Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements for the Years Ended December 31, 2017 and 2016 and Independent Auditors’ Report

REPRESENTATION LETTER

The entities that are required to be included in the combined financial statements of Advanced Semiconductor Engineering, Inc. as of and for the year ended December 31, 2017, under the Criteria Governing the Preparation of Affiliation Reports, Consolidated Business Reports and Consolidated Financial Statements of Affiliated Enterprises are the same as those included in the consolidated financial statements prepared in conformity with the International Financial Reporting Standards No. 10, “Consolidated Financial Statements.” In addition, the information required to be disclosed in the combined financial statements is included in the consolidated financial statements. Consequently, Advanced Semiconductor Engineering, Inc. and Subsidiaries do not prepare a separate set of combined financial statements.

Very truly yours,

Advanced Semiconductor Engineering, Inc.

By

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JASON C.S. CHANG
Chairman
February 26, 2018

Deloitte.

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INDEPENDENT AUDITORS' REPORT

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

Opinion

We have audited the accompanying consolidated financial statements of Advanced Semiconductor Engineering, Inc. and its subsidiaries (the Group), which comprise the consolidated balance sheets as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the report of the other auditors' (refer to paragraph of Other Matter), the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

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

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2017. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matter of the Group's consolidated financial statements for the year ended December 31, 2017 is discussed as follows.

Revenue Recognition

The Group's revenue mainly consists of semiconductor packaging, testing, and electronic manufacturing services. The Group's consolidated revenue for the year ended December 31, 2017 was NT$290,441,208 thousand, which is significant to the consolidated financial statements. Since the Group has customers with different terms and a large volume of transactions, there is a risk that the revenue recognized by the Group may not satisfy all the conditions required under International Accounting Standard No. 18. Therefore, we have identified the Group's revenue recognition as a key audit matter.

Please refer to Note 4(p) for the related accounting policy of the Group's revenue recognition.

In addition to evaluating the aforementioned accounting policy, our key audit procedures included the following:

1. Understood and tested the design and operating effectiveness of the internal control over revenue recognition.

2. Compared and verified the terms for determining when services are completed and the shipping terms applied in revenue recognition are consistent with that of the agreements with customers.

3. Inspected the related documents to ensure that the significant risk and rewards of ownership of inventories had been transferred to customers and the recognized revenue has actually occurred.

4. Obtained confirmation letters from customers and evidence of subsequent receipt of cash from the sales to ensure that the amount of revenue can be measured reliably and it is probable that the economic benefits associated with the transaction will flow to the Group.

Other Matter

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 for the year ended December 31, 2017 and 2016, were audited by other auditors. Our opinion, 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 included its investments accounted for using the equity method in SPIL of NT$45,141,910 thousand and NT$45,884,727 thousand, constituting 12% and 13% of the Group's total assets, as of December 31, 2017 and 2016, respectively, and its share of profit in SPIL of NT$824,915 thousand and NT$1,755,091 thousand, constituting 3% and 8% of the Group's net profit for the year ended December 31, 2017 and 2016, respectively.

We have also audited the parent company only financial statements of Advanced Semiconductor Engineering, Inc. for the years ended December 31, 2017 and 2016 on which we have expressed an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRS, IAS, IFRIC, and SIC endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including the audit committee, are responsible for overseeing the Group's financial reporting process.

Auditors' Responsibilities for the Audit of the Consolidated Financial Statements

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

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision, and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements for the year ended December 31, 2017 and are therefore the key audit matters. We describe these matters in our auditors' report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partners on the audit resulting in this independent auditors' report are Jia-Ling Chiang and Chiu-Yen Wu.

Deloitte & Touche
Taipei, Taiwan
Republic of China

February 26, 2018

<u>*Notice to Readers*</u>

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance 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 audit 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	December 31, 2017 NT$	%	December 31, 2016 (Retrospectively Adjusted) NT$	%
CURRENT ASSETS				
Cash and cash equivalents (Notes 4 and 6)	$ 46,078,066	13	$ 38,392,524	11
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	5,223,067	1	3,069,812	1
Available-for-sale financial assets - current (Notes 4 and 8)	89,159	-	266,696	-
Trade receivables, net (Notes 4 and 9)	55,200,706	15	51,145,557	14
Other receivables	1,051,955	-	665,480	-
Current tax assets (Notes 4 and 25)	260,542	-	471,752	-
Inventories (Notes 4 and 10)	24,260,911	7	21,438,062	6
Inventories related to real estate business (Notes 4, 11, 24 and 36)	9,819,516	3	24,187,515	7
Other financial assets - current (Notes 4, 12 and 36)	472,340	-	558,686	-
Other current assets	2,482,010	1	2,593,575	1
Total current assets	144,938,272	40	142,789,659	40
NON-CURRENT ASSETS				
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,123,006	-	1,028,338	-
Investments accounted for using the equity method (Notes 4 and 13)	48,689,265	14	49,816,593	14
Property, plant and equipment (Notes 4, 14, 24 and 37)	135,168,406	37	143,880,241	40
Investment properties (Notes 4, 15, 24 and 36)	8,119,436	2	-	-
Goodwill (Notes 4, 5, 16 and 28)	9,934,494	3	10,490,309	3
Other intangible assets (Notes 4, 17, 24, 28 and 35)	1,406,865	-	1,617,261	1
Deferred tax assets (Notes 4 and 25)	4,001,821	1	4,536,924	1
Other financial assets - non-current (Notes 4, 12 and 36)	1,170,500	-	1,320,381	-
Long-term prepayments for lease (Notes 18 and 36)	8,851,330	3	2,237,033	1
Other non-current assets	454,391	-	205,740	-
Total non-current assets	218,919,514	60	215,132,820	60
TOTAL	$ 363,857,786	100	$ 357,922,479	100

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	December 31, 2017 NT$	%	December 31, 2016 (Retrospectively Adjusted) NT$	%
CURRENT LIABILITIES				
Short-term borrowings (Note 19)	$ 17,962,471	5	$ 20,955,522	6
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	677,430	-	1,763,660	-
Trade payables	41,672,233	12	35,803,984	10
Other payables (Note 21)	21,377,887	6	21,522,034	6
Current tax liabilities (Notes 4 and 25)	4,863,549	1	4,352,642	1
Current portion of bonds payable (Notes 4 and 20)	6,161,197	2	9,658,346	3
Current portion of long-term borrowings (Notes 19 and 36)	8,261,625	2	6,567,565	2
Other current liabilities	4,644,566	1	3,852,113	1
Total current liabilities	105,620,958	29	104,475,866	29
NON-CURRENT LIABILITIES				
Bonds payable (Notes 4 and 20)	16,981,583	5	27,341,557	8
Long-term borrowings (Notes 19 and 36)	27,145,003	8	46,547,998	13
Deferred tax liabilities (Notes 4 and 25)	4,961,487	1	4,856,549	2
Net defined benefit liabilities (Notes 4 and 22)	3,936,685	1	4,172,253	1
Other non-current liabilities	1,210,590	-	1,201,480	-
Total non-current liabilities	54,235,348	15	84,119,837	24
Total liabilities	159,856,306	44	188,595,703	53
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)				
Share capital				
Ordinary shares (Note 31)	87,246,194	24	79,364,735	22
Shares subscribed in advance	134,593	-	203,305	-
Total share capital	87,380,787	24	79,568,040	22
Capital surplus (Note 31)	40,622,877	11	22,265,049	6
Retained earnings (Notes 13 and 28)				
Legal reserve	16,765,066	5	14,597,032	4
Special reserve	3,353,938	1	3,353,938	1
Unappropriated earnings	56,287,526	15	46,710,051	13
Total retained earnings	76,406,530	21	64,661,021	18
Other equity	(6,316,138)	(2)	(1,883,574)	-
Treasury shares	(7,292,513)	(2)	(7,292,513)	(2)
Equity attributable to owners of the Company	190,801,543	52	157,318,023	44
NON-CONTROLLING INTERESTS (Notes 4 and 23)	13,199,937	4	12,008,753	3
Total equity	204,001,480	56	169,326,776	47
TOTAL	$ 363,857,786	100	$ 357,922,479	100

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche audit report dated February 26, 2018)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars Except Earnings Per Share)

	For the Years Ended December 31			
	2017		2016 (Retrospectively Adjusted)	
	NT$	%	NT$	%
OPERATING REVENUES (Note 4)	$ 290,441,208	100	$ 274,884,107	100
OPERATING COSTS (Notes 10, 24 and 28)	237,708,937	82	221,696,922	81
GROSS PROFIT	52,732,271	18	53,187,185	19
OPERATING EXPENSES (Notes 24 and 28)				
Selling and marketing expenses	3,308,992	1	3,473,586	1
General and administrative expenses	12,458,054	4	11,662,082	4
Research and development expenses	11,746,613	4	11,391,147	4
Total operating expenses	27,513,659	9	26,526,815	9
PROFIT FROM OPERATIONS	25,218,612	9	26,660,370	10
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	839,324	-	640,843	-
Other gains, net (Note 24)	6,236,439	2	1,424,657	1
Finance costs (Note 24)	(1,799,494)	-	(2,261,075)	(1)
Share of the profit of associates and joint ventures (Notes 4 and 13)	434,017	-	1,520,041	-
Total non-operating income and expenses	5,710,286	2	1,324,466	-
PROFIT BEFORE INCOME TAX	30,928,898	11	27,984,836	10
INCOME TAX EXPENSE (Notes 4 and 25)	6,261,532	2	5,091,373	2
NET PROFIT FOR THE YEAR	24,667,366	9	22,893,463	8
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	205,344	-	(417,181)	-
Share of other comprehensive gain (loss) of associates and joint ventures	7,249	-	(49,794)	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	(51,217)	-	73,637	-
	161,376	-	(393,338)	-

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(In Thousands of New Taiwan Dollars Except Earnings Per Share)

	For the Years Ended December 31			
	2017		2016 (Retrospectively Adjusted)	
	NT$	%	NT$	%
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	$ (5,287,734)	(2)	$ (6,445,643)	(2)
Unrealized gain (loss) on available-for-sale financial assets	224,036	-	(248,599)	-
Share of other comprehensive income (loss) of associates and joint ventures	301,977	-	(871,679)	-
	(4,761,721)	(2)	(7,565,921)	(2)
Other comprehensive loss for the year, net of income tax	(4,600,345)	(2)	(7,959,259)	(2)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 20,067,021	7	$ 14,934,204	6
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	$ 22,987,819	8	$ 21,643,156	8
Non-controlling interests	1,679,547	1	1,250,307	-
	$ 24,667,366	9	$ 22,893,463	8
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 18,730,355	7	$ 14,275,709	6
Non-controlling interests	1,336,666	-	658,495	-
	$ 20,067,021	7	$ 14,934,204	6
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.82		$ 2.82	
Diluted	$ 2.62		$ 2.37	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche audit report dated February 26, 2018)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company													
	Share Capital			Retained Earnings				Other Equity						
	Shares (In Thousands)	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
BALANCE AT JANUARY 1, 2016	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
Appropriation of 2015 earnings														
Legal reserve	-	-	-	1,947,887	-	(1,947,887)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(12,476,779)	(12,476,779)	-	-	-	-	(12,476,779)	-	(12,476,779)
	-	-	-	1,947,887	-	(14,424,666)	(12,476,779)	-	-	-	-	(12,476,779)	-	(12,476,779)
Change from investments in associates and joint ventures accounted for using the equity method	-	-	51,959	-	-	-	-	-	-	-	-	51,959	-	51,959
Net profit for the year ended December 31, 2016 (After retrospectively adjusted) (Notes 13 and 28)	-	-	-	-	-	21,643,156	21,643,156	-	-	-	-	21,643,156	1,250,307	22,893,463
Other comprehensive loss for the year ended Deceember 31, 2016, net of income tax	-	-	-	-	-	(402,184)	(402,184)	(6,136,294)	(828,969)	(6,965,263)	-	(7,367,447)	(591,812)	(7,959,259)
Total comprehensive income (loss) for the year ended Deceember 31, 2016 (After retrospectively adjusted)	-	-	-	-	-	21,240,972	21,240,972	(6,136,294)	(828,969)	(6,965,263)	-	14,275,709	658,495	14,934,204
Issue of dividends received by subsidiaries from the Company	-	-	233,013	-	-	-	-	-	-	-	-	233,013	-	233,013
Partial disposal of interests in subsidiaries and additional acquisition of majority-owned subsidiaries (Note 30)	-	-	(20,552)	-	-	(5,884)	(5,884)	-	-	-	-	(26,436)	26,436	-
Changes in percentage of ownership interest in subsidiaries (Note 30)	-	-	(1,912,887)	-	-	-	-	-	-	-	-	(1,912,887)	(912,886)	(2,825,773)
Issue of ordinary shares under employee share options (Note 27)	35,756	382,380	600,737	-	-	-	-	-	-	-	-	983,117	-	983,117
Non-controlling interests arising from acquisition of subsidiaries (After retrospectively adjusted) (Note 28)	-	-	-	-	-	-	-	-	-	-	-	-	42,857	42,857
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(237,850)	(237,850)
Additional non-controlling interest arising on issue of employee share options by subsidiaries (Note 27)	-	-	(444,320)	-	-	-	-	-	-	-	-	(444,320)	927,823	483,503
ADJUSTED BALANCE AT DECEMBER 31, 2016 (Notes 13 and 28)	7,946,184	$ 79,568,040	$ 22,265,049	$ 14,597,032	$ 3,353,938	$ 46,710,051	$ 64,661,021	$ (1,642,724)	$ (240,850)	$ (1,883,574)	$ (7,292,513)	$ 157,318,023	$ 12,008,753	$ 169,326,776
Appropriation of 2016 earnings														
Legal reserve	-	-	-	2,168,034	-	(2,168,034)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(11,415,198)	(11,415,198)	-	-	-	-	(11,415,198)	-	(11,415,198)
	-	-	-	2,168,034	-	(13,583,232)	(11,415,198)	-	-	-	-	(11,415,198)	-	(11,415,198)
Change from investments in associates and joint ventures accounted for using the equity method	-	-	1,490	-	-	(2,212)	(2,212)	-	-	-	-	(722)	-	(722)
Net profit for the year ended December 31, 2017	-	-	-	-	-	22,987,819	22,987,819	-	-	-	-	22,987,819	1,679,547	24,667,366

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars)

	Equity Attributable to Owners of the Company												Non-controlling Interests	Total Equity
	Share Capital			Retained Earnings				Other Equity						
	Shares (In Thousands)	Amounts	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Total	Treasury Shares	Total		
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	$ -	$ -	$ -	$ -	$ 175,100	$ 175,100	$ (5,090,036)	$ 657,472	$ (4,432,564)	$ -	$ (4,257,464)	$ (342,881)	$ (4,600,345)
Total comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	23,162,919	23,162,919	(5,090,036)	657,472	(4,432,564)	-	18,730,355	1,336,666	20,067,021
Issue of ordinary shares for capital increase by cash (Note 23)	300,000	3,000,000	7,290,000	-	-	-	-	-	-	-	-	10,290,000	-	10,290,000
Issue of ordinary shares under conversion of bonds (Notes 20 and 23)	424,258	4,242,577	9,657,905	-	-		-	-	-	-	-	13,900,482	-	13,900,482
Issue of dividends received by subsidiaries from the Company	-	-	200,977	-	-	-	-	-	-	-	-	200,977	-	200,977
Changes in percentage of ownership interest in subsidiaries (Note 30)	-	-	3,055	-	-	-	-	-	-	-	-	3,055	(3,055)	-
Issue of ordinary shares under employee share options (Note 27)	67,637	570,170	1,256,789	-	-	-	-	-	-	-	-	1,826,959	(159,200)	1,667,759
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(246,440)	(246,440)
Additional non-controlling interest arising on issue of employee share options by subsidiaries (Note 27)	-	-	(52,388)	-	-	-	-	-	-	-	-	(52,388)	263,213	210,825
BALANCE AT DECEMBER 31, 2017	8,738,079	$ 87,380,787	$ 40,622,877	$ 16,765,066	$ 3,353,938	$ 56,287,526	$ 76,406,530	$ (6,732,760)	$ 416,622	$ (6,316,138)	$ (7,292,513)	$ 190,801,543	$ 13,199,937	$ 204,001,480

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche audit report dated February 26, 2018)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	$ 30,928,898	$ 27,984,836
Adjustments for:		
Depreciation expense	28,747,518	28,961,614
Amortization expense	457,666	508,823
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	2,783,902	(447,559)
Finance costs	1,799,494	2,261,075
Interest income	(306,871)	(230,067)
Dividend income	(59,039)	(26,411)
Compensation cost of employee share options	438,765	470,788
Share of profit of associates and joint ventures	(434,017)	(1,520,041)
Loss (gain) on disposal of property, plant and equipment	(348,070)	131,044
Impairment loss recognized on financial assets	77,101	91,886
Reversal of impairment loss on financial assets	-	(28,022)
Impairment loss recognized on non-financial assets	1,113,499	1,340,011
Gain on disposal of subsidiaries	(5,589,457)	-
Net gain on foreign currency exchange	(2,356,480)	(407,160)
Others	1,172,005	900,378
Changes in operating assets and liabilities		
Financial assets held for trading	(226,049)	1,052,111
Trade receivables	(4,066,374)	(6,184,873)
Other receivables	(330,491)	(211,755)
Inventories	(2,907,848)	3,156,759
Other current assets	(781,477)	(24,517)
Financial liabilities held for trading	(3,874,662)	(2,952,116)
Trade payables	4,753,270	1,665,420
Other payables	685,398	1,380,205
Other current liabilities	211,145	(2,347,599)
Other operating activities items	27,538	(407,143)
Cash generated from operations	51,915,364	55,117,687
Interest received	236,746	228,509
Dividend received	1,929,218	4,043,644
Interest paid	(1,666,759)	(2,043,870)
Income tax paid	(4,983,769)	(5,238,103)
Net cash generated from operating activities	47,430,800	52,107,867

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets designated as at fair value through profit or loss	$ (61,308,095)	$ (64,853,336)
Proceeds on sale of financial assets designated as at fair value through profit or loss	61,601,865	66,472,870
Purchase of available-for-sale financial assets	(902,648)	(1,590,928)
Proceeds on sale of available-for-sale financial assets	1,121,517	867,336
Cash received from return of capital by available-for-sale financial assets	16,175	28,927
Acquisition of associates and joint ventures	-	(16,041,463)
Net cash outflow on acquisition of subsidiaries	-	(73,437)
Net cash inflow from disposal of subsidiaries	7,020,883	-
Payments for property, plant and equipment	(24,699,240)	(26,714,163)
Proceeds from disposal of property, plant and equipment	1,488,210	670,200
Payments for intangible assets	(337,984)	(513,893)
Proceeds from disposal of intangible assets	34,690	25,646
Payments for investment properties	(186,522)	-
Decrease (increase) in other financial assets	236,227	(1,231,186)
Increase in other non-current assets	(171,320)	(206,031)
Net cash used in investing activities	(16,086,242)	(43,159,458)
CASH FLOWS FROM FINANCING ACTIVITIES		
Net repayment of short-term borrowings	(2,038,993)	(10,640,229)
Repayment of short-term bills payable	-	(4,348,054)
Proceeds from issue of bonds	8,000,000	9,000,000
Repayment of bonds payable	(9,123,972)	(10,365,135)
Proceeds from long-term borrowings	35,394,158	62,282,917
Repayment of long-term borrowings	(51,867,539)	(52,924,902)
Dividends paid	(11,214,221)	(12,243,766)
Proceeds from issue of ordinary shares	10,290,000	-
Proceeds from exercise of employee share options	1,439,819	995,832
Decrease in non-controlling interests	(246,440)	(3,063,623)
Other financing activities items	43,761	219,940
Net cash used in financing activities	(19,323,427)	(21,087,020)

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(In Thousands of New Taiwan Dollars)

	For the Years Ended December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS	$ (4,335,589)	$ (4,720,046)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	7,685,542	(16,858,657)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	38,392,524	55,251,181
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 46,078,066	$ 38,392,524

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)
(With Deloitte & Touche audit report dated February 26, 2018)

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 of the Company have been traded on the New York Stock Exchange (the "NYSE") under the symbol "ASX" in the form of American Depositary Shares ("ADS"). The ordinary shares of its subsidiary, Universal Scientific Industrial (Shanghai) Co., Ltd. (the "USISH"), have been listed on the Shanghai Stock Exchange (the "SSE") under the symbol "601231" since February 2012.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved for issue by board of directors on February 26, 2018.

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) (collectively, the "IFRSs") 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 IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group's accounting policies:

   <u>Amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers</u>

   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. Refer to Note 35 for related disclosures.

b. The Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed by the FSC for application starting from 2018.

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
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
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" and related amendments

Classification, measurement and impairment 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 any impairment loss recognized in profit or loss. 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 collecting contractual cash flows and selling 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 gains or losses 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 Group analyzed the facts and circumstances of its financial assets that exist at December 31, 2017 and performed the assessment of the impact of IFRS 9 on the classification and measurement of financial assets. Under IFRS 9:

a) Unquoted shares and limited partnership classified as available-for-sale will be designated as at fair value through other comprehensive income and the fair value gains or losses accumulated in other equity will be transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Impairment losses previously recognized and accumulated in retained earnings will be adjusted by the Group to record an increase in retained earnings and a decrease in other equity, unrealized gains or losses on financial assets at fair value through other comprehensive income, since no subsequent impairment assessment is required under IFRS 9;

b) Quoted shares classified as available-for-sale will be classified as at fair value through profit or loss under IFRS 9. Open-end mutual funds classified as available-for-sale will be classified as at fair value through profit or loss under IFRS 9 because the contractual cash flows are not solely payments of principal and interest on the principal outstanding and they are not equity instruments. The Group will reclassify unrealized gains or losses on available-for-sale financial assets in other equity to retained earnings;

c) Time deposits with original maturity of over three months, pledged time deposits and guarantee deposits will be classified as measured at amortized cost under IFRS 9 because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is to collect the contractual cash flows; and

d) Debt investments with no active market will be classified as at fair value through other comprehensive income under IFRS 9, because, on initial recognition, the contractual cash flows that are solely payments of principal and interest on the principal outstanding and these investments are held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets. The Group will adjust those debt investments and other equity, unrealized gains or losses on financial assets at fair value through other comprehensive income, based on their fair value;

IFRS 9 requires that impairment loss on financial assets to be recognized by using the "Expected Credit Losses Model". A loss allowance is required for financial assets measured at amortized cost, investments in debt instruments 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.

In general, the Group anticipates that the application of the expected credit losses model of IFRS 9 will result in an earlier recognition of credit losses for financial assets.

The Group elects not to restate prior reporting periods when applying the requirements for the classification, measurement and impairment of financial assets under IFRS 9 with the cumulative effect of the initial application recognized at the date of initial application and will provide the disclosures related to the classification and the adjustment information upon initial application of IFRS 9.

