
ASE Test Limited	The Company	The Ultimate Parent of the Company	5,762,700 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Parent company	2,218,231 (Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	2,136,261 (Notes 3,5)	-	-	-	-	-
	ASE Investment (Labuan) Inc.	Consolidated subsidiary	459,453 (Notes 3,5)	-	-	-	-	-
ASE (Korea) Inc.	The Company	The Ultimate Parent of the Company	1,668,645 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Subsidiary	607,312 (Notes 3,5)	-	-	-	-	-
J & R Holding Limited	The Company	Parent company	9,099,000 (Notes 3,5)	-	-	-	-	-
	Global Advanced Packaging Technology Limited	Subsidiary	531,956 (Notes 3,5)	-	-	-	-	-
	Anstock Limited	Subsidiary	1,442,067 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Consolidated subsidiary	1,794,168 (Notes 3,5)	-	-	-	-	-
	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	525,288 (Notes 3,5)	-	-	-	-	-
	ASE Investment (Labuan) Inc.	Subsidiary	765,594 (Notes 3,5)	-	-	-	-	-
	ASE Corporation	Consolidated subsidiary	1,679,031 (Notes 3,5)	-	-	-	-	-
J&R Industrial Inc.	The Company	The Ultimate Parent of the Company	190,000 (Notes 3,5)	-	-	-	-	-
	ASE Electronics Inc.	Consolidated subsidiary	190,000 (Notes 3,5)	-	-	-	-	-
ASE Japan Co., Ltd.	J & R Holding Limited	Parent company	2,361,183 (Notes 3,5)	-	-	-	-	-
ASE Investment (Labuan) Inc.	The Company	The Ultimate Parent of the Company	2,313,200 (Notes 3,5)	-	-	-	-	-
ASE Corporation	The Company	The Ultimate Parent of the Company	1,668,150 (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		
Global Advanced Packaging Technology Limited	The Company	The Ultimate Parent of the Company	\$ 1,971,450 (Notes 3,5)	-	\$ -	-	\$ -	\$ -
ASE Electronics (M) SDN. BHD.	J & R Holding Limited	Parent company	151,650 (Notes 3,5)	-	-	-	-	-
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	480,403 (Note 5)	4	398,854	Continued collection	81,549	-
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	450,847 (Note 5)	4	317,353	Continued collection	133,494	-
ASE Assembly & Test (Shanghai) Limited	Shanghai Ding Wei Real Estate Development Co., Ltd.	Consolidated subsidiary	445,243 (Notes 3,5)	-	-	-	-	-
Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary	223,904 (Notes 3,5)	-	-	-	-	-
USI Enterprise Limited	The Company	The Ultimate Parent of the Company	6,672,600 (Notes 3,5)	-	-	-	1,819,800	-
	J & R Holding Limited	Consolidated subsidiary	1,669,723 (Notes 3,5)	-	-	-	-	-
	Global Advanced Packaging Technology Limited	Consolidated subsidiary	1,973,468 (Notes 3,5)	-	-	-	-	-
	USI Inc.	Parent company	1,825,857 (Notes 3,5)	-	-	-	-	-
Huntington Holdings International Co. Ltd.	The Company	The Ultimate Parent of the Company	1,516,500 (Notes 3,5)	-	-	-	-	-
Real Tech Holdings Limited	The Company	The Ultimate Parent of the Company	1,668,150 (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.	598,231	3	-	-	145,472	-
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY 452,332 thousand (Note 5)	4	-	-	CNY 34,458 thousand	-
	Universal Global Technology Co., Limited	Parent company	CNY 207,513 thousand (Notes 3,5)	-	-	-	-	-
	Universal Global Technology (Shanghai) Co., Ltd.	Consolidated subsidiary	CNY 315,449 thousand (Notes 3,5)	-	-	-	-	-
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	CNY 202,164 thousand (Notes 3,5)	6	-	-	-	-
Universal Global Technology Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Parent company	US\$ 44,870 thousand (Note 5)	4	-	-	US\$ 10,281 thousand	-
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	US\$ 22,432 thousand (Note 5)	2	-	-	US\$ 7,005 thousand	-
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	US\$ 15,275 thousand (Note 5)	4	-	-	US\$ 5,677 thousand	-
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	US\$ 96,025 thousand (Note 5)	4	-	-	US\$ 33,185 thousand	-
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY 323,099 thousand (Note 5)	4	-	-	CNY 103,563 thousand	-

(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: All the transactions had been eliminated when preparing consolidated financial statements.