The anticipated impact on assets, liabilities and equity of retrospective application of the requirements for the classification, measurement and impairment of financial assets on January 1, 2018 is set out below:

Impact on assets, liabilities and equity	**Carrying Amount as of December 31, 2017** **NT$**	**Adjustments Arising from Initial Application** **NT$**	**Adjusted Carrying Amount as of January 1, 2018** **NT$**
Financial assets at fair value through profit or loss - current	$ 5,223,067	$ 89,159	$ 5,312,226
Available-for-sale financial assets - current	89,159	(89,159)	-
Investments accounted for using the equity method	48,689,265	(2,586)	48,686,679
Financial assets at fair value through profit or loss - non-current	-	214,457	214,457
Financial assets at fair value through other comprehensive income - non-current	-	1,988,549	1,988,549
Available-for-sale financial assets - non-current	1,123,006	(1,123,006)	-
Other financial assets－non-current	1,170,500	(1,000,000)	170,500
Total effect on assets	$ 56,294,997	$ 77,414	$ 56,372,411

(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
	NT$	NT$	NT$
Retained earnings	$ 76,406,530	$ 358,519	$ 76,765,049
Unrealized gain on equity investments at fair value through other comprehensive income	-	55,517	55,517
Unrealized gain on available-for-sale financial assets	416,622	(416,622)	-
Unrealized gain on debt investments at fair value through other comprehensive income	-	80,000	80,000
Total effect on equity	$ 76,823,152	$ 77,414	$ 76,900,566

(Concluded)

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 cost of 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.

The assessment of the Group's current hedging relationships indicates that they will qualify as continuing hedging relationships upon application of IFRS 9.

2) 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.

When applying IFRS 15, the Group recognizes 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 Group satisfies a performance obligation.

The Group packages bare semiconductors into finished semiconductors and provides testing services according to customers' agreed specifications. The Group's aforementioned performances enhance semiconductors that customers control as semiconductors are enhanced, revenue generated from packaging and testing will be recognized over time after the application of IFRS 15. Before the application of IFRS 15, the Group recognizes revenue when the significant risks and rewards of ownership of inventories have been transferred to customers.

The Group elects to retrospectively apply IFRS 15 to contracts that are not complete on January 1, 2018 and recognize the cumulative effect of retrospectively applying IFRS 15 in the retained earnings on January 1, 2018. In addition, the Group will disclose the difference between the amount that results from applying IFRS 15 and the amount that results from applying current standards for 2018.

The anticipated impact on assets, liabilities and equity when retrospectively applying IFRS 15 on January 1, 2018 is detailed below:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
	NT$	**NT$**	**NT$**
Inventories	$ 24,260,911	$ (1,381,778)	$ 22,879,133
Contract assets - current	-	1,971,107	1,971,107
Investments accounted for using the equity method	48,689,265	40,139	48,729,404
Deferred tax assets	4,001,821	(7,287)	3,994,534
Total effect on assets	$ 76,951,997	$ 622,181	$ 77,574,178
Current tax liabilities	$ 4,863,549	$ 5,078	$ 4,868,627
Deferred tax liabilities	4,961,487	90,071	5,051,558
Total effect on liabilities	$ 9,825,036	$ 95,149	$ 9,920,185
Retained earnings	$ 76,406,530	$ 521,849	$ 76,928,379
Non-controlling interests	13,199,937	5,183	13,205,120
Total effect on equity	$ 89,606,467	$ 527,032	$ 90,133,499

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

New IFRSs	**Effective Date Announced by IASB (Note 1)**
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
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 16 “Leases”	January 1, 2019 (Note 3)
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement ”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associate and Joint Venture”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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 FSC permits the election for early adoption of the amendments starting from 2018.

Note 3: On December 19, 2017, the FSC announced that IFRS 16 will take effect starting from January 1, 2019.

Note 4: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

1) 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 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 the interest expense accrued on the lease liabilities; interest is computed by using effective interest method. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liabilities are classified within financing activities; cash payments for the 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.

2) Amendments to IAS 19 "Plan Amendment, Curtailment or Settlement"

The amendments stipulate that, if a plan amendment, curtailment or settlement occurs, the current service cost and the net interest for the remainder of the annual reporting period are determined using the actuarial assumptions used for the remeasurement of the net defined benefit liabilities (assets). In addition, the amendments clarify the effect of a plan amendment, curtailment or settlement on the requirements regarding the asset ceiling. The amendment shall be applied prospectively.

Except for the above impact, as of the date the consolidated financial statements were authorized for issue by the board of directors, 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 financial performance, and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed by the FSC.

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for certain financial instruments that are measured at fair value and net defined benefit liabilities which are measured at the present value of the defined benefit obligation less the fair value of plan assets.

The fair value measurements are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or a liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or a liability.

c. Classification of Current and Non-current Assets and Liabilities

Current assets include cash and cash equivalents and those assets held primarily for trading purposes or expected to be realized within twelve months after the balance sheet date, unless the asset is to be used for an exchange or to settle a liability, or otherwise remains restricted, at more than twelve months after the balance sheet date. Current liabilities are obligations incurred for trading purposes or to be settled within twelve months after the balance sheet date and liabilities that do not have an unconditional right to defer settlement for at least twelve months after the balance sheet date. Assets and liabilities that are not classified as current are classified as non-current.

The Group engages in the construction business which has an operating cycle of over one year. The normal operating cycle applies when considering the classification of the Group's construction-related assets and liabilities.

d. Basis of Consolidation

1) Principles for preparing consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e. its subsidiaries, including structured entities).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity and attributed to the owners of the Company.

2) Subsidiaries included in consolidated financial statements were as follows:

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2017	2016
A.S.E. Holding Limited	Holding company	Bermuda	100.0	100.0
J & R Holding Limited ("J&R Holding")	Holding company	Bermuda	100.0	100.0
Innosource Limited	Holding company	British Virgin Islands	100.0	100.0
Omniquest Industrial Limited	Holding company	British Virgin Islands	100.0	100.0
ASE Marketing & Service Japan Co., Ltd.	Engaged in marketing and sales services	Japan	100.0	100.0
ASE Test, Inc.	Engaged in the testing of semiconductors	Kaohsiung, ROC	100.0	100.0
USI Inc. ("USIINC")	Engaged in investment	Nantou, ROC	99.2	99.2
Luchu Development Corporation	Engaged in the development of real estate properties	Taipei, ROC	86.1	86.1
TLJ Intertech Inc. ("TLJ")	Engaged in information software services	Taipei, ROC	60.0	60.0
Alto Enterprises Limited	Holding company	British Virgin Islands	100.0	100.0
Super Zone Holdings Limited	Holding company	Hong Kong	100.0	100.0
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	Kun Shan, China	100.0	100.0
ASE Investment (Kun Shan) Limited	Holding company	Kun Shan, China	100.0	100.0
Advanced Semiconductor Engineering (China) Ltd.	Will engage in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0
ASE Investment (Labuan) Inc.	Holding company	Malaysia	100.0	100.0
ASE Test Limited ("ASE Test")	Holding company	Singapore	100.0	100.0
ASE (Korea) Inc. ("ASE Korea")	Engaged in the packaging and testing of semiconductors	Korea	100.0	100.0
J&R Industrial Inc.	Engaged in leasing equipment and investing activity	Kaohsiung, ROC	100.0	100.0
ASE Japan Co., Ltd. ("ASE Japan")	Engaged in the packaging and testing of semiconductors	Japan	100.0	100.0
ASE (U.S.) Inc.	After-sales service and sales support	U.S.A.	100.0	100.0
Global Advanced Packaging Technology Limited	Holding company	British Cayman Islands	100.0	100.0
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	Shandong, China	100.0	100.0
Suzhou ASEN Semiconductors Co., Ltd. ("ASEN")	Engaged in the packaging and testing of semiconductors	Suzhou, China	60.0	60.0
Anstock Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0
Anstock II Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2017	2016
ASE Module (Shanghai) Inc.	Absorbed by ASE (Shanghai) Inc. in February 2017	Shanghai, China	-	100.0
ASE (Shanghai) Inc.	Engaged in the production of substrates	Shanghai, China	100.0	100.0
ASE Corporation	Holding company	British Cayman Islands	100.0	100.0
ASE Mauritius Inc.	Holding company	Mauritius	100.0	100.0
ASE Labuan Inc.	Holding company	Malaysia	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
Shanghai Ding Qi Property Management Co., Ltd.	Engaged in the management of real estate properties	Shanghai, China	100.0	100.0
Advanced Semiconductor Engineering (HK) Limited	Engaged in the trading of substrates	Hong Kong	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
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
Shanghai Ding Fan Department Store Co., Ltd.	Engaged in department store business	Shanghai, China	100.0	100.0
Kun Shan Ding Yue Real Estate Development Co., Ltd. (“KSDY”)	Engaged in the development, construction and leasing of real estate properties and was disposed of in June 2017 (Note 29)	Kun Shan, China	-	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
Shanghai Ding Xu Property Management Co., Ltd.	Engaged in the management of real estate properties, and was established in August 2017	Shanghai, China	100.0	-
ASE Electronics Inc.	Engaged in the production of substrates	Kaohsiung, ROC	100.0	100.0
ASE Test Holdings, Ltd.	Holding company	British Cayman Islands	100.0	100.0
ASE Holdings (Singapore) Pte. Ltd.	Holding company	Singapore	100.0	100.0
ASE Singapore Pte. Ltd.	Engaged in the packaging and testing of semiconductors	Singapore	100.0	100.0
ISE Labs, Inc.	Engaged in the testing of semiconductors	U.S.A.	100.0	100.0
ASE Electronics (M) Sdn. Bhd.	Engaged in the packaging and testing of semiconductors	Malaysia	100.0	100.0

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2017	Percentage of Ownership (%) December 31 2016
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	Shanghai, China	100.0	100.0
Wuxi Tongzhi Microelectronics Co., Ltd.	Engaged in the packaging and testing of semiconductors	Wuxi, China	100.0	100.0
Huntington Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2
Unitech Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2
Real Tech Holdings Limited	Holding company	British Virgin Islands	99.2	99.2
Universal ABIT Holding Co., Ltd.	In the process of liquidation	British Cayman Islands	99.2	99.2
Rising Capital Investment Limited	Holding company	British Virgin Islands	99.2	99.2
Rise Accord Limited	Holding company	British Virgin Islands	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
USI Enterprise Limited (“USIE”)	Engaged in the services of investment advisory and warehousing management	Hong Kong	96.9	97.0
USISH	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	75.8	75.9
Universal Global Technology Co., Limited	Holding company	Hong Kong	75.8	75.9
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	75.8	75.9
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	75.8	75.9
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	Shanghai, China	75.8	75.9
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	75.8	75.9

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2017	2016
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	75.8	75.9
USI America Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service	U.S.A.	75.8	75.9
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	75.8	75.9
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	75.8	75.9
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	75.8	75.9
Universal Scientific Industrial Co., Ltd. ("USI")	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	Nantou, ROC	75.5	75.2

(Concluded)

e. Business Combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree, and the fair value of the acquirer's previously held equity interest in the acquiree (if any) over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed. If, after re-assessment, the net of the acquisition-date amounts of the identifiable assets acquired and liabilities assumed exceeds the sum of the consideration transferred, the amount of any non-controlling interests in the acquiree and the fair value of the acquirer's previously held interest in the acquiree (if any), the excess is recognized immediately in profit or loss as a bargain purchase gain.

When a business combination is achieved in stages, the Group's previously held equity interest in the acquiree is remeasured to its acquisition-date fair value and the resulting gain or loss, if any, is recognized in profit or loss. Amounts arising from interests in the acquiree prior to the acquisition date that have previously been recognized in other comprehensive income are recognized on the same basis as would be required if that interest were directly disposed of by the Group.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the accounting is incomplete. Those provisional amounts are adjusted during the measurement period, or additional assets or liabilities are recognized, to reflect new information obtained about facts and circumstances that existed at the acquisition date that, if known, would have affected the amounts recognized at that date.

Business combination involving entities under common control is not accounted for by acquisition method but accounted for at the carrying amounts of the entities. Prior period comparative information in the financial statements is restated as if a business combination involving entities under common control had already occurred in that period.

f. Foreign Currencies

In preparing the financial statements of each individual group entity, transactions in currencies other than the entity's functional currency (i.e. foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income, in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are translated using the exchange rate at the date of the transaction, and are not retranslated.

For the purposes of presenting the consolidated financial statements, the assets and liabilities of the Group's foreign operations are translated into New Taiwan dollars using exchange rates prevailing at each balance sheet date. Income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

g. Inventories and Inventories Related to Real Estate Business

Inventories, including raw materials (materials received from customers for processing, mainly semiconductor wafers, are excluded from inventories as title and risk of loss remain with the customers), supplies, work in process, finished goods, and materials and supplies in transit are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except for those that may be appropriate to group items of similar or related inventories. Net realizable value is the estimated selling prices of inventories less all estimated costs of completion and estimated costs necessary to make the sale. Raw materials and supplies are recorded at moving average cost while work in process and finished goods are recorded at standard cost.

Inventories related to real estate business include land and buildings held for sale, land held for construction and construction in progress. Land held for development is recorded as land held for construction upon obtaining the title of ownership. Prior to the completion, the borrowing costs directly attributable to construction in progress are capitalized as part of the cost of the asset. Construction in progress is transferred to land and buildings held for sale upon completion. Land and buildings held for sale, construction in progress and land held for construction are stated at the lower of cost or net realizable value and related write-downs are made by item. The amounts received in advance for real estate properties are first recorded as advance receipts and then recognized as revenue when the construction is completed and the title and significant risk of the real estate properties are transferred to customers. Cost of sales of land and buildings held for sale are recognized based on the ratio of property sold to the total property developed.

h. Investments in associates and joint ventures

An associate is an entity over which the Group has significant influence and that is neither a subsidiary nor an interest in a joint venture. Joint venture is a joint arrangement whereby the Group and other parties that have joint control of the arrangement have rights to the net assets of the arrangement.

Under the equity method, investments in an associate and a joint venture are initially recognized at cost and adjusted thereafter to recognize the Group's share of the profit or loss and other comprehensive income of the associate and joint venture. The Group also recognizes the changes in the Group's share of equity of associates and joint venture.

Any excess of the cost of acquisition over the Group's share of the net fair value of the identifiable assets and liabilities of an associate or a joint venture at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized.

Gains and losses resulting from upstream, downstream and sidestream transactions between the Group (including its subsidiaries) and its associates or joint ventures are recognized in the Group's consolidated financial statements only to the extent of interests in the associates or joint ventures that are not related to the Group.

i. Property, Plant and Equipment

Except for land which is stated at cost, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment.

Properties in the course of construction are carried at cost, less any recognized impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Such assets are depreciated and classified to the appropriate categories of property, plant and equipment when completed and ready for their intended use.

Freehold land is not depreciated.

Depreciation of property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. If the lease term is shorter than the assets' useful lives, such assets are depreciated over the lease term. The estimated useful lives, residual values and depreciation method are reviewed at each balance sheet date, with the effect of any changes in estimate accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

j. Investment properties

Investment properties are properties held to earn rentals and/or for capital appreciation (including property under construction for such purposes).

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured at cost less accumulated depreciation and accumulated impairment loss. Depreciation is recognized using the straight-line method.

Investment properties under construction are stated at cost less accumulated depreciation and accumulated impairment loss. Cost includes professional fees and borrowing costs eligible for capitalization. Depreciation of these assets commences when the assets are ready for their intended use.

On derecognition of an investment property, the difference between the net disposal proceeds and the carrying amount of the asset is included in profit or loss.

k. Goodwill

Goodwill arising from an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually, or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. An impairment loss recognized for goodwill is not reversed in subsequent periods.

l. Other Intangible Assets

Other intangible assets with finite useful lives acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization and accumulated impairment loss. Other intangible assets are amortized based on the pattern in which the economic benefits are consumed or using the straight-line method over their estimated useful lives. The estimated useful lives, residual values, and amortization methods are reviewed at each balance sheet date, with the effect of any changes in estimate being accounted for on a prospective basis.

Other intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date which is regarded as their cost. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset are recognized in profit or loss.

m. Impairment of Tangible and Intangible Assets Other than Goodwill

At each balance sheet date, the Group reviews the carrying amounts of its tangible and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the individual cash-generating units on a reasonable and consistent basis of allocation. The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized for the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

n. Financial Instruments

Financial assets and financial liabilities are recognized when a group entity becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

1) Financial assets

All regular way purchases or sales of financial assets are recognized or derecognized on a settlement date basis.

a) Measurement category

The classification of financial assets held by the Group depends on the nature and purpose of the financial assets and is determined at the time of initial recognition.

i Financial assets at fair value through profit or loss (“FVTPL”)

Financial assets are classified as at FVTPL when the financial assets are either held for trading or they are designated as at FVTPL.

A financial asset other than a financial asset held for trading may be designated as at FVTPL upon initial recognition if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or

- The financial asset forms part of a group of financial assets or financial liabilities or both, which is managed and has performance evaluated on a fair value basis in accordance with the Group's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or

- The contract contains one or more embedded derivatives so that the entire hybrid (combined) contract can be designated as at FVTPL.

Financial assets at FVTPL are stated at fair value with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

Fair value is determined in the manner described in Note 34.

ii Available-for-sale financial assets

Available-for-sale financial assets are non-derivatives that are either designated as available-for-sale or are not classified as (a) loans and receivables, (b) held-to-maturity investments or (c) financial assets at fair value through profit or loss.

Available-for-sale financial assets are stated at fair value at each balance sheet date. Changes in the carrying amount of available-for-sale monetary financial assets relating to changes in foreign currency rates, interest income calculated using the effective interest method and dividends on available-for-sale equity investments are recognized in profit or loss. Other changes in the carrying amount of available-for-sale financial assets are recognized in other comprehensive income and accumulated under the heading of unrealized gain (loss) on available-for-sale financial assets. When the investment is disposed of or is determined to be impaired, the cumulative gain or loss previously accumulated in the unrealized gain (loss) on available-for-sale financial assets is reclassified to profit or loss.

Dividends on available-for-sale equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established.

iii Loans and receivables

Loans and receivables including cash and cash equivalents, trade receivables, other receivables and other financial assets are measured at amortized cost using the effective interest method, less any impairment. Interest income is recognized by applying the effective interest rate, except for short-term receivables when the effect of discounting is immaterial.

Cash equivalents are short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value.

b) Impairment of financial assets

Financial assets, other than those at FVTPL, are assessed for indicators of impairment at each balance sheet date. Financial assets are considered to be impaired when there is objective evidence that, as a result of one or more events that occurred after the initial recognition of the financial assets, the estimated future cash flows of the investments have been affected.

For financial assets carried at amortized cost, such as trade receivables and other receivables, assets that are assessed not to be impaired individually are, further, assessed for impairment on a collective basis. The Group assesses the collectability of receivables based on the Group's past experience of collecting payments and observable changes that correlate with default on receivables.

For financial assets carried at amortized cost, the amount of the impairment loss recognized is the difference between the assets' carrying amounts and the present value of estimated future cash flows, discounted at the financial assets' original effective interest rates. If, in a subsequent period, the amount of the impairment loss decreases and the decreases can be objectively related to an event occurring after the impairment loss recognized, the previously recognized impairment loss is reversed either directly or by adjusting an allowance account through profit or loss. The reversal shall not result in carrying amounts of financial assets that exceed what the amortized cost would have been at the date the impairment is reversed.

For any available-for-sale equity investments, a significant or prolonged decline in the fair value of the security below its cost is considered to be objective evidence of impairment. When an available-for-sale financial asset is considered to be impaired, cumulative gains or losses previously recognized in other comprehensive income are reclassified to profit or loss in the period.

In respect of available-for-sale equity securities, impairment loss previously recognized in profit or loss is not reversed through profit or loss. Any increase in fair value subsequent to an impairment loss is recognized in other comprehensive income. In respect of available-for-sale debt securities, impairment loss is subsequently reversed through profit or loss if an increase in the fair value of the investment can be objectively related to an event occurring after the recognition of the impairment loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables where the carrying amount is reduced through the use of an allowance account. When a trade receivable is considered uncollectible, it is written off against the allowance account. Subsequent recoveries of amounts previously written off are credited against the allowance account. Changes in the carrying amount of the allowance account are recognized in profit or loss except for uncollectible trade receivables that are written off against the allowance account.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognized in other comprehensive income and accumulated in equity is recognized in profit or loss.

2) Equity instruments

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by a group entity are recognized at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial liabilities

Financial liabilities are measured either at amortized cost using the effective interest method or at FVTPL. Financial liabilities measured at FVTPL are held for trading.

Financial liabilities at FVTPL are stated at fair value, with any gain or loss arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any interest or dividend paid on the financial liability. Fair value is determined in the manner described in Note 34.

The Group derecognizes financial liabilities when, and only when, the Group's obligations are discharged, cancelled or they expire. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in profit or loss.

4) Derivative financial instruments

Derivatives are initially recognized at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at each balance sheet date. The resulting gain or loss is recognized in profit or loss immediately unless the derivative is designated and effective as a hedging instrument , in which event the timing of the recognition in profit or loss depends on the nature of the hedge relationship. When the fair value of derivative financial instruments is positive, the derivative is recognized as a financial asset; when the fair value of derivative financial instruments is negative, the derivative is recognized as financial liabilities.

Derivatives embedded in non-derivative host contracts are treated as separate derivatives when they meet the definition of a derivative, their risks and characteristics are not closely related to those of the host contracts and the contracts are not measured at FVTPL.

5) Convertible bonds

a) Convertible bonds contain conversion option classified as an equity

The component parts of compound instruments (convertible bonds) issued by the Group are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

On initial recognition, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recorded as a liability on an amortized cost basis using the effective interest method until extinguished upon conversion or the instrument's maturity date. Any embedded derivative liability is measured at fair value.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound instrument as a whole. This is recognized and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognized in equity will be transferred to capital surplus - share premium. When the conversion option remains unexercised at maturity, the balance recognized in equity will be transferred to capital surplus - share premium.

Transaction costs that relate to the issue of the convertible bonds are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognized directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component.

b) Convertible bonds contain conversion option classified as a liability

The conversion options component of the convertible bonds issued by the Group that will be settled other than by the exchange of a fixed amount of cash or other financial asset for a fixed number of the Group's own equity instruments is classified as derivative financial liabilities.

On initial recognition, the derivative financial liabilities component of the convertible bonds is recognized at fair value, and the initial carrying amount of the component of non-derivative financial liabilities is determined by deducting the amount of derivative financial liabilities from the fair value of the hybrid instrument as a whole. In subsequent periods, the non-derivative financial liabilities component of the convertible bonds is measured at amortized cost using the effective interest method. The derivative financial liabilities component is measured at fair value and the changes in fair value are recognized in profit or loss.

Transaction costs that relate to the issue of the convertible bonds are allocated to the derivative financial liabilities component and the non-derivative financial liabilities component in proportion to their relative fair values. Transaction costs relating to the derivative financial liabilities component are recognized immediately in profit or loss. Transaction costs relating to the non-derivative financial liabilities component are included in the carrying amount of the liability component.

o. Hedge Accounting

The Group designates certain hedging instruments as fair value hedges.

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the hedging instrument and the change in the hedged item attributable to the hedged risk are recognized in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued prospectively when the Group revokes the designated hedging relationship; when the hedging instrument expires or is sold, terminated, or exercised; or when the hedging instrument no longer meets the criteria for hedge accounting.

p. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable take into account of estimated customer returns, rebates and other similar allowances.

1) Sale of goods and real estate properties

Revenue from the sale of goods and real estate properties is recognized when the goods and real estate properties are delivered and titles have passed, at the time all the following conditions are satisfied:

- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods and real estate properties;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods and real estate properties sold;
- The amount of revenue can be reliably measured;

- It is probable that the economic benefits associated with the transaction will flow to the Group; and

- The costs incurred or to be incurred in respect of the transaction can be reliably measured.

2) Rendering of services

Service income is recognized when services are rendered.

3) Dividend and interest income

Dividend income from investments and interest income from financial assets are recognized when they are probable that the economic benefits will flow to the Group and the amount of income can be reliably measured. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

q. Leasing

Leases are classified as finance leases whenever the terms of the lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

The Group as lessor

Rental income from operating leases is recognized on a straight-line basis over the term of the relevant lease.

The Group as lessee

Assets held under finance leases are initially recognized as assets of the Group at their fair value at the inception of the lease or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the consolidated balance sheets as a finance lease obligation.

Operating lease payments are recognized as expenses on a straight-line basis over the lease term.

r. Borrowing Costs

Borrowing costs directly attributable to the acquisition, construction or production of qualifying assets are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

Other than stated above, all other borrowing costs are recognized in profit or loss in the period in which they are incurred.

s. Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated financial statements and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

t. Retirement Benefit Costs

Payments to defined contribution retirement benefit plans are recognized as expenses when employees have rendered services entitling them to the contributions.

Defined benefit costs (including service cost, net interest and remeasurement) under the defined benefit retirement benefit plans are determined using the projected unit credit method. Service cost (including current service cost and past service cost) and net interest on the net defined benefit liability (asset) are recognized as employee benefits expense in the period they occur. Remeasurement, comprising actuarial gains and losses and the return on plan assets (excluding interest), is recognized in other comprehensive income in the period in which they occur. Remeasurement recognized in other comprehensive income is reflected immediately in retained earnings and will not be reclassified to profit or loss.

Net defined benefit liability (asset) represents the actual deficit (surplus) in the Group's defined benefit plan. Any surplus resulting from this calculation is limited to the present value of any refunds from the plans or reductions in future contributions to the plans.

u. Employee share options

Employee share options granted to employees are measured at the fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on the Group's best estimate of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options and non-controlling interests. It is recognized as an expense in full at the grant date if vesting immediately.

At each balance sheet date, the Group reviews its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options and non-controlling interests.

v. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

Income tax on unappropriated earnings (excluding earnings from foreign consolidated subsidiaries) at a rate of 10% is expensed in the year the earnings arise and adjusted to the extent that distributions are approved by the shareholders in the following year.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, unused loss carry-forward and unused tax credits for purchases of machinery and equipment to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries except where the Group is able to control the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amounts of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of deferred tax assets to be utilized. A previously unrecognized deferred tax asset is also reviewed at each balance sheet date and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which assets are realized or the liabilities are settled. The measurement of deferred tax assets and liabilities reflects the tax consequences that would follow from the manner in which the Group expects, at the balance sheet date, to recover or settle the carrying amounts of its assets and liabilities.

3) Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group's accounting policies, which are described in Note 4, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and underlying assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of Goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The value in use calculation requires management to estimate the future cash flows expected to arise from cash-generating units and suitable discount rates in order to calculate its present value. When the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2017	2016
	NT$	NT$
Cash on hand	$ 8,404	$ 6,856
Checking accounts and demand deposits	39,697,319	28,823,763
Cash equivalent	6,372,343	9,561,905
	$ 46,078,066	$ 38,392,524

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

	December 31	
	2017	2016
	NT$	NT$
Financial assets designated as at FVTPL		
Private-placement convertible bonds	$ 100,496	$ 100,583
Financial assets held for trading		
Quoted shares	4,410,732	1,855,073
Open-end mutual funds	589,976	584,945
Forward exchange contracts	61,325	66,872
Swap contracts	60,538	462,339
	5,122,571	2,969,229
	$ 5,223,067	$ 3,069,812
Financial liabilities held for trading		
Swap contracts	$ 652,107	$ 422,934
Forward exchange contracts	25,323	108,912
Conversion option, redemption option and put option of convertible bonds (Note 20)	-	1,213,890
Foreign currency option contracts	-	17,924
	$ 677,430	$ 1,763,660

Private-placement convertible bonds included embedded derivative instruments which were not closely related to the host contracts and 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)
December 31, 2017		
Sell NT$/Buy US$	2018.01-2018.12	NT$53,136,302/US$1,782,400
Sell US$/Buy CNY	2018.01	US$52,948/CNY349,800
Sell US$/Buy JPY	2018.02-2018.03	US$70,324/JPY7,870,000
Sell US$/Buy NT$	2018.01	US$217,300/NT$6,505,767
December 31, 2016		
Sell NT$/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

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)
December 31, 2017		
Sell NT$/Buy US$	2018.01	NT$2,389,620/US$80,000
Sell US$/Buy CNY	2018.01-2018.04	US$125,000/CNY828,858
Sell US$/Buy EUR	2018.01	US$10,674/EUR9,000
Sell US$/Buy JPY	2018.01-2018.02	US$45,517/JPY5,111,101
Sell US$/Buy MYR	2018.01-2018.03	US$15,000/MYR61,859
Sell US$/Buy NT$	2018.01	US$1,000/NT$30,142
Sell US$/Buy SGD	2018.01-2018.02	US$11,300/SGD15,305
December 31, 2016		
Sell NT$/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

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)
December 31, 2016		
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

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.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31	
	2017	2016
	NT$	NT$
Unquoted ordinary shares	$ 605,110	$ 553,350
Quoted ordinary shares	279,791	146,786
Limited partnership	246,072	273,372
Unquoted preferred shares	57,367	78,068
Open-end mutual funds	23,825	243,458
	1,212,165	1,295,034
Current	89,159	266,696
Non-current	$ 1,123,006	$ 1,028,338

9. TRADE RECEIVABLES, NET

	December 31	
	2017	2016
	NT$	NT$
Trade receivables	$ 55,265,607	$ 51,199,266
Less: Allowance for doubtful debts	64,901	53,709
Trade receivables, net	$ 55,200,706	$ 51,145,557

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 December 31, 2017 and 2016, except that the Group's five largest customers accounted for 33% and 30% 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

	December 31	
	2017	2016
	NT$	NT$
Not past due	$ 49,599,512	$ 45,959,876
1 to 30 days	4,986,491	4,467,435
31 to 90 days	562,200	700,122
More than 91 days	117,404	71,833
Total	$ 55,265,607	$ 51,199,266

Aging of receivables that were past due but not impaired

	December 31	
	2017	2016
	NT$	NT$
1 to 30 days	$ 4,942,677	$ 4,449,479
31 to 90 days	378,526	596,647
Total	$ 5,321,203	$ 5,046,126

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
	NT$	NT$	NT$
Balance at January 1, 2017	$ 16,453	$ 37,256	$ 53,709
Impairment losses recognized	9,527	4,102	13,629
Amounts written off	-	(34)	(34)
Effect of foreign currency exchange differences	(850)	(1,553)	(2,403)
Balance at December 31, 2017	$ 25,130	$ 39,771	$ 64,901
Balance at January 1, 2016	$ 39,046	$ 43,860	$ 82,906
Impairment losses reversed	(21,501)	(6,521)	(28,022)
Effect of foreign currency exchange differences	(1,092)	(83)	(1,175)
Balance at December 31, 2016	$ 16,453	$ 37,256	$ 53,709

10. INVENTORIES

	December 31	
	2017	2016
	NT$	NT$
Finished goods	$ 6,740,816	$ 6,519,465
Work in process	3,452,332	2,822,687
Raw materials	12,625,502	10,850,062
Supplies	894,196	795,093
Raw materials and supplies in transit	548,065	450,755
	$ 24,260,911	$ 21,438,062

The cost of inventories recognized as operating costs for the years ended December 31, 2017 and 2016 were NT$237,193,286 thousand and NT$219,630,270 thousand (retrospectively adjusted), respectively, which included write-downs of inventories at NT$398,824 thousand and NT$451,780 thousand, respectively.

11. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	December 31	
	2017	2016
	NT$	NT$
Land and buildings held for sale	$ 25,825	$ 263,526
Construction in progress	8,106,166	22,236,464
Land held for construction	1,687,525	1,687,525
	$ 9,819,516	$ 24,187,515

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 Hutai Road in Shanghai, China and Lidu Road in Kun Shan, China. The capitalized borrowing costs for the years ended December 31, 2017 and 2016 is disclosed in Note 24.

Construction in progress located on Caobao Road in Shanghai was completed in the third quarter of 2017 and immediately leased out for the lease business. As a result, the Group reclassified those buildings and land use right under the line item of "inventories related to real estate - construction in progress" to investment properties of NT$6,971,372 thousand and long-term prepayments for lease of NT$5,798,449 thousand, respectively. Please refer to Note 15.

As of December 31, 2017 and 2016, inventories related to real estate business of NT$9,818,869 thousand and NT$12,076,154 thousand, respectively, are expected to be recovered longer than twelve months.

Refer to Note 36 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

	December 31	
	2017	2016
	NT$	NT$
Unsecured subordinate corporate bonds	$ 1,000,000	$ 1,000,000
Time deposits with original maturity of over three months	405,520	480,736
Guarantee deposits	170,594	178,103
Pledged time deposits (Note 36)	59,456	206,530
Others (Note 36)	7,270	13,698
	1,642,840	1,879,067
Current	472,340	558,686
Non-current	$ 1,170,500	$ 1,320,381

The annual interest rate of the unsecured subordinate corporate bonds was both 3.50% as of December 31, 2017 and 2016.

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
Investments in associates	$ 48,202,751	$ 49,146,043
Investments in joint ventures	486,514	670,550
	$ 48,689,265	$ 49,816,593

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 as of December 31 2017 NT$	2016 (Retrospectively Adjusted) NT$
Material associate				
Siliconware Precision Industries Co., Ltd. ("SPIL")	Engaged in assembly, testing and turnkey services of integrated circuits	ROC	$ 45,141,910	$ 45,884,727
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	1,583,124	1,813,677
Hung Ching Development & Construction Co. ("HC")	Engaged in the development, construction and leasing of real estate properties	ROC	1,252,686	1,162,234
Hung Ching Kwan Co. ("HCK")	Engaged in the leasing of real estate properties	ROC	309,630	321,120
Advanced Microelectronic Products Inc. ("AMPI")	Engaged in integrated circuit	ROC	215,550	264,434
			48,502,900	49,446,192
	Less: Deferred gain on transfer of land		300,149	300,149
			$ 48,202,751	$ 49,146,043

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

	December 31 2017	December 31 2016
SPIL	33.29%	33.29%
DECA	22.04%	22.07%
HC	26.22%	26.22%
HCK	27.31%	27.31%
AMPI	38.76%	38.76%

3) 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. In 2017, the percentage of ownership was decreased to 22.04% since Deca's share options were exercised. The Company's subsidiary, ASE Test, Inc., purchased 90,000 thousand ordinary

share of AMPI in a private placement with NT$225,000 thousand paid in cash in November 2016. The private-placement ordinary shares were restricted for disposal during a 3-year lock-up period. As a result, the percentage of ownership held by the Group was increased to 38.76%.

4) The Group has successively completed the identification of the difference between the cost of the investments and the Group's share of the net fair value of DECA and AMPI's identifiable assets and liabilities in the second quarter and the third quarter in 2017. Therefore, the Group has retrospectively adjusted the comparative consolidated financial statements for prior periods. As of December 31, 2016, the retrospective adjustments are summarized as follows:

Investments accounted for using the equity method	After Retrospectively Adjusted NT$	Before Retrospectively Adjusted NT$
December 31, 2016		
DECA	$ 1,813,677	$ 1,820,329
AMPI	$ 264,434	$ 266,085

The aforementioned retrospective adjustments are accordingly recorded as a decrease of retained earnings as of December 31, 2016.

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

	December 31	
	2017	2016
	NT$	NT$
SPIL	$ 52,176,190	$ 49,634,805
HC	$ 1,695,156	$ 1,310,829
AMPI	$ 468,572	$ 307,038

6) 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 IFRSs as endorsed by the FSC and adjusted by the Group for equity method accounting purposes.

	December 31	
	2017	2016
	NT$	NT$
Current assets	$ 49,065,912	$ 50,451,295
Non-current assets	101,754,358	107,606,186
Current liabilities	(26,194,615)	(41,088,439)
Non-current liabilities	(26,372,448)	(16,484,482)
Equity	$ 98,253,207	$ 100,484,560
Proportion of the Group's ownership interest in SPIL	33.29%	33.29%

(Continued)

	December 31	
	2017	2016
	NT$	NT$
Net assets attributable to the Group	$ 32,708,493	$ 33,451,310
Goodwill	12,433,417	12,433,417
Carrying amount	$ 45,141,910	$ 45,884,727

(Concluded)

	For the Year Ended December 31	
	2017	2016
	NT$	NT$
Operating revenue	$ 83,554,385	$ 85,111,913
Gross profit	$ 12,464,792	$ 15,027,247
Profit before income tax expense	$ 4,352,032	$ 7,362,092
Net profit for the period	$ 2,550,862	$ 5,610,685
Other comprehensive income (loss) for the year	691,966	(2,504,310)
Total comprehensive income for the year	$ 3,242,828	$ 3,106,375
Cash dividends received from SPIL	$ 1,815,275	$ 3,941,740

7) Aggregate information of associates that are not individually material

	For the Year Ended December 31	
	2017	2016
	NT$	NT$
The Group's share of:		
Net loss for the year	$ (191,958)	$ (153,268)
Other comprehensive income (loss) for the year	59,676	(115,650)
Total comprehensive loss for the year	$ (132,282)	$ (268,918)

8) The investments accounted for using the equity method and the share of profit or loss and other comprehensive income (loss) of the investments in associates for the years ended December 31, 2017 and 2016 was based on the associates' financial statements audited by the auditors for the same years.

b. Investments in joint ventures

1) The Group's investment in a joint venture that was not individually material and accounted for using the equity method consisted of 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 additionally participated in ASEEE's cash capital increase with NT$146,903 thousand in September 2016. As of December 31, 2017 and 2016, the percentage of ownership were both 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 Year Ended December 31	
	2017	2016
	NT$	NT$
The Group's share of net loss and total comprehensive loss for the year	$ (184,366)	$ (90,478)

3) The investment accounted for using the equity method and the share of loss and other comprehensive loss for the investment in the joint venture for the years ended December 31, 2017 and 2016 was based on the joint venture's financial statements audited by the auditors for the same year.

14. PROPERTY, PLANT AND EQUIPMENT

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

	December 31	
	2017	2016
	NT$	NT$
Land	$ 3,258,518	$ 3,365,013
Buildings and improvements	58,272,864	58,028,631
Machinery and equipment	66,185,198	72,700,762
Other equipment	1,588,113	2,089,581
Construction in progress and machinery in transit	5,863,713	7,696,254
	$ 135,168,406	$ 143,880,241

For the year ended December 31, 2017

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT$	NT$	NT$	NT$	NT$	NT$
Cost						
Balance at January 1, 2017	$ 3,365,013	$ 96,258,175	$ 248,200,756	$ 8,474,661	$ 7,713,542	$ 364,012,147
Additions	-	350,434	102,301	130,659	23,094,288	23,677,682
Disposals	-	(609,294)	(8,449,949)	(763,937)	(73,248)	(9,896,428)
Reclassification	(35,965)	6,483,392	18,331,738	174,947	(25,428,464)	(474,352)
Effect of foreign currency exchange differences	(70,530)	(2,294,779)	(4,986,843)	(204,250)	557,595	(6,998,807)
Balance at December 31, 2017	$ 3,258,518	$ 100,187,928	$ 253,198,003	$ 7,812,080	$ 5,863,713	$ 370,320,242
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ -	$ 38,229,544	$ 175,499,994	$ 6,385,080	$ 17,288	$ 220,131,906
Depreciation expense	-	5,156,558	22,722,307	746,422	-	28,625,287
Impairment losses recognized	-	2,310	286,880	368	-	289,558
Disposals	-	(478,903)	(7,540,654)	(720,319)	(17,288)	(8,757,164)
Reclassification	-	(210,080)	34,452	(24,117)	-	(199,745)
Effect of foreign currency exchange differences	-	(784,365)	(3,990,174)	(163,467)	-	(4,938,006)
Balance at December 31, 2017	$ -	$ 41,915,064	$ 187,012,805	$ 6,223,967	$ -	$ 235,151,836

For the year ended December 31, 2016

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT$	NT$	NT$	NT$	NT$	NT$
Cost						
Balance at January 1, 2016	$ 3,381,300	$ 94,447,932	$243,283,607	$ 7,722,408	$ 6,397,760	$355,233,007
Additions	-	22,341	94,480	470,901	27,093,140	27,680,862
Disposals	-	(684,698)	(5,956,179)	(159,822)	(268,782)	(7,069,481)
Reclassification	-	5,110,102	19,661,732	691,276	(25,463,285)	(175)
Acquisitions through business combinations	-	-	-	1,159	-	1,159
Effect of foreign currency exchange differences	(16,287)	(2,637,502)	(8,882,884)	(251,261)	(45,291)	(11,833,225)
Balance at December 31, 2016	$ 3,365,013	$ 96,258,175	$248,200,756	$ 8,474,661	$ 7,713,542	$364,012,147
Accumulated depreciation and impairment						
Balance at January 1, 2016	$ -	$ 34,646,878	$164,568,298	$ 5,907,414	$ 113,342	$205,235,932
Depreciation expense	-	5,114,263	22,983,290	864,061	-	28,961,614
Impairment losses recognized	-	620	876,123	5,564	5,924	888,231
Disposals	-	(449,198)	(5,544,489)	(151,875)	(100,049)	(6,245,611)
Reclassification	-	(5,123)	9,660	(4,537)	-	-
Acquisitions through business combinations	-	-	-	824	-	824
Effect of foreign currency exchange differences	-	(1,077,896)	(7,392,888)	(236,371)	(1,929)	(8,709,084)
Balance at December 31, 2016	$ -	$ 38,229,544	$175,499,994	$ 6,385,080	$ 17,288	$220,131,906

Due to the Group’s future operation plans and capacity evaluation or production demands in segment of packaging and testing, the Group believed that a portion of property, plant and equipment does not qualify for the production needs and therefore recognized an impairment loss of NT$289,558 thousand and NT$888,231 thousand under the line item of other gains, net in the consolidated statements of comprehensive income (loss) for the years ended December 31, 2017 and 2016, respectively. The recoverable amount of the impaired property, plant and equipment is determined on the basis of its value in use and the Group expects to derive zero future cash flows from these assets.

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

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

The capitalized borrowing costs for the years ended December 31, 2017 and 2016 are disclosed in Note 24.

15. INVESTMENT PROPERTIES

	Land	Buildings and improvements	Total
	NT$	NT$	NT$
Cost			
Balance at January 1, 2017	$ -	$ -	$ -
Additions	-	186,535	186,535
Disposals	-	(342)	(342)
Transfers from inventories related to real estate business and property, plant and equipment	35,965	8,114,110	8,150,075

(Continued)

	Land	Buildings and improvements	Total
	NT$	NT$	NT$
Effects of foreign currency exchange differences	$ -	$ 106,482	$ 106,482
Balance at December 31, 2017	$ 35,965	$ 8,406,785	$ 8,442,750
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ -	$ -	$ -
Depreciation expenses	-	122,231	122,231
Disposals	-	(161)	(161)
Transfers from property, plant and equipment	-	199,745	199,745
Effects of foreign currency exchange differences	-	1,499	1,499
Balance at December 31, 2017	$ -	$ 323,314	$ 323,314

(Concluded)

The investment properties are depreciated using the straight-line method over their estimated useful lives as follows:

Main buildings	10-40 years
Others	3-20 years

The fair value of the investment properties was approximately NT$11,560,440 thousand which was measured using the market approach and the income approach based on level 3 inputs by independent professional appraisers.

Investment properties are held under freehold interests. Refer to Note 36 for the carrying amount of the investment properties that had been pledged by the Group to secure borrowings.

16. GOODWILL

	Cost	Accumulated impairment	Carrying amount
	NT$	NT$	NT$
Balance at January 1, 2017 (retrospectively adjusted) (Note 28)	$ 12,479,305	$ 1,988,996	$ 10,490,309
Impairment losses recognized	-	425,117	(425,117)
Effect of foreign currency exchange differences	(130,698)	-	(130,698)
Balance at December 31, 2017	$ 12,348,607	$ 2,414,113	$ 9,934,494
Balance at January 1, 2016	$ 12,495,515	$ 1,988,996	$ 10,506,519
Acquisitions through business combinations (retrospectively adjusted) (Note 28)	15,323	-	15,323
Effect of foreign currency exchange differences	(31,533)	-	(31,533)
Balance at December 31, 2016 (retrospectively adjusted)	$ 12,479,305	$ 1,988,996	$ 10,490,309

a. Allocating goodwill to cash-generating units

Goodwill had been allocated to the following cash-generating units for impairment testing purposes: packaging segment, testing segment, EMS segment and other segment. The carrying amount of goodwill allocated to cash-generating units was as follows:

	December 31	
	2017	2016 (Retrospectively Adjusted)
Cash-generating units	**NT$**	**NT$**
Testing segment	$ 7,775,581	$ 7,868,961
Others	2,158,913	2,621,348
	$ 9,934,494	$ 10,490,309

b. Impairment assessment

At the end of each year, the Group performs impairment assessment by reviewing the recoverable amounts based on value in use which incorporates cash flow projections covering a five-year period. The cash flows beyond that five-year period have been extrapolated using a steady 2.0% per annum growth rate. In assessing value in use, the estimated future cash flows are discounted to their present value using annual discount rates. The Group carried out a review that the recoverable amount of other segment was lower than its carrying amount since its actual growth in revenue did not meet its forecast previously made by management. The review led to the recognition of an impairment loss of NT$425,117 thousand under the line item of other gains, net in the consolidated statements of comprehensive income for the years ended December 31, 2017.

The key assumptions used in the value in use calculations are growth rates for operating revenue and discount rates. Growth rates for operating revenue are based on the revenue forecast for the Group and the market as well as the Group's historical experience. The discount rates were 8.97%- 11.29% and 9.09%- 10.49% as of December 31, 2017 and 2016, respectively.