TABLE 8

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

NAMES, LOCATION, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE

FOR THE THREE MONTHS ENDED MARCH 31, 2017

(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 March 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				March 31, 2017	December 31, 2016	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	\$ 14,361,297	\$ 10,683	\$ 10,683	Subsidiary
	J & R Holding Limited	Bermuda	Investment activities	US\$ 479,693 thousand	US\$ 479,693 thousand	435,128	100	48,189,074	779,482	778,502	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	30,646	604	604	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 250,504 thousand	US\$ 250,504 thousand	250,504.067	71	10,574,475	69,493	56,889	Subsidiary
	Innosource Limited	British Virgin Islands	Investment activities	US\$ 86,000 thousand	US\$ 86,000 thousand	86,000,000	100	4,089,301	18,601	20,907	Subsidiary
	HCK	Taiwan	Engaged in the leasing of real estate properties	\$ 390,470	\$ 390,470	35,497,273	27	319,744	(5,039)	(1,376)	Associate
	HC	Taiwan	Engaged in the development, construction and leasing of real estate properties	2,845,913	2,845,913	68,629,782	26	1,287,989	(35,810)	(4,523)	Associate
	ASE Test, Inc.	Taiwan	Engaged in the testing of semiconductors	20,698,867	20,698,867	1,131,452,502	100	29,284,307	520,213	520,213	Subsidiary
	USI Inc.	Taiwan	Investment activities	20,836,477	20,836,477	1,112,236,706	99	41,682,601	834,303	809,040	Subsidiary
	Luchu Development Corporation	Taiwan	Engaged in the development of real estate properties	1,366,238	1,366,238	131,961,457	67	1,332,454	(653)	(438)	Subsidiary
	ASEEE	Taiwan	Engaged in the production of embedded substrate	765,000	765,000	76,500,000	51	625,622	(88,303)	(45,035)	Associate
	SPIL	Taiwan	Engaged in assembly, testing and turnkey services of integrated circuits	48,790,498	48,790,498	1,037,300,000	33	45,919,552	996,524	(54,291)	Associate
	Deca Technologies Inc.	Cayman	Holding company and the group engaged in manufacturing, development and marketing of wafer level packaging and interconnect technology	US\$ 59,882 thousand	US\$ 59,882 thousand	98,489,803	22	1,730,836	(184,411)	(40,699)	Associate
	AMPI	Taiwan	Engaged in integrated circuit	178,861	178,861	33,308,452	10	32,587	(41,572)	(4,353)	Associate
	ASE Test, Inc.	Alto Enterprises Limited	British Virgin Islands	Investment activities	US\$ 188,000 thousand	US\$ 188,000 thousand	188,000,000	100	4,108,714	80,805	(Note 2)
Super Zone Holdings Limited		Hong Kong	Investment activities	US\$ 100,000 thousand	US\$ 100,000 thousand	100,000,000	100	2,968,614	(10,609)	(Note 2)	Subsidiary
Luchu Development Corporation		Taiwan	Engaged in the development of real estate properties	\$ 372,504	\$ 372,504	37,250,448	19	376,049	(653)	(Note 2)	Subsidiary
TLJ Intertech Inc.		Taiwan	Engaged in information software services	89,998	89,997.77	2,119,080	60	89,475	959	(Note 2)	Subsidiary
AMPI		Taiwan	Engaged in integrated circuit	225,000	225,000.00	90,000,000	28	217,385	(41,572)	(Note 2)	Associate
A.S.E. Holding Limited	ASE Test Limited	Singapore	Investment activities	US\$ 84,889 thousand	US\$ 84,889 thousand	11,148,000	10	US\$ 111,621 thousand	US\$ 16,293 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 168,643 thousand	US\$ 168,643 thousand	168,642,842	70	US\$ 344,926 thousand	(US\$ 1,917 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\$ 1,105,079 thousand	US\$ 16,293 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\$ 43,099 thousand	US\$ 2,232 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\$ 33,019 thousand	US\$ 26 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\$ 79,205 thousand	US\$ 639 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\$ 13,095 thousand	US\$ 246 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\$ 364,039 thousand	US\$ 7,373 thousand	(Note 2)	Subsidiary
	Anstock Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 458 thousand	US\$ 88 thousand	(Note 2)	Subsidiary