Management believed that any reasonably possible change in the key assumptions on which recoverable amount was based would not cause the aggregate carrying amount of the cash-generating unit to exceed its aggregate recoverable amount significantly.

17. OTHER INTANGIBLE ASSETS

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

	December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	**NT$**
Customer relationships	$ 113,776	$ 194,089
Computer software	864,331	943,527
Patents and acquired specific technology	319,402	359,227
Others	109,356	120,418
	$ 1,406,865	$ 1,617,261

For the year ended December 31, 2017

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2017 (retrospectively adjusted)	$ 915,636	$ 3,552,229	$ 514,443	$ 192,392	$ 5,174,700
Additions	-	265,497	-	12,328	277,825
Disposals	-	(83,595)	(123,744)	(4,978)	(212,317)
Effect of foreign currency exchange differences	-	(47,679)	(1,213)	(988)	(49,880)
Balance at December 31, 2017	$ 915,636	$ 3,686,452	$ 389,486	$ 198,754	$ 5,190,328
Accumulated amortization					
Balance at January 1, 2017 (retrospectively adjusted)	$ 721,547	$ 2,608,702	$ 155,216	$ 71,974	$ 3,557,439
Amortization expense	80,313	316,580	43,493	17,280	457,666
Disposals	-	(72,481)	(123,743)	-	(196,224)
Effect of foreign currency exchange differences	-	(30,680)	(4,882)	144	(35,418)
Balance at December 31, 2017	$ 801,860	$ 2,822,121	$ 70,084	$ 89,398	$ 3,783,463

For the year ended December 31, 2016 (Retrospectively Adjusted)

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2016	$ 915,636	$ 3,338,360	$ 154,082	$ 193,338	$ 4,601,416
Additions (Note 35)	-	372,188	301,351	1,605	675,144
Disposals or derecognized	(41,099)	(80,537)	(1,310)	-	(122,946)
Reclassification	-	-	786	-	786
Acquisitions through business combinations	41,099	-	64,380	30	105,509
Effect of foreign currency exchange differences	-	(77,782)	(4,846)	(2,581)	(85,209)
Balance at December 31, 2016	$ 915,636	$ 3,552,229	$ 514,443	$ 192,392	$ 5,174,700

(Continued)

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	NT$	**NT$**	**NT$**	**NT$**	**NT$**
Accumulated amortization					
Balance at January 1, 2016	$ 641,234	$ 2,385,038	$ 138,386	$ 54,665	$ 3,219,323
Amortization expense	121,412	345,836	24,154	17,421	508,823
Disposals or derecognized	(41,099)	(58,765)	(1,310)	-	(101,174)
Reclassification	-	-	786	-	786
Acquisitions through business combinations	-	-	483	23	506
Effect of foreign currency exchange differences	-	(63,407)	(7,283)	(135)	(70,825)
Balance at December 31, 2016	$ 721,547	$ 2,608,702	$ 155,216	$ 71,974	$ 3,557,439

(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	2-10 years
Patents and acquired specific technology	5-15 years
Others	5-32 years

18. LONG-TERM PREPAYMENTS FOR LEASE

Long-term prepayments for lease mainly represented land use right located in China with periods for use from 40 to 70 years and will expire from 2049 to 2074, respectively.

19. BORROWINGS

a. Short-term borrowings

Short-term borrowings mainly represented unsecured revolving bank loans with annual interest rates at 0.80%-4.79% and 0.70%-8.99% as of December 31, 2017 and 2016, respectively.

b. Long-term borrowings

1) Bank loans

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

	December 31	
	2017	2016
	NT$	NT$
Working capital bank loans		
Syndicated bank loans - repayable through January 2018 to July 2018, annual interest rates were 2.61%-2.70% and 2.55% as of December 31, 2017 and 2016, respectively	$ 4,761,600	$ 9,223,500
Others - repayable through January 2018 to December 2019, annual interest rates were 0.93%-2.10% and 0.74%-4.48% as of December 31, 2017 and 2016, respectively	22,441,947	36,009,917
Mortgage loans		
Repayable through July 2018 to June 2023, annual interest rates were both 4.95%-5.39% as of December 31, 2017 and 2016	4,705,149	4,390,003
	31,908,696	49,623,420
Less: unamortized arrangement fee	1,200	7,198
	31,907,496	49,616,222
Less: current portion	6,761,625	6,567,565
	$ 25,145,871	$ 43,048,657

Pursuant to the above syndicated bank loans agreements, the Company 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. The Company was in compliance with all of the loan covenants as of December 31, 2017 and 2016.

2) Long-term bills payable

	December 31	
	2017	2016
	NT$	NT$
China Bills Finance Corporation, repayable in February 2019, annual interest rate was 0.96%	$ 1,000,000	$ -
International Bills Finance Corporation, repayable in March 2019, annual interest rate was 0.96%	1,000,000	-
Ta Ching Bills Finance Corporation, annual interest rates was 1.00% and has been repaid in December 2017	-	2,000,000
	2,000,000	2,000,000
Less: unamortized discounts	868	659
	$ 1,999,132	$ 1,999,341

20. BONDS PAYABLE

	December 31	
	2017	2016
	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
Repayable at maturity in January 2023 and interest due annually with annual interest rate at 1.50%	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	-	12,900,000
US$200,000 thousand (linked to New Taiwan dollar)	6,185,600	6,185,600
Secured overseas bonds - secured by the Company		
US$300,000 thousand, interest due semi-annually with annual interest rate at 2.125% and has been repaid in July 2017	-	9,675,000
	23,185,600	37,760,600
Less: discounts on bonds payable	42,820	760,697
	23,142,780	36,999,903
Less: current portion	6,161,197	9,658,346
	$ 16,981,583	$ 27,341,557

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 December 31, 2016, the conversion prices were both NT$28.99. As of December 31, 2017, the Bonds holders have exercised the conversion right to convert the Bonds of US$399,600 thousand into the company's ordinary shares at conversion prices from NT$27.95 to 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.

The Company's board of directors resolved in third quarter of 2017 to issue a notice of early redemption to Bonds holders. In the third quarter of 2017, the closing price of the Company's ordinary shares (translated into U.S. dollars at the prevailing rates) for a period of 20 consecutive trading days is higher than 130% of the conversion price in U.S. dollar translated at the fixed exchange rate of US$1 to NT$29.956 determined on pricing date per ordinary share. Therefore, except those have been converted, the Company early redeemed the outstanding Bonds of US$400 thousand in September 2017.

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 December 31, 2017 and 2016, the conversion price was NT$47.76 and NT$49.52, 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 were used to fund certain eligible projects to promote the Group's transition to low-carbon and climate resilient growth. As of December 31, 2017, the Company's subsidiary has repaid the Green Bonds.

21. OTHER PAYABLES

	December 31	
	2017	2016
	NT$	NT$
Accrued salary and bonus	$ 7,292,254	$ 6,606,406
Payables for property, plant and equipment	4,623,268	5,605,528

(Continued)

	December 31	
	2017	2016
	NT$	NT$
Accrued employees' compensation and remuneration to directors	$ 2,568,880	$ 2,400,778
Accrued employee insurance	657,176	617,419
Accrued utilities	417,257	410,796
Payables for patents and acquired specific technology (Note 35)	93,000	120,938
Others	5,726,052	5,760,169
	$ 21,377,887	$ 21,522,034

(Concluded)

22. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

1) The pension plan under the ROC Labor Pension Act ("LPA") for the Group's ROC resident employees is a government-managed defined contribution plan. Based on the LPA, the Company and its subsidiaries in Taiwan makes monthly contributions to employees' individual pension accounts at 6% of their monthly salaries.

2) The subsidiaries located in China, U.S.A., Malaysia, Singapore and Mexico also make contributions at various ranges according to relevant local regulations.

b. Defined benefit plans

1) The Company and its subsidiaries in Taiwan joined the defined benefit pension plan under the ROC Labor Standards Law operated by the government. Pension benefits are calculated on the basis of the length of service and average monthly salaries of the last six months before retirement. The Company and its subsidiaries in Taiwan make contributions based on a certain percentage of their domestic employees' monthly salaries to a pension fund administered by the pension fund monitoring committee. Before the end of each year, the Company and its subsidiaries in Taiwan assesse the balance in the pension fund. If the amount of the balance in the pension fund is inadequate to pay retirement benefits for employees who conform to retirement requirements in the next year, the Company and its subsidiaries in Taiwan are required to fund the difference in one appropriation that should be made before the end of March of the next year. Pension contributions are deposited in the Bank of Taiwan in the committee's name and are managed by the Bureau of Labor Funds, Ministry of Labor ("the Bureau"); the Company and its subsidiaries in Taiwan have no right to influence the investment policy and strategy.

2) ASE Japan has a pension plan under which eligible employees with more than ten years of service are entitled to receive pension benefits based on their length of service and salaries at the time of termination of employment. ASE Japan makes contributions based on a certain amount of pension cost to employees.

   ASE Korea also has a pension plan under which eligible employees and directors with more than one year of service are entitled to receive a lump-sum payment upon termination of their service with ASE Korea, based on their length of service and salaries at the time of termination. ASE Korea makes contributions based on a certain percentage of pension cost to an external financial institution administered by the management and in the names of employees.

3) ASE Inc., ASE Test, Inc. and ASE Electronics Inc. maintain pension plans for executive managers. Pension costs under the plans were NT$3,171 thousand and NT$6,872 thousand for the years ended December 31, 2017 and 2016, respectively. Pension payments were both nil for the years ended

December 31, 2017 and 2016. As of December 31, 2017 and 2016, accrued pension liabilities for executive managers were NT$209,637 thousand and NT$206,467 thousand, respectively.

4) The amounts included in the consolidated balance sheets arising from the Group's obligation in respect of its defined benefit plans excluding those for executive managers were as follows:

	December 31	
	2017	2016
	NT$	NT$
Present value of the defined benefit obligation	$ 7,910,638	$ 8,389,884
Fair value of plan assets	(4,341,373)	(4,417,367)
Present value of unfunded defined benefit obligation	3,569,265	3,972,517
Recorded under others payables	(24,638)	(22,273)
Recorded under other current assets	182,421	15,542
Net defined benefit liability	$ 3,727,048	$ 3,965,786

Movements in net defined benefit liability (asset) were as follows:

	Present value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liability (asset)
	NT$	NT$	NT$
Balance at January 1, 2017	$ 8,389,884	$ (4,417,367)	$ 3,972,517
Service cost			
Current service cost	278,412	-	278,412
Past service cost and gain on settlements	(68,979)	-	(68,979)
Net interest expense (income)	157,404	(103,741)	53,663
Recognized in profit or loss	366,837	(103,741)	263,096
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	52,124	52,124
Actuarial loss arising from changes in financial assumptions	56,860	-	56,860
Actuarial gain arising from experience adjustments	(315,090)	-	(315,090)
Actuarial gain arising from changes in demographic assumptions	762	-	762
Recognized in other comprehensive income	(257,468)	52,124	(205,344)
Contributions from the employer	-	(484,790)	(484,790)
Benefits paid from the pension fund	(690,830)	690,830	-
Benefits paid from the Group	(96,575)	-	(96,575)
Exchange differences on foreign plans	198,790	(78,429)	120,361
Balance at December 31, 2017	$ 7,910,638	$ (4,341,373)	$ 3,569,265

(Continued)

	Present value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liability (asset)
	NT$	NT$	NT$
Balance at January 1, 2016	$ 7,973,676	$ (3,973,729)	$ 3,999,947
Service cost			
Current service cost	329,838	-	329,838
Net interest expense (income)	167,111	(109,080)	58,031
Recognized in profit or loss	496,949	(109,080)	387,869
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	54,549	54,549
Actuarial loss arising from changes in financial assumptions	156,193	-	156,193
Actuarial gain arising from experience adjustments	200,723	-	200,723
Actuarial gain arising from changes in demographic assumptions	5,716	-	5,716
Recognized in other comprehensive income	362,632	54,549	417,181
Contributions from the employer	-	(807,232)	(807,232)
Benefits paid from the pension fund	(308,471)	308,471	-
Benefits paid from the Group	(36,033)	-	(36,033)
Liabilities assumed in a business combination	535	(535)	-
Exchange differences on foreign plans	(99,404)	110,189	10,785
Balance at December 31, 2016	$ 8,389,884	$ (4,417,367)	$ 3,972,517

(Concluded)

5) The fair value of the plan assets by major categories at each balance sheet date was as follows:

	December 31	
	2017	2016
	NT$	NT$
Cash	$ 2,317,764	$ 2,232,367
Debt instruments	691,619	1,030,384
Equity instruments	1,254,109	1,071,777
Others	77,881	82,839
Total	$ 4,341,373	$ 4,417,367

6) Through the defined benefit plans under the Labor Standards Law, the Company and its subsidiaries in Taiwan are exposed to the following risks:

a) Investment risk

The plan assets are invested in equity and debt securities, bank deposits, etc. The investment is conducted at the discretion of the Bureau or under the mandated management. However, in accordance with relevant regulations, the return generated by plan assets should not be below the interest rate for a 2-year time deposit with local banks.

b) Interest risk

A decrease in the government bond interest rate will increase the present value of the defined benefit obligation; however, this will be partially offset by an increase in the return on the plan's debt investments.

c) Salary risk

The present value of the defined benefit obligation is calculated by reference to the future salaries of plan participants. As such, an increase in the salary of the plan participants will increase the present value of the defined benefit obligation.

7) The management of ASE Korea is responsible for the administration of the fund and determination of the investment strategies according to related local regulations. ASE Korea is responsible for the shortfall between the fund and the defined benefit obligation. Plan assets are invested in the certificates of deposits and debt instruments with well credit rating.

8) The present value of the defined benefit obligation and the related current service cost and past service cost were measured using the Projected Unit Credit Method.

Except the pension plans for executive managers, the key assumptions used for the actuarial valuations were as follow:

	December 31	
	2017	**2016**
Discount rates	0.06%-3.85%	0.06%-3.58%
Expected rates of salary increase	2.00%-4.42%	2.00%-4.42%

Significant actuarial assumptions for the determination of the defined obligation are discount rates and expected rates of salary increase. The sensitivity analysis below has been determined based on reasonably possible changes of the respective assumptions occurring at each balance sheet date, while holding all other assumptions constant.

	December 31	
	2017	**2016**
	NT$	**NT$**
Discount Rate		
0.5% higher	$ (455,158)	$ (464,647)
0.5% lower	$ 461,891	$ 508,862
Expected rates of salary increase		
0.5% higher	$ 453,792	$ 500,051
0.5% lower	$ (444,493)	$ (452,956)

The sensitivity analysis presented above may not be representative of the actual change in the defined benefit obligation as it is unlikely that the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated.

9) Maturity analysis of undiscounted pension benefit

	December 31	
	2017	2016
	NT$	NT$
No later than 1 year	$ 291,152	$ 292,100
Later than 1 year and not later than 5 years	1,551,496	1,673,549
Later than 5 years	16,507,747	17,129,585
	$ 18,350,395	$ 19,095,234

The Group expects to make contributions of NT$272,911 thousand and NT$521,324 thousand to the defined benefit plans in the next year starting from January 1, 2018 and 2017, respectively.

As of December 31, 2017 and 2016, the average duration of the defined benefit obligation excluding those for executive managers of the Group was 8 to 14 years and 8 to 15 years, respectively.

23. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2017	2016
Numbers of shares authorized (in thousands)	10,000,000	10,000,000
Numbers of shares reserved (in thousands)		
Employee share options	800,000	800,000
Shares capital authorized	$ 100,000,000	$ 100,000,000
Shares capital reserved		
Employee share options	$ 8,000,000	$ 8,000,000
Number of shares issued and fully paid (in thousands)	8,738,079	7,946,184

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 December 31, 2017 and 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 in March 2017.

As disclosed in Note 20, there were 424,258 thousand ordinary shares were issued under the conversion of Bonds in 2017. The record dates of 323,094 thousand and 101,164 thousand ordinary shares were October 13, 2017 and July 13, 2017, respectively. The Company has completed the registration formalities.

American Depositary Receipts

The Company issued ADSs and each ADS represents five ordinary shares. As of December 31, 2017 and 2016, 115,261 thousand and 125,518 thousand ADSs were outstanding and represented approximately 576,305 thousand and 627,590 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	December 31	
	2017	2016
	NT$	NT$
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)		
Arising from issuance of ordinary shares	$ 21,553,853	$ 5,844,397
Arising from conversion of bonds payable	1,930,066	-
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
May be used to offset a deficit only		
Arising from changes in percentage of ownership interest in subsidiaries (2)	6,083,444	6,132,777
Arising from treasury share transactions	1,151,345	950,368
Arising from exercised employee share options	1,089,178	630,411
Arising from expired employee share options (Note 27)	223,454	3,626
Arising from share of changes in capital surplus of associates	83,733	82,243
May not be used for any purpose		
Arising from employee share options	960,888	1,230,247
Arising from equity component of convertible bonds	214,022	214,022
Others (3)	155,936	-
	$ 40,622,877	$ 22,265,049

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 using the equity method.

3) Such capital surplus arises from the excess of related carrying amount of related accounts over the par value and the Company has not completed registration formalities when the convertible bonds were converted into ordinary shares and employee share options were exercised.

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 24(g).

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 to or reverse a special reserve.

Except 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 and 2015 resolved at the Company's annual shareholders' meetings in June 2017 and 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$**	**NT$ (in dollars)**	**NT$ (in dollars)**
Legal reserve	$ 2,168,034	$ 1,947,887		
Cash dividends	11,415,198	12,476,779	$ 1.40	$ 1.60
	$ 13,583,232	$ 14,424,666		

d. Others equity

1) Exchange differences on translating foreign operations

	2017	**2016**
	NT$	**NT$**
Balance at January 1	$ (1,642,724)	$ 4,493,570
Exchange differences arising on translating foreign operations	(4,952,815)	(5,843,856)

(Continued)

	2017	2016
	NT$	NT$
Share of exchange difference of associates and joint venture accounted for using the equity method	$ (137,221)	$ (292,438)
Balance at December 31	$ (6,732,760)	$ (1,642,724)

(Concluded)

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

	2017	2016
	NT$	NT$
Balance at January 1	$ (240,850)	$ 588,119
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	169,585	(257,240)
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	50,206	-
Cumulative gain (loss) reclassified to profit or loss on disposal of available-for-sale financial assets	(1,517)	7,512
Share of unrealized gain (loss) on available-for-sale financial assets of associates and joint venture accounted for using the equity method	439,198	(579,241)
Balance at December 31	$ 416,622	$ (240,850)

e. Treasury shares (in thousand shares)

	Balance at January 1	Addition	Decrease	Balance at December 31
2017				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	120,000	-	-	120,000
	265,883		-	265,883
2016				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	120,000	-	-	120,000
	265,883	-	-	265,883

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

	Shares Held By Subsidiaries	Carrying amount	Fair Value
	(in thousand shares)	NT$	NT$
December 31, 2017			
ASE Test	88,200	$ 1,380,721	$ 3,364,848
J&R Holding	46,704	381,709	1,781,749
ASE Test, Inc.	10,979	196,677	418,840
	145,883	$ 1,959,107	$ 5,565,437
December 31, 2016			
ASE Test	88,200	$ 1,380,721	$ 2,915,026
J&R Holding	46,704	381,709	1,543,559
ASE Test, Inc.	10,979	196,677	362,849
	145,883	$ 1,959,107	$ 4,821,434

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 of 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.

f. Non-controlling interests

	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
Balance at January 1	$ 12,008,753	$ 11,503,878
Attributable to non-controlling interests:		
Share of profit for the year	1,679,547	1,250,307
Exchange difference on translating foreign operations	(334,920)	(601,787)
Unrealized gain on available-for-sale financial assets	5,763	1,129
Defined benefit plan actuarial gains (losses)	(13,724)	8,846
Non-controlling interest arising from acquisition of subsidiaries (Note 28)	-	42,857
Partial disposal of interests in subsidiaries (Note 30)	(3,055)	26,436
Repurchase of outstanding ordinary shares of subsidiaries (Note 30)	-	(912,886)

(Continued)

	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
Non-controlling interest relating to issue of ordinary shares under employee share options	$ 263,213	$ 927,823
Arising from outstanding expired employee share options	(159,200)	-
Cash dividends to non-controlling interests	(246,440)	(237,850)
Balance at December 31	$ 13,199,937	$ 12,008,753

(Concluded)

24. PROFIT BEFORE INCOME TAX

a. Other income

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Government subsidy	$ 341,844	$ 332,758
Interest income	306,871	230,067
Rental income	131,570	51,607
Dividends income	59,039	26,411
	$ 839,324	$ 640,843

b. Other gains, net

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Gain on disposal of subsidiaries (Note 29)	$ 5,589,457	$ -
Net gain (loss) arising on financial instruments held for trading	(3,111,253)	224,446
Net gain on financial assets designated as at FVTPL	327,351	223,113
Foreign exchange gain, net	3,502,586	1,928,384
Gain (loss) on disposal of property, plant and equipment	348,070	(131,043)
Impairment loss	(764,881)	(980,117)
Others	345,109	159,874
	$ 6,236,439	$ 1,424,657

c. Finance costs

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Total interest expense for financial liabilities measured at amortized cost	$ 2,016,298	$ 2,510,197
Less: Amounts included in the cost of qualifying assets		
Inventories related to real estate business	(190,137)	(238,469)

(Continued)

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Property, plant and equipment	$ (51,262)	$ (54,191)
Investment properties	(13)	-
	1,774,886	2,217,537
Other finance costs	24,608	43,538
	$ 1,799,494	$ 2,261,075

(Concluded)

Information relating to the capitalized borrowing costs was as follows:

	For the Years Ended December 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	1.15-4.42
Investment properties (%)	1.26-1.97	-

d. Depreciation and amortization

	For the Years Ended December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
Property, plant and equipment	$ 28,625,287	$ 28,961,614
Investment properties	122,231	-
Intangible assets	457,666	508,823
Total	$ 29,205,184	$ 29,470,437
Summary of depreciation by function		
Operating costs	$ 26,731,714	$ 26,948,106
Operating expenses	2,015,804	2,013,508
	$ 28,747,518	$ 28,961,614
Summary of amortization by function		
Operating costs	$ 140,175	$ 152,987
Operating expenses	317,491	355,836
	$ 457,666	$ 508,823

e. Operating expenses directly related to investment properties

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Direct operating expenses of investment properties that generated rental income	$ 465,458	$ -

f. Employee benefits expense

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Post-employment benefits		
Defined contribution plans	$ 2,340,826	$ 2,356,416
Defined benefit plans	266,266	394,741
	2,607,092	2,751,157
Equity-settled share-based payments	438,765	470,788
Other employee benefits	51,043,198	49,525,940
	$ 54,089,055	$ 52,747,885
Summary of employee benefits expense by function		
Operating costs	$ 35,978,402	$ 35,588,529
Operating expenses	18,101,653	17,159,356
	$ 54,089,055	$ 52,747,885

g. 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 years ended December 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 Year 2017	For Year 2016
	NT$	NT$
Employees' compensation	$ 2,291,140	$ 2,147,323
Remuneration to directors	208,285	195,211

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 (settled by cash) and remuneration to directors for 2016 and 2015 resolved by the board of directors in March 2017 and in April 2016, respectively, and the amounts recognized in 2016 and 2015 consolidated financial statements were as follows.