Anstock II Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 272 thousand	US\$ 74 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\$ 492,796 thousand	(US\$ 1,978 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\$ 148,949 thousand	US\$ 4,236 thousand	(Note 2)	Subsidiary
	ASE Test Holdings, Ltd.	British Cayman Islands	Investment activities	US\$ 222,399 thousand	US\$ 222,399 thousand	5	100	US\$ 101,161 thousand	US\$ 257 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 72,304 thousand	US\$ 72,304 thousand	72,304,040	30	US\$ 147,825 thousand	(US\$ 1,917 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\$ 149,758 thousand	US\$ 11,425 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\$ 101,160 thousand	US\$ 257 thousand	(Note 2)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				March 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
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\$ 148,949 thousand	US\$ 4,236 thousand	(Note 2)	Subsidiary
Omniquiest Industrial Limited	ASE Corporation	British Cayman Islands	Investment activities	US\$ 352,784 thousand	US\$ 352,784 thousand	352,784,067	100	US\$ 506,658 thousand	US\$ 34,635 thousand	(Note 2)	Subsidiary
ASE Corporation	ASE Mauritius Inc.	Mauritius	Investment activities	US\$ 217,800 thousand	US\$ 217,800 thousand	217,800,000	100	US\$ 366,601 thousand	US\$ 2,530 thousand	(Note 2)	Subsidiary
ASE Labuan Inc.	ASE Labuan Inc.	Malaysia	Investment activities	US\$ 126,184 thousand	US\$ 126,184 thousand	126,184,067	100	US\$ 135,460 thousand	(US\$ 296 thousand)	(Note 2)	Subsidiary
ASE Labuan Inc.	ASE Electronics Inc.	Taiwan	Engaged in the production of substrates	US\$ 125,813 thousand	US\$ 125,813 thousand	398,981,900	100	US\$ 134,895 thousand	(US\$ 294 thousand)	(Note 2)	Subsidiary
Innosource Limited	Omniquiest Industrial Limited	British Virgin Islands	Investment activities	US\$ 74,000 thousand	US\$ 74,000 thousand	74,000,000	21	US\$ 105,647 thousand	US\$ 2,232 thousand	(Note 2)	Subsidiary
ASE (Shanghai) Inc.	Advanced Semiconductor Engineering (HK) Limited	Hong Kong	Engaged in the trading of substrates	US\$ 1,000 thousand	US\$ 1,000 thousand	-	100	US\$ 8,947 thousand	US\$ 131 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	\$ 42,656,282	\$ 963,526	(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\$ 21 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\$ 1,341,677 thousand	US\$ 31,787 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\$ 1,142 thousand	US\$ 1 thousand	(Note 2)	Subsidiary
	Rise Accord Limited	British Virgin Islands	Holding company	US\$ 2,000 thousand	US\$ 2,000 thousand	20,000	100	US\$ 63 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	98	US\$ 1,269,901 thousand	US\$ 32,656 thousand	(Note 2)	Subsidiary
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Hong Kong	Holding company	CNY 662,390 thousand	CNY 662,390 thousand	777,716,500	100	CNY 2,319,907 thousand	CNY 55,529 thousand	(Note 2)	Subsidiary
Universal Global Technology Co., Limited	Universal Global Industrial Co., Limited	Hong Kong	Engaged in manufacturing, trading and investing activity	US\$ 11,000 thousand	US\$ 11,000 thousand	85,800,000	100	US\$ 20,436 thousand	US\$ 272 thousand	(Note 2)	Subsidiary
	Universal Global Scientific Industrial Co., Ltd.	Taiwan	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	US\$ 62,235 thousand	US\$ 62,235 thousand	198,000,000	100	US\$ 149,833 thousand	US\$ 1,945 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\$ 846 thousand	US\$ 9 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\$ 46,927 thousand	US\$ 2,395 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\$ 6,296 thousand	US\$ 22 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\$ 2,395 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	\$ 1,791,208	\$ 792,064	139,517,546	99	\$ 2,032,201	\$ 28,641	(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 THREE MONTHS ENDED MARCH 31, 2017