	For Year 2016		For Year 2015	
	Employees' compensation	Remuneration to directors	Employees' compensation	Remuneration to directors
	NT$	NT$	NT$	NT$
Resolved by the board of directors	$ 2,151,900	$ 148,000	$ 2,033,800	$ 140,000
Recognized in the consolidated financial statements	$ 2,147,323	$ 195,211	$ 2,033,500	$ 184,500

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 and the shareholders' meeting are available on the Market Observation Post System website of the TSE.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Years Ended December 31	
	2017	**2016**
	NT$	**NT$**
Current income tax		
In respect of the current year	$ 4,979,766	$ 4,177,900
Income tax on unappropriated earnings	814,282	529,874
Changes in estimate for prior years	(88,162)	28,160
	5,705,886	4,735,934
Deferred income tax		
In respect of the current year	534,472	574,541
Adjustments to attributable to changes in tax rates	-	14,184
Changes in estimate for prior years	52,872	(26,498)
Effect of foreign currency exchange differences	(31,698)	(206,788)
	555,646	355,439
Income tax expense recognized in profit or loss	$ 6,261,532	$ 5,091,373

A reconciliation of income tax expense calculated at the statutory rates and income tax expense recognized in profit or loss was as follows:

	For the Years Ended December 31	
	2017	**2016 (Retrospectively Adjusted)**
	NT$	**NT$**
Profit before income tax	$ 30,928,898	$ 27,984,836
Income tax expense calculated at the statutory rates	$ 10,874,898	$ 8,647,523
Nontaxable expense (income) in determining taxable income	499,315	(48,290)
Tax-exempt income	(623,566)	(700,274)
Additional income tax on unappropriated earnings	814,282	529,874
Loss carry-forward and income tax credits currently used	(1,124,043)	(898,700)
Remeasurement of deferred income tax assets, net	(4,131,473)	(2,797,673)
Changes in estimate for prior years	(88,162)	28,160
Withholding tax	40,281	81,543
Land value increment tax	-	249,210
Income tax expense recognized in profit or loss	$ 6,261,532	$ 5,091,373

For the years ended December 31, 2017 and 2016, the Group applied a tax rate of 17% for resident entities subject to the Income Tax Law of the ROC; for the subsidiaries located in China, the applied tax rate was 25%; and for other jurisdictions, the Group measures taxes by using the applicable tax rate for each individual jurisdiction.

In February 2018, it was announced by the president that the Income Tax Law of the ROC was amended and, starting from 2018, the corporate income tax rate will be adjusted from 17% to 20%. In addition, the tax rate applicable to 2018 unappropriated earnings will be reduced from 10% to 5%. Deferred tax assets and deferred tax liabilities recognized as at December 31, 2017 are expected to be adjusted and would increase by 201,965 thousand and 788,556 thousand, respectively, in 2018.

As the status of 2018 appropriations of earnings is uncertain, the potential income tax consequences of 2017 unappropriated earnings are not reliably determinable.

b. Income tax recognized directly in equity

	For the Years Ended December 31	
	2017	**2016**
	NT$	**NT$**
Deferred income tax		
Related to Employee share options	$ 262	$ (204)

c. Income tax recognized in other comprehensive income

	For the Years Ended December 31	
	2017	**2016**
	NT$	**NT$**
Deferred income tax		
Related to remeasurementon of defined benefit plans	$ (51,217)	$ 73,637

d. Current tax assets and liabilities

	December 31	
	2017	**2016**
	NT$	**NT$**
Current tax assets		
Tax refund receivable	$ 28,458	$ 260,559
Prepaid income tax	232,084	211,193
	$ 260,542	$ 471,752
Current tax liabilities		
Income tax payable	$ 4,863,549	$ 4,352,642

e. Deferred tax assets and liabilities

The Group offset certain deferred tax assets and deferred tax liabilities which met the offset criteria.

The movements of deferred tax assets and deferred tax liabilities were as follows:

Year ended December 31, 2017	Balance at January 1 NT$	Recognized in Profit or Loss NT$	Recognized in Other Comprehensive Income NT$	Recognized in Equity NT$	Exchange Differences NT$	Balance at December 31 NT$
Temporary differences						
Property, plant and equipment	$ (3,758,847)	$ (101,576)	$ -	$ -	$ (18,643)	$ (3,879,066)
Defined benefit obligation	873,484	(26,736)	(51,217)	-	(15,291)	780,240
FVTPL financial instruments	(21,363)	(86,342)	-	-	2,802	(104,903)
Others	1,079,824	(22,748)	-	262	(28,929)	1,028,409
	(1,826,902)	(237,402)	(51,217)	262	(60,061)	(2,175,320)
Loss carry-forward	1,124,541	(456,246)	-	-	13,146	681,441
Investment credits	382,736	138,002	-	-	13,475	534,213
	$ (319,625)	$ (555,646)	$ (51,217)	$ 262	$ (33,440)	$ (959,666)

Year ended December 31, 2016	Balance at January 1 NT$	Recognized in Profit or Loss NT$	Recognized in Other Comprehensive Income NT$	Recognized in Equity NT$	Exchange Differences NT$	Acquisitions through business combinations NT$	Balance at December 31 NT$
Temporary differences							
Property, plant and equipment	$ (3,504,458)	$ (182,291)	$ -	$ -	$ (72,098)	$ -	$ (3,758,847)
Defined benefit obligation	845,939	(48,601)	73,637	-	2,509	-	873,484
FVTPL financial instruments	(232,198)	212,737	-	-	(1,902)	-	(21,363)
Others	1,384,987	(283,179)	-	(204)	(21,780)	-	1,079,824
	(1,505,730)	(301,334)	73,637	(204)	(93,271)	-	(1,826,902)
Loss carry-forward	1,323,577	(110,967)	-	-	(91,008)	2,939	1,124,541
Investment credits	351,119	56,862	-	-	(25,245)	-	382,736
	$ 168,966	$ (355,439)	$ 73,637	$ (204)	$ (209,524)	$ 2,939	$ (319,625)

f. Items for which no deferred tax assets have been recognized

Unrecognized deferred tax assets related to loss carry-forward, investment credits and deductible temporary differences were summarized as follows:

	December 31	
	2017 NT$	2016 NT$
Loss carry-forward	$ 542,054	$ 652,593
Investment credits	-	280,068
Deductible temporary differences	712,141	904,441
	$ 1,254,195	$ 1,837,102

The unrecognized loss carry-forward will expire through 2030 and the unrecognized investment credits will expire through 2018.

g. Information about unused loss carry-forward, unused investment credits, tax-exemption and other tax relief

As of December 31, 2017, the unused loss carry-forward comprised of:

Year of Expiry	NT$
2018	$ 230,656
2019	34,981
2020	615,327

(Continued)

Year of Expiry	NT$
2021	$ 164,377
2022 and thereafter	178,154
	$ 1,223,495

(Concluded)

As of December 31, 2017, unused investment credits comprised of:

Tax Credit Source	Remaining Creditable Amount NT$	Expiry Year
Purchase of machinery and equipment	$ 518,790	2018
Others	15,423	2022 and thereafter
	$ 534,213	

As of December 31, 2017, profits attributable to the following expansion projects were exempted from income tax for a 5-year period:

	Tax-exemption Period
Construction and expansion of 2007 by the Company	2016.01-2020.12
Construction and expansion of 2008 by the Company	2014.01-2018.12
Construction and expansion of 2008 by ASE Test Inc.	2014.01-2018.12
Construction and expansion of 2009 by ASE Test Inc.	2018.01-2022.12
Expansion of 2008 by ASE Electronics Inc.	2016.01-2020.12

Some China subsidiaries qualified as high technology enterprises were entitled to a reduced income tax rate of 15% and were eligible to deduct certain times of research and development expenses from their taxable income.

h. Unrecognized deferred tax liabilities associated with investments

As of December 31, 2017 and 2016, the taxable temporary differences associated with the investments in subsidiaries for which no deferred tax liabilities have been recognized were NT$16,401,422 thousand and NT$14,417,873 thousand, respectively.

i. Integrated income tax

As of December 31, 2017 and 2016, unappropriated earnings were all generated on and after January 1, 1998. As of December 31, 2017 and 2016, the balance of the Imputation Credit Account was NT$4,003,283 thousand and NT$3,328,374 thousand, respectively.

The creditable ratio for the distribution of earnings of 2016 was 10.01%. Since the amended Income Tax Act published in February 2018 abolished the imputation tax system, no creditable ratio for distribution of earnings in 2018 is expected.

j. Income tax assessments

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

26. 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 year

	For the Years Ended December 31	
	2017	2016 (Retrospectively Adjusted)
	NT$	NT$
Profit for the year attributable to owners of the Company	$ 22,987,819	$ 21,643,156
Effect of potentially dilutive ordinary shares:		
Employee share options issued by subsidiaries	(813,627)	(374,359)
Investments in associates	(367,687)	(494,388)
Convertible bonds	93,781	(1,165,506)
Earnings used in the computation of diluted earnings per share	$ 21,900,286	$ 19,608,903

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

	For the Years Ended December 31	
	2017	2016
Weighted average number of ordinary shares in computation of basic earnings per share	8,160,887	7,662,870
Effect of potentially dilutive ordinary shares:		
Convertible bonds	124,911	515,295
Employee share options	39,868	59,218
Employees' compensation	43,574	46,746
Weighted average number of ordinary shares in computation of diluted earnings per share	8,369,240	8,284,129

The Group is able to settle the employees' compensation in 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 the 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 year ended December 31, 2017 and were excluded from the computation of diluted earnings per share for the same period.

27. SHARE-BASED PAYMENT ARRANGEMENTS

Employee share option plans of the Company and its subsidiaries

In order to attract, retain and reward employees, ASE Inc. has five employee share option plans for full-time employees of the Group. Each share option represents the right to purchase one ordinary share of ASE Inc. when exercised. Under the terms of the plans, share options are granted at an exercise price equal to or not less than the closing price of the ordinary shares listed on the TSE at the grant date. The option rights of these plans are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. For any subsequent changes in the Company's capital structure, the exercise price is accordingly adjusted.

a. ASE Inc. Option Plans

Information about share options was as follows:

	For the Years Ended December 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	(5,407)	36.3	(6,056)	34.6
Options expired	(1,790)	21.1	-	-
Options exercised	(67,637)	21.0	(35,756)	20.9
Balance at December 31	135,961	30.2	210,795	27.3
Options exercisable, end of year	85,642	26.5	123,007	20.8

The weighted average share price at exercise dates of share options for the years ended December 31, 2017 and 2016 was NT$37.6 and NT$36.2, respectively. The option rights of the plan which was granted in 2007, was expired in December 2017 , of which shares had not been exercised and, therefore, $47,087 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 outstanding share options at each balance sheet date was as follows:

	Range of Exercise Price Per Share (NT$)	**Weighted Average Remaining Contractual Life (Years)**
December 31, 2017		
4TH share options	$20.4-22.6	2.5
5TH share options	36.5	7.7
December 31, 2016		
4TH share options	20.4-22.6	2.5
5TH share options	36.5	8.7

b. ASE Mauritius Inc. Option Plan

ASE Mauritius Inc. has an employee share option plan for full-time employees of the Group which granted 30,000 thousand units in December 2007. Under the terms of the plan, each unit represents the right to purchase one ordinary share of ASE Mauritius Inc. when exercised. The option rights of the plan are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. The option rights of the plan was expired in December 2017 , of which shares had not been exercised and, therefore, $159,200 thousand was reclassified from non-controlling interest to capital surplus arising from expired employee share options.

Information about share options was as follows:

	For the Years Ended December 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	28,470	$1.7	28,470	$1.7
Options forfeited	(250)	1.7	-	-
Options expired	(28,220)	1.7	-	-
Balance at December 31	-	-	28,470	1.7
Options exercisable, end of year	-	-	28,470	1.7

c. 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 Years Ended December 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	25,933	$2.2	29,695	$2.1
Options exercised	(377)	1.9	(3,762)	2.0
Balance at December 31	25,556	2.2	25,933	2.2
Options exercisable, end of year	25,556	2.2	25,933	2.2

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)
December 31, 2017		
1st share options	$ 1.5	3.0
2nd and 3rd share options	2.4-2.9	2.9

(Continued)

December 31, 2016	Range of Exercise Price Per Share (US$)	Weighted Average Remaining Contractual Life (Years)
1st share options	$ 1.5	4.0
2nd and 3rd share options	2.4-2.9	3.9

(Concluded)

In 2017 and 2016, the Group's shareholdings of USIE decreased due to USIE's share options had been exercised. The transaction was accounted for as an equity transaction since the Group did not cease to have control over USIE and, as a result, capital surplus was decreased by NT$52,388 thousand and NT$444,320 thousand in 2017 and 2016, respectively.

d. USISH Option Plans

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 Years Ended December 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	(2,656)	15.5	(1,630)	15.5
Balance at December 31	22,341	15.5	24,997	15.5
Options exercisable, end of year	8,896	15.5	-	-

As of December 31, 2017 and 2016, the remaining contractual life of the share options was 7.9 years and 8.9 years, respectively.

Employee benefit expense recognized for employee share options granted by the Company and its subsidiary, USISH, was NT$354,765 thousand and NT$470,788 thousand for the years ended December 31, 2017 and 2016, respectively.

e. 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 December 31, 2017	30,000
Options exercised for the year ended December 31, 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%
Expected lives	47 days
Expected dividend yield	-
Risk free interest rate	0.37%

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

28. 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%	$ 89,998

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.

b. Assets acquired and liabilities assumed at the date of acquisition

	NT$
Current assets	$ 16,645
Non-current assets	108,486
Current liabilities	(7,599)
Fair value of identifiable net assets acquired	$ 117,532

c. Goodwill recognized on acquisition

	NT$
Consideration transferred (paid in cash)	$ 89,998
Add: Non-controlling interests	42,857
Less: Fair value of identifiable net assets acquired	(117,532)
Goodwill recognized on acquisition	$ 15,323

The non-controlling interest recognized at the acquisition date was measured at its fair value.

The goodwill recognized mainly represents the control premium. In addition, the consideration paid for the acquisition effectively included amounts attributed to the benefits of expected revenue growth and future market development of TLJ. These benefits are not recognized separately from goodwill because they do not meet the recognition criteria for identifiable intangible assets.

d. Net cash outflow on acquisition of subsidiaries

	NT$
Consideration paid in cash	$ 89,998
Less: Cash acquired	(16,561)
	$ 73,437

e. In the second quarter in 2017, the Group has 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 therefore, the Company has retrospectively adjusted the comparative consolidated financial statements for prior periods. As of December 31, 2016, the retrospective adjustments are summarized as follows:

	After Retrospectively Adjusted NT$	Before Retrospectively Adjusted NT$
December 31, 2016		
Goodwill	$ 10,490,309	$ 10,558,878
Other intangible assets	$ 1,617,261	$ 1,560,989
For the year ended December 31, 2016		
Operating costs	$ 221,696,922	$ 221,689,888
Operating expenses	$ 26,526,815	$ 26,485,716

The aforementioned retrospective adjustments are accordingly recorded as a decrease in retained earnings of NT$28,880 thousand as an increase in non-controlling interests of NT$16,583 thousand as of December 31, 2016.

29. DISPOSAL OF SUBSIDIARIES

The Group entered into an agreement to dispose of KSDY. The disposal was completed in June 2017 and as a result, the Group lost its control over KSDY.

a. Gain on disposal of subsidiaries

	NT$
Total consideration	$ 7,046,464
Net assets disposed of	(1,457,007)
Gain on disposal of KSDY	$ 5,589,457

b. Analysis of assets and liabilities on the date control was lost

	NT$
Current assets	
Cash and cash equivalents	$ 29,133
Inventories related to real estate business	1,427,874
Net assets disposed of	$ 1,457,007

30. 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 2016.

In February 2016, the Company disposed 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 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 2017.

In January 2018, the shareholders' meeting of the Company's subsidiary, USIE, approved to repurchase its own 3,738,420 outstanding ordinary shares at US$17.49 per share. In February 2018, the board of directors of USIE resolved February 26, 2018 as the record date for capital reduction and then the repurchased ordinary shares will be subsequently cancelled.

31. NON-CASH TRANSACTIONS

a. Except those discussed in Note 11, for the years ended December 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 Years Ended December 31	
	2017	2016
	NT$	NT$
Payments for property, plant and equipment		
Purchase of property, plant and equipment	$ 23,677,682	$ 27,680,862
Increase (decrease) in prepayments for property, plant and equipment (recorded under the line item of other non-current assets)	90,560	(89,337)
(Increase) decrease in payables for property, plant and equipment (recorded under the line item of other payables)	982,260	(823,171)
Capitalized borrowing costs	(51,262)	(54,191)
	$ 24,699,240	$ 26,714,163
Proceeds from disposal of property, plant and equipment		
Consideration from disposal of property, plant and equipment	$ 1,487,334	$ 692,826
(Increase) decrease in other receivables	876	(22,626)
	$ 1,488,210	$ 670,200
Investment properties		
Purchase of investment properties	$ 186,535	$ -
Capitalized borrowing costs	(13)	-
	$ 186,522	$ -
Payments for other intangible assets		
Purchase of other intangible assets	$ 277,825	$ 675,144
Decrease (increase) in other payables	60,159	(120,938)
Increase in other non-current liabilities	-	(40,313)
	$ 337,984	$ 513,893
Net cash inflow from disposal of subsidiaries		
Consideration from disposal of subsidiaries	$ 7,046,464	$ -
Increase in other payables	3,552	-
Cash and cash equivalents disposed of	(29,133)	-
	$ 7,020,883	$ -

b. As those discussed in Note 20, the bonds holders of the third unsecured convertible overseas bonds issued by the Company in September 2013 have exercised the conversion right in 2017 as a result of an increase in the Company's capital and capital surplus by NT$4,242,577 thousand and NT$9,657,905 thousand, respectively.

32. OPERATING LEASE ARRANGEMENTS

Except those discussed in Note 18, 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 terms will expire through 2018 to 2023 with the option to renew the leases upon expiration.

The Group recognized rental expense of NT$1,193,477 thousand and NT$1,411,533 thousand for the years ended December 31, 2017 and 2016, respectively, from the aforementioned operating lease arrangements and the land use rights disclosed in Note 18.

As of December 31, 2017, the future minimum lease payments of non-cancellable operating lease commitments were as follows:

Less than 1 year	$ 246,026
1 to 5 years	439,048
More than 5 years	419,232
	$ 1,104,666

33. 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 19.

34. 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 considered 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 December 31, 2017 and 2016, respectively, were as follows:

	Carrying Amount	Fair Value
	NT$	NT$
December 31, 2017	$ 23,142,780	$ 23,247,085
December 31, 2016	36,999,903	37,300,356

2) Fair value hierarchy

The aforementioned fair value hierarchy of bonds payable was Level 3 which was determined based on discounted cash flow analysis with the applicable yield curve for the duration or the latest trading prices. The significant unobservable inputs is discounted at rates that reflected the credit risk of various counterparties and the latest 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$
December 31, 2017				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	$ -	$ 100,496	$ -	$ 100,496
Derivative financial assets				
Forward exchange contracts	-	61,325	-	61,325
Swap contracts	-	60,538	-	60,538
Non-derivative financial assets held for trading				
Quoted shares	4,410,732	-	-	4,410,732
Open-end mutual funds	589,976	-	-	589,976
	$ 5,000,708	$ 222,359	$ -	$ 5,223,067
Available-for-sale financial assets				
Unquoted shares	$ -	$ -	$ 662,477	$ 662,477
Limited Partnership	-	-	246,072	246,072
Quoted shares	279,791	-	-	279,791
Open-end mutual funds	23,825	-	-	23,825
	$ 303,616	$ -	$ 908,549	$ 1,212,165
Financial liabilities at FVTPL				
Derivative financial liabilities				
Swap contracts	$ -	$ 652,107	-	$ 652,107
Forward exchange contracts	-	25,323	-	25,323
	$ -	$ 677,430	$ -	$ 677,430
December 31, 2016				
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

(Continued)

	Level 1	Level 2	Level 3	Total
	NT$	NT$	NT$	NT$
Non-derivative financial assets held for trading				
Quoted shares	$ 1,855,073	$ -	$ -	$ 1,855,073
Open-end mutual funds	584,945	-	-	584,945
	$ 2,440,018	$ 629,794	$ -	$ 3,069,812
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
Quoted shares	146,786	-	-	146,786
	$ 390,244	$ -	$ 904,790	$ 1,295,034
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	-	17,924	-	17,924
	$ -	$ 1,763,660	$ -	$ 1,763,660

(Concluded)

For the financial assets and liabilities that were measured at fair value on a recurring basis there were no transfers between Level 1 and Level 2 of the fair value hierarchy for the years ended December 31, 2017 and 2016.

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 classified as available-for-sale financial assets-non-current. Reconciliations for the years ended December 31, 2017 and 2016 were as follows:

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Balance at January 1	$ 904,790	$ 741,089
Purchases	2,649	495,928
Total gains or losses recognized		
In profit or loss	28	(100,734)
In other comprehensive income	17,284	(202,565)
Disposals	(16,202)	(28,928)
Balance at December 31	$ 908,549	$ 904,790

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

Financial Instruments	Valuation Techniques and Inputs
Derivatives - swap contracts, forward exchange contracts and foreign currency option contracts	Discounted cash flows - Future cash flows are estimated based on observable forward exchange rates at balance sheet dates and contract forward exchange 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
Private-placement convertible bonds	Discounted cash flows - Future cash flows are estimated based on observable stock prices at balance sheet dates and contract 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). The Group recognized an impairment loss of NT$50,206 thousand and NT$90,000 thousand under the line item of other gains, net in the consolidated statements of comprehensive income for the years ended December 31, 2017 and 2016, respectively.

c. Categories of financial instruments

	December 31	
	2017	2016
	NT$	NT$
Financial assets		
FVTPL		
Designated as at FVTPL	$ 100,496	$ 100,583
Held for trading	5,122,571	2,969,229
Available-for-sale financial assets	1,212,165	1,295,034
Loans and receivables (Note 1)	103,973,567	92,082,628
Financial liabilities		
FVTPL		
Held for trading	677,430	1,763,660
Measured at amortized cost (Note 2)	139,561,999	168,397,006

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, 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 39.

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$101,000 thousand and NT$69,000 thousand for the years ended December 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 year. As the year-end exposure did not reflect the exposure for the years ended December 31, 2017 and 2016, the abovementioned sensitivity analysis was unrepresentative of those years.