(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, 2017	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the three months ended March 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Net income of investee as of March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the three months ended March 31, 2017	Book value of investments in Mainland China as of March 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2017
					Remitted to Mainland China	Remitted back to Taiwan						
ASE (Shanghai) Inc.	Engaged in the production of substrates	\$ 4,349,312 (US\$ 148,496 thousand) (Note 12)	Note 1 (1)	\$ 4,782,216 (US\$ 149,800 thousand) (Note 12)	\$ -	\$ -	\$ 4,782,216 (US\$ 149,800 thousand)	\$ 48,621 (US\$ 1,566 thousand) (Note 5)	100	\$ 48,621 (US\$ 1,566 thousand) (Note 5)	\$ 10,337,788 (US\$ 340,844 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)	115,220 (US\$ 3,685 thousand) (Note 4)	100	115,220 (US\$ 3,685 thousand) (Note 4)	5,859,348 (US\$ 193,187 thousand)	None
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	6,501,336 (US\$ 203,580 thousand)	Note 1 (3)	5,792,530 (US\$ 180,000 thousand)	-	-	5,792,530 (US\$ 180,000 thousand)	231,968 (US\$ 7,423 thousand) (Note 4)	100	231,968 (US\$ 7,423 thousand) (Note 4)	11,151,543 (US\$ 367,674 thousand)	None
Suzhou ASEN Semiconductors Co., Ltd.	Engaged in the packaging and testing of semiconductors	1,568,467 (US\$ 48,672 thousand)	Note 1 (4)	711,180 (US\$ 21,600 thousand)	-	-	711,180 (US\$ 21,600 thousand)	196,810 (US\$ 6,303 thousand) (Note 5)	60	118,086 (US\$ 3,782 thousand) (Note 5)	2,655,577 (US\$ 87,556 thousand)	None
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	4,507,081 (US\$ 152,200 thousand)	Note 1 (5)	1,295,307 (US\$ 40,000 thousand)	-	-	1,295,307 (US\$ 40,000 thousand)	107,966 (US\$ 3,445 thousand) (Note 5)	100	107,966 (US\$ 3,445 thousand) (Note 5)	1,573,547 (US\$ 51,881 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)	(46,818) (CNY -10,363 thousand) (Note 5)	100	(46,818) (CNY -10,363 thousand) (Note 5)	18,123,240 (CNY 4,122,574 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)	(13,610) (CNY -2,998 thousand) (Note 5)	100	(13,610) (CNY -2,998 thousand) (Note 5)	6,695,487 (CNY 1,523,052 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)	(4,560) (CNY -1,003 thousand) (Note 5)	100	(4,560) (CNY -1,003 thousand) (Note 5)	4,825,521 (CNY 1,097,683 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)	11,662 (CNY 2,526 thousand) (Note 5)	100	11,662 (CNY 2,526 thousand) (Note 5)	3,040,277 (CNY 691,585 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)	(41) (CNY -9 thousand) (Note 5)	100	(41) (CNY -9 thousand) (Note 5)	1,449,406 (CNY 329,703 thousand)	None
Advanced Semiconductor Engineering (China) Ltd.	Engage in the packaging and testing of semiconductors	3,149,000 (US\$ 100,000 thousand)	Note 1 (6)	3,149,000 (US\$ 100,000 thousand)	-	-	3,149,000 (US\$ 100,000 thousand)	10,610 (US\$ -326 thousand) (Note 4)	100	10,610 (US\$ -326 thousand) (Note 4)	2,968,498 (US\$ 97,873 thousand)	None
ASE Investment (Kun Shan) Limited	Holding company	3,717,318 (US\$ 122,000 thousand)	Note 1 (7)	3,717,318 (US\$ 122,000 thousand) (Note 10)	-	-	3,717,318 (US\$ 122,000 thousand)	52,426 (US\$ 1,677 thousand) (Note 4)	100	52,426 (US\$ 1,677 thousand) (Note 4)	2,665,557 (US\$ 87,885 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, 2017	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended March 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2017	Net income of investee as of March 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended March 31, 2017	Book value of investments in Mainland China as of March 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2017
					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)	\$ 4,408 (CNY 972 thousand) (Note 4)	100	\$ 4,408 (CNY 972 thousand) (Note 4)	\$ 419,470 (CNY 95,419 thousand)	None
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	2,566 (CNY 500 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(7) (CNY -2 thousand) (Note 4)	100	(7) (CNY -2 thousand) (Note 4)	1,923 (CNY 437 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)	(4,564) (CNY -1,006 thousand) (Note 5)	100	(4,564) (CNY -1,006 thousand) (Note 5)	(11,348) (CNY -2,581 thousand)	None
Shanghai Ding Fan Department Store Co., Ltd.	Engaged in selling General merchandise	7,199 (CNY 1,500 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(453) (CNY -101 thousand) (Note 5)	100	(453) (CNY -101 thousand) (Note 5)	6,131 (CNY 1,395 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 (8)	1,180,746	-	-	1,180,746	285,419 (CNY 62,980 thousand) (Note 6)	76	217,632 (US\$ 6,974 thousand) (Note 6)	7,357,299 (US\$ 242,575 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 (8)	1,668,233	-	-	1,668,233	1,286,672 (US\$ 41,234 thousand) (Note 6)	76	976,814 (US\$ 31,304 thousand) (Note 6)	26,396,233 (US\$ 870,301 thousand)	\$ 349,290 (US\$ 10,955 thousand)
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 (8)	383,201	-	-	383,201	(713) (US\$ -23 thousand) (Note 6)	99	(707) (US\$ -23 thousand) (Note 6)	312,805 (US\$ 10,313 thousand)	None
e-Cloud Corporation	Engaged in the sale of electronic components and telecommunications equipment	147,450 (US\$ 5,000 thousand)	Note 1 (9)	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)	162,448 (CNY 35,846 thousand) (Note 6)	76	121,329 (CNY 26,772 thousand) (Note 6)	2,173,345 (CNY 494,380 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)	241,508 (CNY 53,291 thousand) (Note 6)	76	183,347 (CNY 40,457 thousand) (Note 6)	2,216,360 (CNY 504,165 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)	1,656 (CNY 365 thousand) (Note 6)	76	1,257 (CNY 277 thousand) (Note 6)	181,112 (CNY 41,198 thousand)	None

(Continued)

Investee Company	Accumulated Investment in Mainland China as of March 31, 2017	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)	17,768,361 (Note 8)
USI Inc.	3,382,665	32,402,340 (US\$1,027,236 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) Global Advanced Packaging Technology Ltd. and J&R Holding Limited.
- (4) J&R Holding Limited.
- (5) ASE (Korea) Inc., ASE Test Limited, ASE Investment (Labuan) Inc., ASE Holding Ltd. and J&R Holding Limited.
- (6) Super Zone Holdings Limited.
- (7) Alto Enterprises Limited.
- (8) Real Tech Holdings Limited and Huntington Holdings International Co. Ltd..
- (9) 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 March 31, 2017 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: $\$29,613,935 \times 60\% = 17,768,361$

Note 9: USD \$80,000 thousand was directly remitted by the subsidiary, ASE (Korea) Inc., and USD \$25,000 thousand was by means of Debt for Equity Swap. Therefore, there is USD\$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 (KunShan) through another company in 3rd area and then invested to ASE (Kun Shan) Inc..

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

Note 12: ASE Module (Shanghai) was absorbed by ASE (Shanghai) Inc. in February 2017.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2017

(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	\$ 6,997,257	The transaction has the same terms with other companies The transaction has the same terms with other companies It is calculated by fixed ratio based on actual expenses. There is an upper limit to the expenses. The transaction has the same terms with other companies	2
		Universal Scientific Industrial Co., Ltd.	Parent company to subsidiary	Other receivables	1,288,645		-
		ASE (Shanghai) Inc.	Parent company to subsidiary	Operating revenues	1,234,935		2
		ASE (U.S.) Inc.	Parent company to subsidiary	Trade payables	478,604		-
		ASE (U.S.) Inc.	Parent company to subsidiary	Operating costs	442,757		1
		ASE (U.S.) Inc.	Parent company to subsidiary	Operating expenses	225,097		-
		ASE Electronics Inc.	Parent company to subsidiary	Trade payables	480,419		-
		ASE Electronics Inc.	Parent company to subsidiary	Other payables	313,993		-
		ASE Electronics Inc.	Parent company to subsidiary	Operating costs	520,492		1
		J & R Holding Limited	Parent company to subsidiary	Other payables	9,099,000		3
		Omniquest Industrial Limited	Parent company to subsidiary	Other payables	1,450,000		-
		ASE Test Limited	Parent company to subsidiary	Other payables	5,762,700		2
		Global Advanced Packaging Technology Limited	Parent company to subsidiary	Other payables	1,971,450		1
		ASE Investment (Labuan) Inc.	Parent company to subsidiary	Other payables	2,313,200		1
		J&R Industrial Inc.	Parent company to subsidiary	Other payables	190,000		-
		ASE (Korea) Inc.	Parent company to subsidiary	Other payables	1,668,645		-
		Huntington Holdings International Co., Ltd.	Parent company to subsidiary	Other payables	1,516,500		-
USI Enterprise Limited	Parent company to subsidiary	Other payables	6,672,600	2			
Real Tech Holdings Limited	Parent company to subsidiary	Other payables	1,668,150	-			
ASE Corporation	Parent company to subsidiary	Other payables	1,668,150	-			
A.S.E. Holding Limited	Parent company to subsidiary	Other payables	2,274,750	1			
1	ASE Test, Inc.	Omniquest Industrial Limited	Subsidiary to subsidiary	Other receivables	1,450,000	-	
		ASE Investment (Labuan) Inc.	Subsidiary to subsidiary	Other receivables	1,100,000	-	
2	ASE (Shanghai) Inc.	Advanced Semiconductor Engineering (HK) Limited	Subsidiary to subsidiary	Trade receivables	450,847	-	
				Operating revenues	457,047	1	
3	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	223,904	-	
4	ASE Investment (Labuan) Inc.	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	459,453	-	
5	A.S.E. Holding Limited	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	2,136,261	1	
6	J & R Holding Limited	Global Advanced Packaging Technology Limited	Subsidiary to subsidiary	Other assets	531,956	-	
		Anstock Limited	Subsidiary to subsidiary	Other assets	1,230,354	-	
		Anstock Limited	Subsidiary to subsidiary	Other receivables	211,712	-	
		ASE Test Limited	Subsidiary to subsidiary	Other liabilities	2,218,231	1	
		ISE Labs, Inc.	Subsidiary to subsidiary	Other liabilities	1,395,715	-	
		Anstock II Limited	Subsidiary to subsidiary	Other payables	9,063,184	3	