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:

	December 31	
	2017	**2016**
	NT$	**NT$**
Fair value interest rate risk		
Financial liabilities	$ 17,552,955	$ 30,243,887
Cash flow interest rate risk		
Financial assets	39,880,736	29,977,709
Financial liabilities	42,270,321	65,800,323

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 years ended December 31, 2017 and 2016 would have decreased or increased approximately by NT$24,000 thousand and NT$358,000 thousand, respectively. Hedging contracts and hedged items have 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 years ended December 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 years ended December 31, 2017 and 2016 would have increased or decreased approximately by NT$52,000 thousand and NT$26,000 thousand, respectively, and other comprehensive income before income tax for the years ended December 31, 2017 and 2016 would both have increased or decreased approximately by NT$13,000 thousand.

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 years ended December 31, 2016 would have decreased approximately by NT$510,000 thousand, respectively, or increased approximately by NT$445,000 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$
December 31, 2017					
Non-derivative financial liabilities					
Non-interest bearing	$ 30,695,797	$ 18,387,296	$ 4,549,468	$ 2,807	$ 176,199
Floating interest rate liabilities	6,641,541	4,153,830	5,101,178	27,196,245	900,310
Fixed interest rate liabilities	8,522,765	7,526,270	1,526,449	11,902,335	6,462,396
	$ 45,860,103	$ 30,067,396	$ 11,177,095	$ 39,101,387	$ 7,538,905
December 31, 2016					
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	5,360,644	1,019,221	10,549,983	28,553,095	2,062,500
	$ 39,001,592	$ 26,805,023	$ 21,545,236	$ 73,099,796	$ 3,981,889

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 NT$	1 to 3 Months NT$	3 Months to 1 Year NT$
December 31, 2017			
Net settled			
Forward exchange contracts	$ (8,820)	$ -	$ -
Gross settled			
Forward exchange contracts			
Inflows	$ 3,711,302	$ 2,169,093	$ 390,379
Outflows	(3,679,154)	(2,138,635)	(386,880)
	32,148	30,458	3,499
Swap contracts			
Inflows	12,116,531	14,434,880	36,676,224
Outflows	(12,189,576)	(14,629,738)	(36,452,398)
	(73,045)	(194,858)	223,826
	$ (40,897)	$ (164,400)	$ 227,325
December 31, 2016			
Net settled			
Forward exchange contracts	$ 22,680	$ 13,320	$ -
Foreign currency options	$ (344)	$ -	$ -
Gross settled			
Forward exchange contracts			
Inflows	$ 5,134,196	$ 912,213	$ -
Outflows	(5,245,724)	(915,900)	-
	(111,528)	(3,687)	-
Swap contracts			
Inflows	5,345,159	17,399,695	43,537,500
Outflows	(5,439,190)	(17,540,927)	(42,882,201)
	(94,031)	(141,232)	655,299
	$ (205,559)	$ (144,919)	$ 655,299

35. 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:

Related Parties	Relationship with the Corporation
ASE Cultural and Educational Foundation	Substantial related party
Fu Hwa Construction Co., Ltd.	Associate's subsidiary

b. The Company contributed each NT$100,000 thousand to ASE Cultural and Educational Foundation in 2017 and 2016, respectively, for environmental charity in promoting the related domestic environmental protection and public service activities (Note 37).

c. In 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 December 31, 2017, NT$93,000 thousand has not been paid and was accrued under the line item of other payables.

d. The Company contracted with Fu Hwa Construction Co., Ltd. to construct a female employee dormitory on current lease property. Total consideration was primarily based on independent professional appraisal reports and NT$875,000 thousand was paid as of December 31, 2016. The female employee dormitory has been completely constructed as of December 31, 2016 and the total consideration was fully paid in March 2017.

e. In February 2016, USIE repurchased its own 1,801 thousand outstanding ordinary shares from the Group's key management personnel with approximately NT$1,130,650 thousand.

f. Compensation to key management personnel

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Short-term employee benefits	$ 860,631	$ 790,460
Post-employment benefits	2,858	4,790
Share-based payments	-	11,547
	$ 863,489	$ 806,797

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

36. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

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

	December 31	
	2017	2016
	NT$	NT$
Inventories related to real estate business	$ 4,822,043	$ 16,813,023
Investment properties	7,151,382	-
Land use rights (Long-term prepayments for lease)	6,813,751	-
Other financial assets (including current and non-current)	66,726	220,228
	$ 18,853,902	$ 17,033,252

37. 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:

Significant commitments

a. As of December 31, 2017 and 2016, unused letters of credit of the Group were approximately NT$20,000 thousand and NT$97,000 thousand, respectively.

b. As of December 31, 2017 and 2016, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT$7,019,377 thousand and NT$6,630,957 thousand, respectively, of which NT$294,194 thousand and NT$668,509 thousand had been prepaid, respectively. As of December 31, 2017 and 2016, the commitment that the Group has contracted for the construction related to our real estate business were approximately NT$1,548,806 thousand and NT$1,574,822 thousand, respectively.

c. 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.

   In January 2018, the Company's board of directors approved to contribute NT$100,000 thousand to ASE Cultural & Educational Foundation for continuously implementing environmental effort in promoting the related domestic environmental protection and public service activities.

38. SIGNIFICANT SUBSEQUENT EVENTS

In February 2018, Universal Global Electronics Co., Limited, a new subsidiary of the Group, has signed a joint venture agreement with other company and plans to form a joint venture in Brazil.

39. 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 financial assets and financial liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
December 31, 2017			
Monetary financial assets			
US$	$ 3,065,296	US$1=NT$29.76	$ 91,223,195
US$	1,193,369	US$1=CNY6.5342	35,514,653
JPY	5,005,435	JPY1=NT$0.2642	1,322,436
JPY	8,113,284	JPY1=US$0.0089	2,143,530
Monetary financial liabilities			
US$	2,902,995	US$1=NT$29.76	86,393,137
US$	1,007,629	US$1=CNY6.5342	29,987,042

(Continued)

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
JPY	$ 5,415,677	JPY1=NT$0.2642	$ 1,430,822
JPY	8,598,832	JPY1=US$0.0089	2,271,811
December 31, 2016			
Monetary financial assets			
US$	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

(Concluded)

The significant realized and unrealized foreign exchange gain (loss) were as follows:

	For the Years Ended December 31			
	2017		2016	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss) NT$	Exchange Rate	Net Foreign Exchange Gain NT$
NT$		$ 4,130,243		$ 1,494,044
CNY	CNY1=NT$4.5545	(337,630)	CNY1=NT$4.649	224,393
US$	US$1=NT$29.76	(244,802)	US$1=NT$32.25	203,258
		$ 3,547,811		$ 1,921,695

40. OTHERS

a. 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. On June 8, 2017, the Supreme Administrative Court handed down a final and unappealable judgment which is in favor of the Company and ordered KEPB to return to the Company the fine already paid by the Company.

b. 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. The estimated cash consideration paid per SPIL's ordinary share at NT$51.2 will not be adjusted since the aggregate amount of the cash dividends distributed by SPIL in 2017 is less than 85% of SPIL's net profit for the year ended December 31, 2016.

According to the share exchange agreement, the completion of share exchange transaction is subject to the satisfaction or waiver of all conditions precedent. Unless the Company and SPIL entering into 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. On November 24, 2017, the Ministry of Commerce of the People's Republic of China announced that it has conditionally approved the proposed transaction. On December 14, 2017, the Company and SPIL entered into an addendum to the aforementioned joint share exchange agreement to amend the definition of Long Stop Date from December 31, 2017 to October 31, 2018. As of the date the consolidated financial statements were approved for issue by board of directors, the share exchange transaction has been approved both at the Company and SPIL's special shareholders' meetings, and will be completed on April 30, 2018 on which the HoldCo will be established.

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. As of September 30, 2017, the outstanding balance of the Bonds has been fully converted or redeemed.

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.

41. 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;

l. Information on investment in Mainland China

   1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 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: Please see Table 6 attached;

      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: None;

      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.

42. OPERATING SEGMENTS INFORMATION

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

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

Segment information for the years ended December 31, 2017 and 2016 was as follows:

a. Segment revenues and operation results

	Packaging	Testing	EMS	Estate	Others	Adjustments and Eliminations	Total
	NT$	NT$	NT$	NT$	NT$	NT$	NT$
For the year ended December 31, 2017							
Revenue from external customers	$ 126,225,119	$ 26,157,277	$ 133,948,016	$ 412,863	$ 3,697,933	$ -	$ 290,441,208
Inter-segment revenues (Note)	4,911,026	184,707	47,119,404	23,943	8,359,697	(60,598,777)	-
Segment revenues	131,136,145	26,341,984	181,067,420	436,806	12,057,630	-	351,039,985
Interest income	43,744	48,532	269,640	30,441	183,824	(269,310)	306,871
Interest expense	(1,969,562)	(11,920)	-	(62,714)	-	269,310	(1,774,886)
Depreciation and amortization	(19,105,457)	(6,476,743)	(2,133,253)	(180,792)	(1,308,941)	-	(29,205,186)
Share of the profit of associates and joint ventures	476,526	(42,509)	-	-	-	-	434,017
Impairment loss	(218,214)	(72,798)	-	-	(473,869)	-	(764,881)
Segment profit before income tax	11,973,539	6,904,067	6,883,327	5,120,301	47,664	-	30,928,898
Expenditures for segment assets	17,769,612	4,507,097	850,235	169,559	381,178	-	23,677,681
December 31, 2017							
Investments accounted for using the equity method	48,501,847	187,418	-	-	-	-	48,689,265
Segment assets	195,439,403	43,383,691	81,588,691	33,080,694	10,365,307	-	363,857,786
For the year ended December 31, 2016							
Revenue from external customers	125,282,829	27,031,750	115,395,130	3,909,580	3,264,818	-	274,884,107
Inter-segment revenues (Note)	4,929,897	243,980	47,721,424	-	9,186,359	(62,081,660)	-
Segment revenues	130,212,726	27,275,730	163,116,554	3,909,580	12,451,177	-	336,965,767
Interest income	32,499	41,405	130,659	29,131	8,166	(11,793)	230,067
Interest expense	(1,727,127)	(5,980)	(44,433)	-	(451,790)	11,793	(2,217,537)
Depreciation and amortization	(18,706,891)	(6,566,936)	(2,759,298)	(55,271)	(1,382,041)	-	(29,470,437)
Share of the profit of associates and joint ventures	1,529,525	(9,484)	-	-	-	-	1,520,041
Impairment loss	(974,095)	(4,136)	(1,886)	-	-	-	(980,117)
Segment profit before income tax	13,937,771	7,226,531	4,626,263	1,546,326	647,945	-	27,984,836
Expenditures for segment assets	17,561,135	8,247,003	906,042	114,462	852,220	-	27,680,862
December 31, 2016							
Investments accounted for using the equity method	49,589,098	227,495	-	-	-	-	49,816,593
Segment assets	200,596,014	42,962,643	73,915,639	28,468,242	11,979,941	-	357,922,479

Note: Inter-segment revenues were eliminated upon consolidation.

b. Revenue from major products and services

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
Packaging service	$ 126,225,119	$ 125,282,829
Testing service	26,157,277	27,031,750
Electronic components manufacturing service	133,948,016	115,395,130
Others	4,110,796	7,174,398
	$ 290,441,208	$ 274,884,107

c. Geographical information

Geographical information about revenue from external customers and noncurrent assets are reported based on the country where the external customers are headquartered and noncurrent assets are located.

1) Net revenues from external customers

	For the Years Ended December 31	
	2017	2016
	NT$	NT$
United States	$ 196,462,345	$ 180,745,837
Taiwan	35,413,647	38,868,679
Asia	30,201,332	29,896,304
Europe	26,445,240	23,275,732
Others	1,918,644	2,097,555
	$ 290,441,208	$ 274,884,107

2) Noncurrent assets, excluding financial instruments, post-employment benefit assets and deferred tax assets

	December 31	
	2017	2016
	NT$	NT$
Taiwan	$ 93,350,839	$ 97,337,094
China	45,376,164	34,142,577
Others	25,025,498	26,935,370
	$ 163,752,501	$ 158,415,041

d. Major customers

Except one customer from which the operating revenues generated from packaging and EMS segments was NT$83,873,393 thousand and NT$66,554,659 thousand in 2017 and 2016, respectively, the Group did not have other single customer to which the operating revenues exceeded 10% of operating revenues for the years ended December 31, 2017 and 2016.

TABLE 1

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 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 Item	Collateral Value	Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
1	A.S.E. Holding Limited	The Company	Other receivables form related parties	Yes	$ 2,821,050	$ 2,618,880	$ 595,200	1.46~2.21	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 3,109,797	$ 6,219,595
		J & R Holding Limited	Long-term receivables form related parties	Yes	2,061,420	2,023,680	2,023,680	1.38~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
2	J & R Holding Limited	The Company	Other receivables form related parties	Yes	10,549,620	7,529,280	7,529,280	1.46~2.45	The need for short-term financing	-	Operating capital	-	-	-	11,239,391	22,478,781
		Global Advanced Packaging Technology Limited	Long-term receivables form related parties	Yes	1,109,815	1,101,120	505,920	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE WeiHai Inc.	Other receivables form related parties	Yes	2,053,550	684,480	684,480	1.31~1.97	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	3,149,475	3,124,800	1,934,400	1.17~1.96	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	532,865	505,920	505,920	1.34~1.89	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Anstock Limited	Long-term receivables form related parties	Yes	1,869,130	1,093,080	965,554	3.69~11.75	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Innosource Limited	Long-term receivables form related parties	Yes	763,542	746,976	746,976	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Corporation	Long-term receivables form related parties	Yes	3,167,850	3,124,800	3,124,800	1.17~1.96	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Labuan Inc.	Long-term receivables form related parties	Yes	626,900	595,200	595,200	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	1,253,800	1,190,400	-	1.17~1.38	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
3	ASE Test Limited	The Company	Other receivables form related parties	Yes	5,999,000	5,952,000	5,208,000	1.46~2.21	The need for short-term financing	-	Operating capital	-	-	-	6,528,253	13,056,506
		A.S.E. Holding Limited	Long-term receivables form related parties	Yes	2,194,150	1,041,600	1,041,600	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	1,410,525	29,760	29,760	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	1,660,725	476,160	476,160	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		J & R Holding Limited	Long-term receivables form related parties	Yes	5,699,220	5,594,880	5,594,880	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
4	ASE Test, Inc.	The Company	Other receivables form related parties	Yes	5,600,000	5,400,000	5,400,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,890,054	11,780,107
		ASE Investment (Labuan) Inc.	Other receivables form related parties	Yes	1,233,548	1,130,880	1,100,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,890,054	11,780,107
		Omniquest Industrial Limited	Other receivables form related parties	Yes	1,567,250	-	-	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,890,054	11,780,107
		ASE Corporation	Other receivables form related parties	Yes	1,970,475	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,890,054	11,780,107
		ASE Embedded Electronics Inc.	Other receivables form related parties	Yes	620,000	620,000	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,890,054	11,780,107
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	-	-	-	200,823	401,646
		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	-	-	-	200,823	401,646
6	ISE Labs, Inc.	J & R Holding Limited	Other receivables form related parties Long-term receivables form related parties	Yes	1,441,870	1,368,960	1,368,960	1.37~2.06	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231

(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 Item	Collateral Value	Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
7	ASE (Korea) Inc.	The Company	Other receivables form related parties	Yes	$ 2,350,875	$ 2,083,200	$ 2,083,200	2.77~3.37	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 3,163,119	$ 6,326,239
		ASE WeiHai Inc.	Other receivables form related parties	Yes	1,253,800	-	-	2.77~3.37	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
8	ASE Japan Co., Ltd.	J & R Holding Limited	Other receivables form related parties	Yes	2,429,700	2,192,860	2,113,600	0.43~0.45	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
9	USI Enterprise Limited	The Company	Other receivables form related parties	Yes	7,366,075	6,696,000	6,696,000	1.46~2.26	The need for short-term financing	-	Operating capital	-	-	-	8,745,210	17,490,420
		USIINC	Other receivables form related parties	Yes	2,131,460	2,023,680	1,785,600	1.46~2.21	The need for short-term financing	-	Operating capital	-	-	-	8,745,210	17,490,420
		J&R Holding Limited	Other receivables form related parties	Yes	4,547,250	4,464,000	4,464,000	1.17~1.77	The need for short-term financing	-	Operating capital	-	-	-	8,745,210	17,490,420
		Global Advanced Packaging Technology Limited	Other receivables form related parties	Yes	2,037,425	-	-	1.17~1.64	The need for short-term financing	-	Operating capital	-	-	-	8,745,210	17,490,420
10	Huntington Holdings International Co.Ltd.	The Company	Other receivables form related parties	Yes	1,567,250	892,800	892,800	1.46~2.21	The need for short-term financing	-	Operating capital	-	-	-	9,304,920	18,609,840
		A.S.E. Holding Limited	Other receivables form related parties	Yes	394,095	386,880	386,880	1.63~1.77	The need for short-term financing	-	Operating capital	-	-	-	9,304,920	18,609,840
11	Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties Long-term receivables form related parties	Yes	1,809,720	983,772	983,772	4.93~8.93	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
12	ASE (Kun Shan) Inc.	ASE Investment (Kun Shan) Limited	Other receivables form related parties	Yes	1,966	1,958	1,958	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	455,450	455,450	455,450	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
13	Real Tech Holdings Limited	The Company	Other receivables form related parties	Yes	1,723,975	1,190,400	1,190,400	1.46~2.21	The need for short-term financing	-	Operating capital	-	-	-	8,970,338	17,940,676
		A.S.E. Holding Limited	Other receivables form related parties	Yes	454,725	446,400	446,400	1.63~1.77	The need for short-term financing	-	Operating capital	-	-	-	8,970,338	17,940,676
14	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Other receivables form related parties	Yes	342,900	227,725	227,725	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Shanghai Ding Qi Property Management Co., Ltd.	Other receivables form related parties	Yes	59,436	59,209	59,209	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		Shanghai Ding Wei Real Development Co., Ltd.	Other receivables form related parties	Yes	1,366,350	1,366,350	1,366,350	4.35	The need for short-term financing	-	Operating capital	-	-		19,080,154	28,620,231
15	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	3,429,000	3,415,875	1,138,625	1.75	The need for short-term financing	-	Operating capital	-	-	-	7,881,718	15,763,437
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	2,743,200	2,732,700	-	-	The need for short-term financing	-	Operating capital	-	-	-	7,881,718	15,763,437
16	Omniquest Industrial Limited	The Company	Other receivables form related parties	Yes	3,149,475	3,124,800	1,934,400	0.92~2.45	The need for short-term financing	-	Operating capital	-	-	-	3,416,986	6,833,973
17	Anstock II Limited	J & R Holding Limited	Other receivables form related parties	Yes	9,309,465	-	-	2.45	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
18	USI Electronics (Shenzhen) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	1,828,800	1,821,800	1,639,620	0.80~1.75	The need for short-term financing	-	Operating capital	-	-	-	2,238,598	4,477,196
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	1,821,800	1,821,800	1,190,401	0.80~1.25	The need for short-term financing	-	Operating capital	-	-	-	2,238,598	4,477,196
19	ASE Assembly & Test (Shanghai) Limited	Shanghai Ding Wei Real Development Co., Ltd.	Other receivables form related parties	Yes	914,400	-	-	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
20	ASE Investment (Labuan) Inc.	The Company	Other receivables form related parties	Yes	2,808,135	2,767,680	1,546,400	0.92~2.21	The need for short-term financing	-	Operating capital	-	-	-	3,196,764	6,393,529
21	Global Advanced Packaging Technology Limited	The Company	Other receivables form related parties	Yes	2,037,425	595,200	-	1.46~2.05	The need for short-term financing	-	Operating capital	-	-	-	2,878,831	5,757,662

(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	$ 3,183,075	$ 3,124,800	$ 3,124,800	1.46~2.45	The need for short-term financing	$ -	Operating capital	$ -	-	$ -	$ 3,418,263	$ 6,836,526
23	ASE Electronics Inc.	The Company	Other receivables form related parties	Yes	700,000	700,000	700,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	727,506	1,455,012
24	Universal Global Technology(Kunshan) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	457,200	455,450	-	1.75	The need for short-term financing	-	Operating capital	-	-	-	696,760	1,393,519
25	ASE Labuan Inc.	The Company	Other receivables form related parties	Yes	626,900	595,200	595,200	1.46~2.21	The need for short-term financing	-	Operating capital	-	-	-	730,872	1,461,744
26	ASE Electronics (M) Sdn. Bhd.	J & R Holding Limited	Other receivables form related parties	Yes	395,460	-	-	1.17～1.63	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
27	ASE (Shanghai) Inc.	ASE WeiHai Inc.	Other receivables form related parties	Yes	70,338	-	-	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
28	Innosource Limited	The Company	Other receivables form related parties	Yes	760,500	744,000	744,000	1.74~2.21	The need for short-term financing	-	Operating capital	-	-	-	924,810	1,849,619
29	Advanced Semiconductor Engineering (China) Ltd.	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	595,200	595,200	267,840	1.89	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231
		ASE WeiHai Inc.	Other receivables form related parties	Yes	357,120	357,120	357,120	2.03	The need for short-term financing	-	Operating capital	-	-	-	19,080,154	28,620,231

(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.

Note3: Amount was eliminated based on the audited financial statements.

TABLE 2

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars)

No.	Endorsement/ Guarantee Provider Name	Guaranteed Party Name	Guaranteed Party Nature of Relationship	Limits on Endorsement /Guarantee Amount Provided to Each Guaranteed Party (Note 1)	Maximum Balance for the Year	Ending Balance	Amount Actually Drawn	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
0	The Company	Anstock II Limited	100% voting shares indirectly owned by the Company	$ 57,240,463	$ 9,503,412 (Note 3)	$ -	$ -	$ -	-	$ 76,320,617	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 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 according to “The Process of make in endorsements/guarantees” of ASE.