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions		
				Financial Statement Account	Amount (Note)	Percentage of Consolidated Net Revenue or Total Assets
		ASE Japan Co., Ltd.	Subsidiary to subsidiary	Other payables	\$ 2,361,183	1
		ASE Electronics (M) Sdn. Bhd.	Subsidiary to subsidiary	Other payables	151,650	-
		ASE Assembly & Test (Shanghai) Limited	Subsidiary to subsidiary	Other receivables	525,288	-
		ASE WeiHai Inc.	Subsidiary to subsidiary	Other receivables	1,794,168	1
		USI Enterprise Limited	Subsidiary to subsidiary	Other payables	1,669,723	1
		ASE Investment (Labuan) Inc.	Subsidiary to subsidiary	Other assets	765,594	-
		ASE Corporation	Subsidiary to subsidiary	Other assets	1,679,031	-
		A.S.E. Holding Limited	Subsidiary to subsidiary	Other liabilities	606,693	-
7	Global Advanced Packaging Technology Limited	USI Enterprise Limited	Subsidiary to subsidiary	Other payables	1,973,468	1
8	ASE WeiHai Inc.	ASE (Korea) Inc.	Subsidiary to subsidiary	Other payables	607,312	-
9	ASE Electronics Inc.	J&R Industrial Inc.	Subsidiary to subsidiary	Other payables	190,000	-
10	ASE Assembly & Test (Shanghai) Limited	Anstock Limited	Subsidiary to subsidiary	Other payables	634,759	-
		Shanghai Ding Wei Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other liabilities	791,298	-
			Subsidiary to subsidiary	Other receivables	445,243	-
11	USI Inc.	USI Enterprise Limited	Subsidiary to subsidiary	Other payables	1,819,800	1
12	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary to subsidiary	Operating costs	1,238,123	2
		Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Trade payables	1,360,489	-
		Universal Global Industrial Co., Limited	Subsidiary to subsidiary	Other receivables	879,668	-
			Subsidiary to subsidiary	Operating revenues	107,815	-
13	Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	606,785	1
			Subsidiary to subsidiary	Operating costs	2,423,614	5
			Subsidiary to subsidiary	Trade receivables	462,344	-
			Subsidiary to subsidiary	Trade payables	1,987,186	1
		Universal Global Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Operating revenues	3,339,026	6
			Subsidiary to subsidiary	Trade receivables	2,905,134	1
		Universal Global Technology (Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating costs	1,611,597	2
			Subsidiary to subsidiary	Trade payables	1,415,713	-
14	Universal Global Technology Co., Limited	Universal Global Technology (Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	490,623	1
		USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Trade receivables	680,363	-
			Subsidiary to subsidiary	Other payables	909,900	-
15	USI Electronics (Shenzhen) Co., Ltd	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,386,744	-

(Concluded)

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