Note 3: Amount was included principal and interest.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES HELD
DECEMBER 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	December 31, 2017 Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
The Company	Stock							
	H&D Venture Capital Investment Corporation	-	Available-for-sale financial assets - non-current	1,613,793	$ 13,772	13	$ 13,772	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	4,203	22	-	22	
	Asia Pacifical Emerging Industry Venture Capital Co, Ltd.	-	Available-for-sale financial assets - non-current	6,000,000	39,130	7	39,130	
	StarChips Technology Inc.	-	Available-for-sale financial assets - non-current	333,334	-	6	-	
	Bond							
	AMPI Third Private of Domestic Unsecured Convertible Bonds	-	Financial assets at fair value through profit or loss - current	1,000	100,496	-	100,496	
	Limited Liability Partnership							
	Ripley Cable Holdings I, L.P.	-	Available-for-sale financial assets - non-current	-	203,747	4	203,747	
ASE Test, Inc.	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	10,978,776	418,840	-	418,840	
	Powertec Energy Corporation	-	Available-for-sale financial assets - non-current	97,000,000	268,177	3	268,177	
	MiTAC Information Technology Corp	-	Available-for-sale financial assets - non-current	1,133,363	6,032	1	6,032	
	HanTech Venture Capital Corporation	-	Available-for-sale financial assets - non-current	7,725,000	43,804	7	43,804	
	HSBC Holdings Ltd	-	Financial assets at fair value through profit or loss - current	102,000	31,046	-	31,046	
	Tencent Holdings Ltd	-	Financial assets at fair value through profit or loss - current	194,000	299,855	-	299,855	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through profit or loss - current	6,000,000	143,676	-	143,676	
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	1,000,000	309,699	-	309,699	
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	9,402,000	257,713	-	257,713	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	300,000	76,121	-	76,121	
	China Merchants Bank Co., Ltd.	-	Financial assets at fair value through profit or loss - current	800,000	94,718	-	94,718	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,000,000	93,462	-	93,462	
	Fund							
	CTBC Global Real Estate Income Fund-A	-	Available-for-sale financial assets - current	2,500,000	23,825	-	23,825	
	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	475,433	-	475,433	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,755,144	70,031	-	70,031	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,616,592	31,154	-	31,154	
Luchu Development Corporation	Stock							
	Powerchip Technology Corporation	-	Available-for-sale financial assets - non-current	1,727,481	61,890	-	61,890	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2017				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
A.S.E. Holding Limited	Stock							
	Global Strategic Investment Inc.	-	Available-for-sale financial assets - non-current	490,000	US$ 528 thousand	3	US$ 528 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$ 398 thousand	2	US$ 398 thousand	
J & R Holding Limited	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	46,703,763	US$ 59,871 thousand	1	US$ 59,871 thousand	
	Limited Liability Partnership							
	Crimson Velocity Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US$ 538 thousand	-	US$ 538 thousand	
	H&QAP Greater China Growth Fund, L.P.	-	Available-for-sale financial assets - non-current	-	US$ 885 thousand	8	US$ 885 thousand	
ASE Test Limited	Stock							
	The Company	Parent Company	Available-for-sale financial assets - non-current	88,200,472 (Note)	US$ 113,066 thousand	1	US$ 113,066 thousand	
Shanghai Ding Hui Real Estate Development Co., Ltd.	Fund							
	180ETF	-	Financial assets at fair value through profit or loss - current	447,825	CNY 1,548 thousand	-	CNY 1,548 thousand	
	300ETF	-	Financial assets at fair value through profit or loss - current	339,700	CNY 1,385 thousand	-	CNY 1,385 thousand	
	Stock							
	Gree Electric Appliances, Inc. Of Zhuhai	-	Financial assets at fair value through profit or loss - current	28,000	CNY 1,224 thousand	-	CNY 1,224 thousand	
	Saic Motor Corporation Limited	-	Financial assets at fair value through profit or loss - current	19,250	CNY 617 thousand	-	CNY 617 thousand	
	Hua neng Lancang River Hydro power Inc	-	Financial assets at fair value through profit or loss - current	1,000	CNY 5 thousand	-	CNY 5thousand	
USIINC	Stock							
	Allied Circuit Co., Ltd	-	Available-for-sale financial assets - current	827,009	$ 65,334	2	$ 65,334	
	Universal Venture Capital Investment Corporation	-	Available-for-sale financial assets - non-current	6,200,000	38,035	5	38,035	
	Gapertise Inc.	-	Available-for-sale financial assets - non-current	275,000	1,231	4	1,231	
	WellySun Inc.	-	Available-for-sale financial assets - non-current	108,000	1,437	0	1,437	
	Plasmag Technology Inc.	-	Available-for-sale financial assets - non-current	733,000	-	2	-	
Huntington Holdings International Co. Ltd.	Stock							
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	5,548,800	US$ 295 thousand	-	US$ 295 thousand	
	Cadence Design SYS Inc.	-	Financial assets at fair value through profit or loss - current	9,633	US$ 403 thousand	-	US$ 403 thousand	
	Solid Gain Invenstments Ltd.	-	Available-for-sale financial assets - non-current	1,322,833	US$ 709 thousand	20	US$ 709 thousand	
	Preferred Stock							
	Techgains I Corporation	-	Available-for-sale financial assets - non-current	526,732	US$ 268 thousand	10	US$ 268 thousand	
	Techgains II Corporation	-	Available-for-sale financial assets - non-current	669,705	US$ 183 thousand	4	US$ 183 thousand	
Unitech Holdings International Co., Ltd.	Stock							
	Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	5,613,600	US$ 298 thousand	-	US$ 298 thousand	
	WacomCo., Ltd.	-	Available-for-sale financial assets - non-current	1,200,000	US$ 6,498 thousand	1	US$ 6,498 thousand	
	Sequans Communications SA	-	Available-for-sale financial assets - non-current	370,554	US$ 708 thousand	-	US$ 708 thousand	
	Asia Global Venture Co., Ltd.	-	Available-for-sale financial assets - non-current	1,000,000	US$ 548 thousand	10	US$ 548 thousand	
	Preferred Stock							
	MoBagel, Inc.	-	Available-for-sale financial assets - non-current	54,000	US$ 4 thousand	1	US$ 4 thousand	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	December 31, 2017				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
USISH	Stock							
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	1,700,000	CNY 118,966 thousand	-	CNY 118,966 thousand	
	CITIC Securities Company Limited	-	Financial assets at fair value through profit or loss - current	168,700	CNY 3,053 thousand	-	CNY 3,053 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through profit or loss - current	14,000,000	CNY 73,609 thousand	-	CNY 73,609 thousand	
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	8,686,000	CNY 52,277 thousand	-	CNY 52,277 thousand	
	CK Hutchison Holdings Limited	-	Financial assets at fair value through profit or loss - current	170,000	CNY 13,940 thousand	-	CNY 13,940 thousand	
	Tencent Holdings Ltd	-	Financial assets at fair value through profit or loss - current	320,000	CNY 108,600 thousand	-	CNY 108,600 thousand	
	China Mobile Limited	-	Financial assets at fair value through profit or loss - current	700,000	CNY 46,372 thousand	-	CNY 46,372 thousand	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,630,000	CNY 33,450 thousand	-	CNY 33,450 thousand	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	1,440,000	CNY 80,226 thousand	-	CNY 80,226 thousand	
	Cheung Kong Property Holdings Limited	-	Financial assets at fair value through profit or loss - current	520,000	CNY 29,688 thousand	-	CNY 29,688 thousand	
Universal Global Technology Co., Limited	Stock							
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	4,000,000	US$ 3,688 thousand	-	US$ 3,688 thousand	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	100,000	US$ 853 thousand	-	US$ 853 thousand	
	China Merchants Bank Co., Ltd.	-	Financial assets at fair value through profit or loss - current	200,000	US$ 797 thousand	-	US$ 797 thousand	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,200,000	US$ 3,772 thousand	-	US$ 3,772 thousand	
	Tencent Holdings Ltd	-	Financial assets at fair value through profit or loss - current	77,500	US$ 4,030 thousand	-	US$ 4,030 thousand	
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	400,000	US$ 4,168 thousand	-	US$ 4,168 thousand	
UGTW	Stock							
	TriKnight Capital Corporation	-	Available-for-sale financial assets - non-current	10,500,000	$ 110,458	5	$ 110,458	

(Concluded)

Note: ASE, Inc.'s ordinary shares held by ASE Test Limited was 88,200,472 shares and were 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 YEAR ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount (Note 1)
ASE (Korea) Inc.	Capital													
	ASE WeiHai Inc.	Investments accounted for using the equity method	(Note 2)	Subsidiary	-	US$ 48,178 thousand	-	US$ 20,000 thousand	-	-	-	-	-	US$ 92,015 thousand
Shanghai Ding Hui Real Estate Development Co., Ltd.	Capital													
	Kun Shan Ding Yue Real Estate Development Co., Ltd.	Investments accounted for using the equity method	Kunshan Countrygarden Real Estate Development Co., Ltd	-	-	CNY 329,712 thousand	-	-	-	CNY 1,594,678 thousand	CNY 329,491 thousand	CNY 1,265,187 thousand	-	-
ASE Test, Inc.	Fund													
	CTBC Hua-win Money Market Fund	Available-For-Sale Financial Assets--Current	-	-	18,323,744	$ 200,000	27,390,756	$ 300,000	45,714,500	$ 500,610	$ 500,000	$ 610	-	-
ASE Assembly & Test (Shanghai) Limited	Capital													
	ASE Investment (KunShan) Limited	Investments accounted for using the equity method	(Note 2)	Subsidiary	-	-	-	CNY 131,642 thousand	-	-	-	-	-	CNY 105,114 thousand
ASE Investment (KunShan) Limited	Capital													
	ASE (KunShan) Inc	Investments accounted for using the equity method	(Note 2)	Subsidiary	-	CNY 595,165 thousand	-	CNY 131,642 thousand	-	-	-	-	-	CNY 746,935 thousand
UGTW	Stock													
	USI	Investments accounted for using the equity method	(Note 2)	Subsidiary	39,603,222	$ 1,000,490	99,914,324	$ 999,143	-	-	-	-	139,517,546	$ 2,241,085
USISH	Stock													
	Industrial and Commercial Bank of China Limited	Financial assets at fair value through profit or loss - current	-	-	-	-	14,778,000	CNY 66,859 thousand	778,000	CN 3,881 thousand	CN 3,520 thousand	CNY 367 thousand	14,000,000	CNY 73,609 thousand
	Repurchase Agreement													
	1 day period government bond reverse repossession	Cash and Cash Equivalents	-	-	-	-	5,103,000	CNY 510,305 thousand	5,103,000	CN 510,370 thousand	CN 510,305 thousand	CN 65 thousand	-	-
	1 day period pledge-style repossession transactions	Cash and Cash Equivalents	-	-	250	CNY 25 thousand	1,530,760	CNY 153,076 thousand	1,531,010	CN 153,110 thousand	CN 153,101 thousand	CN 9 thousand	-	-

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.

TABLE 5

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 YEAR ENDED DECEMBER 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.68, 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
The Company	Facilities and equipment of the company	January 1, 2017 - December 31, 2017	361,254	There is 123,676 thousand will be paid after acceptance check.	Acter Co., Ltd.	-	-	-	-	-	Request for quotation, price comparison and price negotiation	Facilities and equipment expansion	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 YEAR ENDED DECEMBER 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	$ 1,642,342	5	Net 60 days from the end of the month of when invoice is issued	$ -	-	$ (442,354)	(5)	Note
	ASE Electronics Inc.	Subsidiary	Purchases	2,128,430	6	Net 60 days from the end of the month of when invoice is issued	-	-	(527,336)	(6)	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(4,592,323)	(5)	Net 60 days from the end of the month of when invoice is issued	-	-	1,337,105	7	Note
	ISE Labs, Inc.	Subsidiary	Sales	(165,699)	-	Net 45 days from invoice date	-	-	20,574	-	Note
ASE Assembly & Test (Shanghai) Limited	Advanced Semiconductor Engineering (HK) Limited	Consolidated subsidiary	Purchases	382,701	14	Net 45 days from invoice date	-	-	(91,922)	(16)	Note
Advanced Semiconductor Engineering (HK) Limited	ASE (Shanghai) Inc.	Parent company	Purchases	1,921,585	100	Net 90 days from the end of the month of when invoice is issued	-	-	(505,849)	(100)	Note
	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	Sales	(382,701)	(21)	Net 45 days from invoice date	-	-	91,922	24	Note
ASE Electronics (M) Sdn. Bhd.	ASE Electronics Inc.	Consolidated subsidiary	Purchases	361,061	23	Net 60 days from invoice date	-	-	(88,125)	(24)	Note
Universal Scientific Industrial Co., Ltd.	The Company	The Ultimate Parent of the Company	Purchases	4,592,323	20	Net 60 days from the end of the month of when invoice is issued	-	-	(1,337,105)	(44)	Note
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	Sales	(1,642,342)	(34)	Net 60 days from the end of the month of when invoice is issued	-	-	442,354	37	Note
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	Sales	(1,921,585)	(40)	Net 90 days from the end of the month of when invoice is issued	-	-	506,013	43	Note
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	Sales	(2,128,430)	(56)	Net 60 days from the end of the month of when invoice is issued	-	-	549,307	57	Note
	ASE Electronics (M) Sdn. Bhd.	Consolidated subsidiary	Sales	(361,061)	(10)	Net 60 days from invoice date	-	-	88,134	9	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Consolidated subsidiary	Sales	(225,809)	(6)	Net 60 days from the end of the month of when invoice is issued	-	-	26,783	3	Note
ISE Labs, Inc.	The Company	The Ultimate Parent of the Company	Purchases	165,699	54	Net 45 days from invoice date	-	-	(20,574)	(32)	Note

(Continued)

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
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	$ (1,714,876)	(27)	Net 90 days from the end of the month of when invoice is issued	-	-	$ 489,052	37	
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	CNY 684,691 thousand	19	T/T 75 days	-	-	(CNY 173,397 thousand)	(14)	Note
			Sales	(CNY 2,351,577 thousand)	(52)	T/T 75 days	-	-	CNY 560,506 thousand	51	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary	Purchases	CNY 945,235 thousand	12	T/T 75 days	-	-	(CNY 295,994 thousand)	(19)	Note
	Universal Global Industrial Co., Limited	Subsidiary	Sales	(CNY 52,707 thousand)	(1)	T/T 75 days	-	-	CNY 3,017 thousand	-	Note
	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(CNY 70,890 thousand)	(1)	T/T 75 days	-	-	CNY 29,045 thousand	2	Note
	ASE Electronics Inc.	Consolidated subsidiary	Purchases	CNY 50,284 thousand	1	Net 60 days from the end of the month of when invoice is issued	-	-	(CNY 5,839 thousand)	-	Note
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(US$ 140,577 thousand)	(59)	T/T 75 days	-	-	US$ 45,311 thousand	51	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Sales	(US$ 91,798 thousand)	(38)	T/T 75 days	-	-	US$ 41,213 thousand	46	Note
	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	Sales	(US$ 6,979 thousand)	(3)	T/T 75 days	-	-	US$ 2,445 thousand	3	Note
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Purchases	US$ 348,243 thousand	49	T/T 75 days	-	-	(US$ 85,702 thousand)	(41)	Note
			Sales	(US$ 100,656 thousand)	(14)	T/T 75 days	-	-	US$ 26,564 thousand	14	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Purchases	US$ 7,708 thousand	1	T/T 75 days	-	-	(US$ 450 thousand)	-	Note
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	Purchases	US$ 7,209 thousand	1	T/T 75 days	-	-	(US$ 1,204 thousand)	(1)	Note
			Sales	(US$ 516,787 thousand)	(72)	T/T 75 days	-	-	US$ 140,958 thousand	72	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Purchases	US$ 256,397 thousand	36	T/T 75 days	-	-	(US$ 73,507 thousand)	(36)	Note
			Sales	(US$ 5,674 thousand)	(1)	T/T 75 days	-	-	US$ 241 thousand	-	Note
Universal Global Scientific Industrial Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	$ 15,712,716	85	T/T 75 days	-	-	$ (4,151,381)	(78)	Note
			Sales	(199,842)	(1)	T/T 75 days	-	-	40,630	1	
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(243,750)	(1)	T/T 75 days	-	-	97,272	2	Note
	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Sales	(198,250)	(1)	T/T 75 days	-	-	66,445	1	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(406,596)	(2)	T/T 75 days	-	-	126,001	2	Note
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Technology Co., Limited	Consolidated subsidiary	Purchases	CNY 619,047 thousand	24	T/T 75 days	-	-	(CNY 269,229 thousand)	(30)	Note
	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	CNY 39,071 thousand	2	T/T 75 days	-	-	(CNY 1,574 thousand)	-	Note
			Sales	(CNY 1,730,084 thousand)	(60)	T/T 75 days	-	-	CNY 482,351 thousand	61	Note
Universal Global Technology (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Consolidated subsidiary	Purchases	CNY 46,474 thousand	1	T/T 75 days	-	-	(CNY 15,979 thousand)	(1)	Note
	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Purchases	CNY 70,919 thousand	1	T/T 75 days	-	-	(CNY 29,045 thousand)	(2)	Note
			Sales	(CNY 54,706 thousand)	(1)	T/T 75 days	-	-	CNY - thousand	-	Note
	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Sales	(CNY 37,255 thousand)	(1)	T/T 75 days	-	-	CNY - thousand	-	Note

(Concluded)

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

TABLE 7

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 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	$ 1,337,105 (Note5)	3	$ -	-	$ 857,320	$ -
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	1,249,923 (Notes 3,5)	4	-	-	172,063	-
Omniquest Industrial Limited	The Company	Parent company	1,934,400 (Notes 3,5)	-	-	-	1,339,200	-
ISE Labs, Inc.	J & R Holding Limited	Parent company	1,369,650 (Notes 3,5)	-	-	-	-	-
Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	984,978 (Notes 3,5)	-	-	-	-	-
A.S.E. Holding Limited	The Company	Parent company	595,200 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Consolidated subsidiary	2,038,310 (Notes 3,5)	-	-	-	-	-
ASE Test, Inc.	The Company	Parent company	7,358,686 (Notes 3,4,5)	-	-	-	652,609	-
	ASE Investment（Labuan）Inc.	Consolidated subsidiary	1,100,000 (Notes 3,5)	-	-	-	100,000	-
ASE Test Limited	The Company	The Ultimate Parent of the Company	5,208,000 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Parent company	5,649,339 (Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	1,069,137 (Notes 3,5)	-	-	-	-	-
	ASE Investment（Labuan）Inc.	Consolidated subsidiary	482,218 (Notes 3,5)	-	-	-	-	-
ASE (Korea) Inc.	The Company	The Ultimate Parent of the Company	2,083,379 (Notes 3,5)	-	-	-	135,842	-
J & R Holding Limited	The Company	Parent company	7,529,280 (Notes 3,5)	-	-	-	1,309,440	-
	Global Advanced Packaging Technology Limited	Subsidiary	528,048 (Notes 3,5)	-	-	-	-	-
	Anstock Limited	Subsidiary	969,817 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Consolidated subsidiary	690,711 (Notes 3,5)	-	-	-	-	-
	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	521,797 (Notes 3,5)	-	-	-	-	-
	ASE Labuan Inc.	Consolidated subsidiary	601,838 (Notes 3,5)	-	-	-	595,200	-
	ASE Corporation	Consolidated subsidiary	3,144,672 (Notes 3,5)	-	-	-	-	-
	Omniquest Industrial Limited	Consolidated subsidiary	1,949,465 (Notes 3,5)	-	-	-	1,339,200	-
	Innosource Limited	Consolidated subsidiary	755,297 (Notes 3,5)	-	-	-	744,000	-
Innosource Limited	The Company	Parent company	744,000 (Notes 3,5)	-	-	-	744,000	-
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	2,114,199 (Notes 3,5)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationships	Ending Balance（Note 1）	Turnover Rate（Note 2）	Overdue（Note 1）Amount	Overdue（Note 1）Actions Taken	Amounts Received in Subsequent Period	Allowance for Bad Debts
ASE Investment（Labuan）Inc.	The Company	The Ultimate Parent of the Company	$ 1,546,400 (Notes 3,5)	-	$ -	-	$ 595,200	$ -
ASE Corporation	The Company	The Ultimate Parent of the Company	3,124,800 (Notes 3,5)	-	-	-	-	-
ASE Labuan Inc.	The Company	The Ultimate Parent of the Company	595,200 (Notes 3,5)	-	-	-	-	-
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	442,354 (Note 5)	3	181,457	Continued collection	141,283	-
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	506,013 (Note 5)	4	-	-	173,712	-
ASE (Kun Shan) Inc.	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	455,670 (Notes 3,5)	-	-	-	-	-
Advanced Semiconductor Engineering (China) Ltd.	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	268,064 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Consolidated subsidiary	357,230 (Notes 3,5)	-	-	-	-	-
Shanghai Ding Hui Real Estate Development Co., Ltd.	Shanghai Ding Wei Real Estate Development Co., Ltd.	Subsidiary	1,369,862 (Notes 3,5)	-	-	-	-	-
	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary	229,364 (Notes 3,5)	-	-	-	-	-
USI Enterprise Limited	The Company	The Ultimate Parent of the Company	6,696,000 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Consolidated subsidiary	4,475,702 (Notes 3,5)	-	-	-	10,327	-
	USI Inc.	Parent company	1,789,159 (Notes 3,5)	-	-	-	-	-
Huntington Holdings International Co. Ltd.	The Company	The Ultimate Parent of the Company	892,800 (Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	386,880 (Notes 3,5)	-	-	-	-	-
Real Tech Holdings Limited	The Company	The Ultimate Parent of the Company	1,190,400 (Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	446,400 (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.	493,319	3	155,866	Continued collection	172,577	-
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY 560,520 thousand (Note 5)	4	-	-	CNY 187,569 thousand	-
	Universal Global Technology Co., Limited	Parent company	CNY 261,468 thousand (Notes 3,5)	-	-	-	-	-
	Universal Global Technology (Shanghai) Co., Ltd.	Consolidated subsidiary	CNY 362,847 thousand (Notes 3,5)	-	-	-	-	-
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	CNY 279,915 thousand (Notes 3,5)	5	-	-	-	-
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	US$ 45,311 thousand (Note 5)	4	-	-	US$ 20,339 thousand	-
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	US$ 41,213 thousand (Note 5)	3	-	-	US$ 8,649 thousand	-

(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			
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	US$	26,594 thousand	(Note 5)	4	-	-	US$	11,104 thousand	-
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	US$	142,165 thousand	(Note 5)	4	-	-	US$	56,686 thousand	-
Universal Global Scientific Industrial Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	$	107,133	(Note 5)	7	-	-	$	19,651	-
	Universal Scientific Industrial Co., Ltd.	Subsidiary		126,282	(Note 5)	2	-	-		-	-
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY	482,351 thousand	(Note 5)	4	-	-	CNY	130,414 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: Amount was eliminated based on the audited financial statements.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE YEAR ENDED DECEMBER 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 December 31, 2017			Net Income	Share of Profits/Losses	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value	(Losses) of the Investee	of Investee (Note 1)	
The Company	A.S.E. Holding Limited	Bermuda	Investment activities	US$ 283,966 thousand	US$ 283,966 thousand	243,966	100	$ 15,206,109	$ 917,225	$ 904,843	Subsidiary
	J & R Holding Limited	Bermuda	Investment activities	US$ 479,693 thousand	US$ 479,693 thousand	435,128	100	52,396,170	6,287,466	6,105,754	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	31,704	2,526	2,526	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US$ 250,504 thousand	US$ 250,504 thousand	250,504,067	71	11,954,680	1,309,355	935,848	Subsidiary
	Innosource Limited	British Virgin Islands	Investment activities	US$ 86,000 thousand	US$ 86,000 thousand	86,000,000	100	4,635,830	428,561	431,824	Subsidiary
	HCK	Taiwan	Engaged in the leasing of real estate properties	$ 390,470	$ 390,470	35,497,273	27	309,630	(42,070)	(11,489)	Associate
	HC	Taiwan	Engaged in the development, construction and leasing of real estate properties	2,845,913	2,845,913	68,629,782	26	1,252,686	33,975	26,579	Associate
	ASE Test, Inc.	Taiwan	Engaged in the testing of semiconductors	20,698,867	20,698,867	1,131,452,502	100	28,930,551	2,634,885	2,650,291	Subsidiary
	USI Inc.	Taiwan	Investment activities	20,836,477	20,836,477	1,364,736,682	99	45,620,526	4,286,398	4,258,088	Subsidiary
	Luchu Development Corporation	Taiwan	Engaged in the development of real estate properties	1,366,238	1,366,238	131,961,457	67	1,347,932	(1,248)	(837)	Subsidiary
	ASEEE	Taiwan	Engaged in the production of embedded substrate	765,000	765,000	76,500,000	51	486,514	(361,501)	(184,366)	Associate
	SPIL	Taiwan	Engaged in assembly, testing and turnkey services of integrated circuits	48,790,498	48,790,498	1,037,300,000	33	45,141,910	6,900,165	824,915	Associate
	Deca Technologies Inc.	British Cayman Islands	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	1,583,124	(695,232)	(169,404)	Associate
	AMPI	Taiwan	Engaged in integrated circuit	178,861	178,861	33,308,452	10	28,131	(92,723)	(9,708)	Associate
ASE Test, Inc.	Alto Enterprises Limited	British Virgin Islands	Investment activities	US$ 188,000 thousand	US$ 188,000 thousand	188,000,000	100	4,502,997	240,125	(Note 2)	Subsidiary
	Super Zone Holdings Limited	Hong Kong	Investment activities	US$ 100,000 thousand	US$ 100,000 thousand	100,000,000	100	3,027,402	(58,163)	(Note 2)	Subsidiary
	Luchu Development Corporation	Taiwan	Engaged in the development of real estate properties	372,504	372,504	37,250,448	19	380,418	(1,248)	(Note 2)	Subsidiary
	TLJ Intertech Inc.	Taiwan	Engaged in information software services	89,998	89,998	2,119,080	60	58,891	8,668	(Note 2)	Subsidiary
	AMPI	Taiwan	Engaged in integrated circuit	225,000	225,000	90,000,000	28	187,060	(92,723)	(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$ 120,331 thousand	US$ 83,763 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US$ 168,643 thousand	US$ 168,643 thousand	168,642,842	70	US$ 375,964 thousand	US$ 30,981 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$ 1,180,036 thousand	US$ 83,763 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$ 48,855 thousand	US$ 43,358 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$ 33,740 thousand	US$ 113 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$ 79,477 thousand	US$ 1,547 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$ 13,906 thousand	US$ 1,056 thousand	(Note 2)	Subsidiary
	Global Advanced Packaging Technology Limited	British Cayman Islands	Investment activities	US$ 190,000 thousand	US$ 190,000 thousand	190,000,000	100	US$ 496,305 thousand	US$ 118,970 thousand	(Note 2)	Subsidiary
	Anstock Limited	British Cayman Islands	Investment activities	US$ 10 thousand	US$ 10 thousand	10,000	100	US$ 823 thousand	US$ 416 thousand	(Note 2)	Subsidiary
	Anstock II Limited	British Cayman Islands	Investment activities	US$ 10 thousand	US$ 10 thousand	10,000	100	US$ 175 thousand	(US$ 22 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$ 537,148 thousand	US$ 30,745 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$ 173,529 thousand	US$ 21,627 thousand	(Note 2)	Subsidiary
	ASE Test Holdings, Ltd.	British Cayman Islands	Investment activities	US$ 222,399 thousand	US$ 222,399 thousand	5	100	US$ 102,048 thousand	US$ 1,135 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US$ 72,304 thousand	US$ 72,304 thousand	72,304,040	30	US$ 161,127 thousand	US$ 30,981 thousand	(Note 2)	Subsidiary
	ASE Singapore Pte. Ltd.	Singapore	Engaged in the testing of semiconductors	US$ 55,815 thousand	US$ 55,815 thousand	30,100,000	100	US$ 126,373 thousand	US$ 43,040 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$ 102,047 thousand	US$ 1,135 thousand	(Note 2)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of December 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				December 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$ 173,529 thousand	US$ 21,627 thousand	(Note 2)	Subsidiary
Omniquest Industrial Limited	ASE Corporation	British Cayman Islands	Investment activities	US$ 352,784 thousand	US$ 352,784 thousand	352,784,067	100	US$ 574,305 thousand	US$ 43,371 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$ 451,471 thousand	US$ 59,204 thousand	(Note 2)	Subsidiary
	ASE Labuan Inc.	Malaysia	Investment activities	US$ 126,184 thousand	US$ 126,184 thousand	126,184,067	100	US$ 122,794 thousand	(US$ 15,821 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$ 122,229 thousand	(US$ 15,820 thousand)	(Note 2)	Subsidiary
Innosource Limited	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US$ 74,000 thousand	US$ 74,000 thousand	74,000,000	21	US$ 119,755 thousand	US$ 43,358 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$ 8,737 thousand	US$ 66 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	$ 46,523,980	$ 4,482,945	(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$ 10,642 thousand	(US$ 109 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$ 1,507,113 thousand	US$ 151,815 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$ 1,145 thousand	US$ 4 thousand	(Note 2)	Subsidiary
	Rise Accord Limited	British Virgin Islands	Holding company	US$ 2,000 thousand	US$ 2,000 thousand	20,000	100	US$ 62 thousand	(US$ 2 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$ 1,435,202 thousand	US$ 155,766 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 2,505,757 thousand	CNY 279,572 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$ 21,153 thousand	US$ 989 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$ 171,338 thousand	US$ 19,603 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$ 890 thousand	US$ 62 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$ 48,387 thousand	US$ 3,855 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$ 6,175 thousand	(US$ 98 thousand)	(Note 2)	Subsidiary
Universal Global Industrial Co., Limited	Universal Scientific Industrial De Mexico S.A. De C.V.	Mexico	Engaged in the assembling of motherboards and computer components	US$ - thousand	US$ - thousand	1	-	US$ - thousand	US$ 3,855 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	$ 2,241,085	$ 267,118	(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 YEAR ENDED DECEMBER 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 year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017
					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 9)	Note 1 (1)	$ 4,782,216 (US$ 149,800 thousand) (Note 9)	$ -	$ -	$ 4,782,216 (US$ 149,800 thousand)	$ 1,838,022 (US$ 61,036 thousand) (Note 5)	100	$ 1,838,022 (US$ 61,036 thousand) (Note 5)	$ 12,535,962 (US$ 421,235 thousand)	None
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	8,945,404 (US$ 288,000 thousand) (Note 13)	Note 1 (2)	8,350,204 (US$ 268,000 thousand) (Note 10)	-	-	8,350,204 (US$ 268,000 thousand)	342,442 (US$ 11,220 thousand) (Note 4)	100	342,442 (US$ 11,220 thousand) (Note 4)	6,900,433 (US$ 231,869 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)	3,597,055 (US$ 119,233 thousand) (Note 4)	100	3,597,055 (US$ 119,233 thousand) (Note 4)	14,885,344 (US$ 500,180 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)	788,216 (US$ 25,916 thousand) (Note 5)	60	472,930 (US$ 15,550 thousand) (Note 5)	2,955,884 (US$ 99,324 thousand)	None
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	5,115,481 (US$ 172,200 thousand)	Note 1 (5)	1,295,307 (US$ 40,000 thousand)	-	-	1,295,307 (US$ 40,000 thousand)	582,901 (US$ 19,185 thousand) (Note 5)	100	582,901 (US$ 19,185 thousand) (Note 5)	2,738,353 (US$ 92,015 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)	-	-	- (Note 2)	3,765,026 (CNY 854,140 thousand) (Note 5)	100	3,764,759 (CNY 854,081 thousand) (Note 5)	22,713,364 (CNY 4,987,018 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)	-	-	- (Note 2)	(327,750) (CNY -72,161 thousand) (Note 5)	100	(327,750) (CNY -72,161 thousand) (Note 5)	6,621,738 (CNY 1,453,890 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)	-	-	- (Note 2)	(22,147) (CNY -4,910 thousand) (Note 5)	100	(22,147) (CNY -4,910 thousand) (Note 5)	4,981,599 (CNY 1,093,776 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)	-	-	- (Note 2)	18,757 (CNY 4,116 thousand) (Note 5)	100	18,757 (CNY 4,116 thousand) (Note 5)	3,157,068 (CNY 693,176 thousand)	None
Kun Shan Ding Yue Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	- (CNY - thousand) (Note 12)	Note 2	- (Note 2)	-	-	- (Note 2)	(979) (CNY -221 thousand) (Note 5)	100	(979) (CNY -221 thousand) (Note 5)	- (CNY - 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)	(58,163) (US$ -1,901 thousand) (Note 4)	100	(58,163) (US$ -1,901 thousand) (Note 4)	3,027,289 (US$ 101,723 thousand)	None
ASE Investment (Kun Shan) Limited	Holding company	4,312,518 (US$ 142,000 thousand) (Note 13)	Note 1 (7)	3,717,318 (US$ 122,000 thousand) (Note 10)	-	-	3,717,318 (US$ 122,000 thousand)	155,781 (US$ 5,104 thousand) (Note 4)	100	155,781 (US$ 5,104 thousand) (Note 4)	3,400,160 (US$ 114,253 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 for the year ended December 31, 2017		Accumulated amount of remittance from Taiwan to Mainland China as of December 31, 2017	Net income of investee for the year ended December 31, 2017	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended December 31, 2017	Book value of investments in Mainland China as of December 31, 2017	Accumulated amount of investment income remitted back to Taiwan as of December 31, 2017
					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)	$ 19,751 (CNY 4,394 thousand) (Note 4)	100	$ 19,751 (CNY 4,394 thousand) (Note 4)	$ 450,167 (CNY 98,840 thousand)	None
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	2,566 (CNY 500 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(31) (CNY -7 thousand) (Note 4)	100	(31) (CNY -7 thousand) (Note 4)	1,968 (CNY 432 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)	(33,138) (CNY -7,345 thousand) (Note 5)	100	(33,138) (CNY -7,345 thousand) (Note 5)	(40,626) (CNY -8,920 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)	65 (CNY 10 thousand) (Note 5)	100	65 (CNY 10 thousand) (Note 5)	6,856 (CNY 1,505 thousand)	None
Shanghai Ding Xu Property Management Co., Ltd.	Engaged in the management of real estate properties	22,860 (CNY 5,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	160 (CNY 35 thousand) (Note 5)	100	160 (CNY 35 thousand) (Note 5)	22,933 (CNY 5,035 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	1,399,672 (CNY 310,721 thousand) (Note 6)	76	1,065,034 (US$ 35,008 thousand) (Note 6)	8,479,392 (US$ 284,926 thousand)	$ 1,406,326 (US$ 48,243 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	5,922,361 (US$ 194,672 thousand) (Note 6)	76	4,496,131 (US$ 147,791 thousand) (Note 6)	29,866,759 (US$ 1,003,587 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	(10,206) (US$ -335 thousand) (Note 6)	99	(10,121) (US$ -333 thousand) (Note 6)	314,584 (US$ 10,571 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)	660,692 (CNY 146,670 thousand) (Note 6)	76	500,609 (CNY 111,151 thousand) (Note 6)	2,639,281 (CNY 579,489 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)	1,095,753 (CNY 243,252 thousand) (Note 6)	76	831,873 (CNY 184,702 thousand) (Note 6)	2,955,532 (CNY 648,926 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)	6,843 (CNY 1,519 thousand) (Note 6)	76	5,195 (CNY 1,153 thousand) (Note 6)	191,298 (CNY 42,002 thousand)	None

(Concluded)

Investee Company	Accumulated Investment in Mainland China as of December 31, 2017	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The company	$ 15,203,097 (US$ 471,400 thousand)	$ 19,307,090 (US$ 603,884 thousand)(Note 9)	$ - (Note 7)
ASE Test, Inc.	8,878,838 (US$ 288,000 thousand)	8,878,838 (US$ 288,000 thousand)	17,670,161 (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 Limited 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 December 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 audited by R.O.C. parent company’s CPA

Note 5: The basis for investment income (loss) recognition is from the financial statements audited 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 audited 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 ASET, Inc. is calculated as follow: $29,450,269 × 60% = 17,670,161.

Note 9: There is US$132,484 thousand difference between MOEA approved investment amount and accumulated outflow of investment from Taiwan. It includes US$100,000 thousand was directly remitted by the subsidiary, ASE (Korea) Inc.; US$25,000 thousand was by means of Debt for Equity Swap; increasing US$707 thousand and US$6,777 thousand of net investment which was recognized by MOEA due to transferring of equity were respectively from transferring ASE (Shanghai) Inc.'s equity from ASE Assembly & Test (Shanghai) Limited and ASE Module (Shanghai) Inc. to ASE Mauritius Inc. and from the absorbing of ASE Module (Shanghai) Inc. by ASE (Shanghai) Inc..

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

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

Note 12: KunShan Ding Yue Real Estate Development Co., Ltd. was disposed of by Shanghai Ding Hui Real Estate Development Co., Ltd. in June, 2017.

Note 13: ASE Assembly & Test (Shanghai) Limited invested US$20,000 thousand to ASE Investment (KS) and then re-invested to ASE (KunShan) Inc.

TABLE 10

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2017
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions: Financial Statement Account	Amount (Note)	Terms	Percentage of Consolidated Net Revenue or Total Assets
0	The Company	ASE Test, Inc.	Parent company to subsidiary	Other payables	$ 7,358,686		2
			Parent company to subsidiary	Disposal of property, plant and equipment	268,916		-
				Purchase of property, plant and equipment	259,249		-
		Universal Scientific Industrial Co., Ltd.	Parent company to subsidiary	Trade receivables	1,337,105		-
			Parent company to subsidiary	Operating revenues	4,592,323	The transacation has the same terms with other companies	2
		ASE (Shanghai) Inc.	Parent company to subsidiary	Trade payables	438,792		-
			Parent company to subsidiary	Operating costs	1,642,342	The transacation has the same terms with other companies	1
		ASE (U.S.) Inc.	Parent company to subsidiary	Operating expenses	897,651	It is calculated by fixed ratio based on actual expenses. There is an upper limit to the expenses.	-
		ASE Electronics Inc.	Parent company to subsidiary	Trade payables	527,336		-
			Parent company to subsidiary	Other payables	720,933		-
			Parent company to subsidiary	Operating costs	2,128,430	The transacation has the same terms with other companies	1
		ISE Labs,Inc.	Parent company to subsidiary	Operating revenues	165,699	The transacation has the same terms with other companies	-
		J & R Holding Limited	Parent company to subsidiary	Other payables	7,529,280		2
			Parent company to subsidiary	Interest Expense	109,998		-
		Omniquest Industrial Limited	Parent company to subsidiary	Other payables	1,934,400		1
		ASE Labuan Inc.	Parent company to subsidiary	Other payables	595,200		-
		ASE Test Limited	Parent company to subsidiary	Other payables	5,208,000		1
		Innosource Limited	Parent company to subsidiary	Other payables	744,000		-
		ASE Investment (Labuan) Inc.	Parent company to subsidiary	Other payables	1,546,400		-
		J&R Industrial Inc.	Parent company to subsidiary	Other payables	190,000		-
		ASE (Korea)Inc.	Parent company to subsidiary	Other payables	2,083,379		1
		Huntington Holdings International Co. Ltd.	Parent company to subsidiary	Other payables	892,800		-
		USI Enterprise Limited	Parent company to subsidiary	Other payables	6,696,000		2
		Real Tech Holdings Limited	Parent company to subsidiary	Other payables	1,190,400		-
		ASE Corporation	Parent company to subsidiary	Other payables	3,124,800		1
		A.S.E. Holding Limited	Parent company to subsidiary	Other payables	595,200		-
		ASE WeiHai Inc.	Parent company to subsidiary	Disposal of property, plant and equipment	182,707		-
1	ASE Test, Inc.	ASE (U.S.) Inc.	Subsidiary to subsidiary	Operating expenses	101,140	It is calculated by fixed ratio based on actual expenses. There is an upper limit to the expenses.	-
		ASE Investment (Labuan) Inc.	Subsidiary to subsidiary	Other receivables	1,100,000		-
2	ASE (U.S.) Inc.	ASE (Korea)Inc.	Subsidiary to subsidiary	Operating revenues	128,600	It is calculated by fixed ratio based on actual expenses. There is an upper limit to the expenses.	-
3	ASE (Shanghai) Inc.	Advanced Semiconductor Engineering (HK) Limited	Subsidiary to subsidiary	Trade receivables	506,013		-
				Operating revenues	1,921,585	The transacation has the same terms with other companies	1

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions: Financial Statement Account	Amount (Note)	Terms	Percentage of Consolidated Net Revenue or Total Assets
4	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	$ 229,364		-
		Shanghai Ding Wei Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,369,862		-
5	ASE Investment (Labuan) Inc.	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	482,218		-
6	A.S.E. Holding Limited	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	1,069,137		-
		Huntington Holdings International Co. Ltd.	Subsidiary to subsidiary	Other payables	386,880		-
		Real Tech Holdings Limited	Subsidiary to subsidiary	Other payables	446,400		-
7	J & R Holding Limited	Global Advanced Packaging Technology Limited	Subsidiary to subsidiary	Other assets	528,048		-
		Omniquest Industrial Limited	Subsidiary to subsidiary	Other assets	1,949,465		1
		Innosource Limited	Subsidiary to subsidiary	Other assets	755,297		-
		Anstock Limited	Subsidiary to subsidiary	Other assets	969,817		-
		ASE Test Limited	Subsidiary to subsidiary	Other liabilities	5,649,339		2
		ISE Labs, Inc.	Subsidiary to subsidiary	Other payables	476,492		-
			Subsidiary to subsidiary	Other liabilities	893,157		-
		Anstock II Limited	Subsidiary to subsidiary	Interest Expense	123,344		-
		ASE Japan Co., Ltd.	Subsidiary to subsidiary	Other payables	2,114,199		1
		ASE Labuan Inc.	Subsidiary to subsidiary	Other assets	601,838		-
		ASE Assembly & Test (Shanghai) Limited	Subsidiary to subsidiary	Other receivables	521,797		-
		ASE WeiHai Inc.	Subsidiary to subsidiary	Other receivables	690,711		-
		USI Enterprise Limited	Subsidiary to subsidiary	Other payables	4,475,702		1
		ASE Corporation	Subsidiary to subsidiary	Other assets	3,144,672		1
		A.S.E. Holding Limited	Subsidiary to subsidiary	Other liabilities	2,038,310		1
8	ASE WeiHai Inc.	Advanced Semiconductor Engineering (China) Ltd.	Subsidiary to subsidiary	Other payables	357,230		-
9	ASE Electronics Inc.	J&R Industrial Inc.	Subsidiary to subsidiary	Other payables	190,000		-
		Universal Scientific Industrial (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	225,809	The transacation has the same terms with other companies	-
		ASE Electronics (M) Sdn. Bhd.	Subsidiary to subsidiary	Operating revenues	361,061	The transacation has the same terms with other companies	-
10	ASE Assembly & Test (Shanghai) Limited	Anstock Limited	Subsidiary to subsidiary	Other payables	657,054		-
			Subsidiary to subsidiary	Other liabilities	327,924		-
		Advanced Semiconductor Engineering (China) Ltd.	Subsidiary to subsidiary	Other payables	268,064		-
		Advanced Semiconductor Engineering (HK) Limited	Subsidiary to subsidiary	Operating Cost	382,701	The transacation has the same terms with other companies	-
		ASE (KunShan) Inc.	Subsidiary to subsidiary	Other payables	455,670		-
11	USI Inc.	USI Enterprise Limited	Subsidiary to subsidiary	Other payables	1,785,600		1
12	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary to subsidiary	Operating costs	4,281,202	The transacation has the same terms with other companies	1
			Subsidiary to subsidiary	Trade payables	1,348,106		-
		Universal Global Industrial Co., Limited	Subsidiary to subsidiary	Operating revenues	236,660	The transacation has the same terms with other companies	-
		Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	322,342	The transacation has the same terms with other companies	-
			Subsidiary to subsidiary	Trade receivables	132,286		-
			Subsidiary to subsidiary	Other receivables	1,142,588		-

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions			
				Financial Statement Account	Amount (Note)	Terms	Percentage of Consolidated Net Revenue or Total Assets
13	Universal Global Industrial	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	$ 3,056,731	The transacation has the same terms with other companies	1
	Co., Limited		Subsidiary to subsidiary	Operating costs	10,591,861	The transacation has the same terms with other companies	4
			Subsidiary to subsidiary	Trade receivables	790,532		-
			Subsidiary to subsidiary	Trade payables	2,550,483		1
		Universal Global Scientific Industrial	Subsidiary to subsidiary	Operating revenues	15,685,252	The transacation has the same terms with other companies	5
		Co., Ltd.	Subsidiary to subsidiary	Trade receivables	4,194,919		1
		Universal Global Technology	Subsidiary to subsidiary	Operating revenues	174,812	The transacation has the same terms with other companies	-
		(Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating costs	7,801,925	The transacation has the same terms with other companies	3
			Subsidiary to subsidiary	Trade payables	2,187,558		1
14	Universal Global Technology Co.,	Universal Global Technology	Subsidiary to subsidiary	Operating revenues	2,785,490	The transacation has the same terms with other companies	1
	Limited	(Kunshan) Co., Ltd.	Subsidiary to subsidiary	Trade receivables	1,226,503		-
		USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Other payables	1,190,400		-
		Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	212,491	The transacation has the same terms with other companies	-
		USI America Inc.	Subsidiary to subsidiary	Labor cost	133,539	The transacation has the same terms with other companies	-
15	Universal Global Scientific Industrial	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	198,250	The transacation has the same terms with other companies	-
	Co., Ltd.	Universal Scientific Industrial	Subsidiary to subsidiary	Operating revenues	243,750	The transacation has the same terms with other companies	-
		(Shanghai) Co., Ltd.					-
		Universal Global Industrial	Subsidiary to subsidiary	Operating revenues	199,842	The transacation has the same terms with other companies	-
		Co., Limited					-
		Universal Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Operating revenues	406,596	The transacation has the same terms with other companies	-
			Subsidiary to subsidiary	Trade receivables	126,001		-
				Trade payables	140,923		-
16	USI Electronics (Shenzhen) Co., Ltd	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,652,584		-
17	Universal Global Technology (Shanghai) Co., Ltd.	USI Electronics (Shenzhen) Co., Ltd	Subsidiary to subsidiary	Operating revenues	167,300	The transacation has the same terms with other companies	-
		Universal Scientific Industrial (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	244,795	The transacation has the same terms with other companies	-

(Concluded)

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