Advanced Semiconductor Engineering, Inc. and Subsidiaries

Consolidated Financial Statements as of December 31, 2016 and 2017 and for the Years Ended December 31, 2015, 2016 and 2017 and Reports of Independent Registered Public Accounting Firms

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the shareholders and the Board of Directors of
Advanced Semiconductor Engineering, Inc.

Opinion on the Financial Statements

We have audited the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. (a corporation incorporated under the laws of the Republic of China) and its subsidiaries (collectively, the "Group") as of December 31, 2016 and 2017, the related consolidated statements of comprehensive income, changes in equity and cash flows for each of the three years in the period ended December 31, 2017, and the related notes (collectively referred to as the "financial statements") (all expressed in New Taiwan dollars). In our opinion, based on our audits and the report of the other auditors, the financial statements present fairly, in all material respects, the financial position of the Group as of December 31, 2016 and 2017, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2017, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

We did not audit the 2016 and 2017 consolidated financial statements of Siliconware Precision Industries Co., Ltd. ("SPIL"), the Group's investment in which is accounted for by use of the equity method. The accompanying consolidated financial statements of the Group include its equity investment in SPIL of NT$45,898,225 thousand and NT$45,210,371 thousand (US$1,525,316 thousand), constituting 13% and 12% of the Group's total assets as of December 31, 2016 and 2017, respectively, and its share of profit in SPIL of NT$1,725,053 thousand and NT$915,253 thousand (US$30,879 thousand), constituting 8% and 4% of the Group's net profit for the years ended December 31, 2016 and 2017, respectively. The consolidated financial statements of SPIL as of and for the years ended December 31, 2016 and 2017 were audited by the other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Group's equity investment and share of profit in SPIL, is based solely on the report of the other auditors.

Our audits also comprehended the translation of New Taiwan dollar amounts into U.S. dollar amounts and, in our opinion, such translation has been made in conformity with the basis stated in Note 4 to the consolidated financial statements. Such U.S. dollar amounts are presented solely for the convenience of the readers outside the Republic of China.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States) (PCAOB), the Group's internal control over financial reporting as of December 31, 2017, based on criteria established in Internal Control - Integrated Framework (2013) issued by the Committee of Sponsoring Organizations of the Treadway Commission and our report dated March 23, 2018 expressed an unqualified opinion on the Group's internal control over financial reporting based on our audit.

Basis for Opinion

These financial statements are the responsibility of the Group's management. Our responsibility is to express an opinion on the Group's financial statements based on our audits. We are a public accounting firm registered with the PCAOB and are required to be independent with respect to the Group in accordance with the U.S. federal securities laws and the applicable rules and regulations of the Securities and Exchange Commission and the PCAOB.

We conducted our audits in accordance with the standards of the PCAOB. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether due to error or fraud. Our audits included performing procedures to assess the risks of material misstatement of the financial statements, whether due to error or fraud, and performing procedures that respond to those risks. Such procedures included examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements. Our audits also included evaluating the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial statements. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

/s/Deloitte & Touche
Taipei, Taiwan
Republic of China

March 23, 2018

We have served as the Group's auditor since 1984.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

ASSETS	December 31, 2016 (Retrospectively Adjusted) NT$	December 31, 2017 NT$	December 31, 2017 US$ (Note 4)
CURRENT ASSETS			
Cash and cash equivalents (Notes 4 and 6)	$ 38,392,524	$ 46,078,066	$ 1,554,591
Financial assets at fair value through profit or loss - current (Notes 4 and 7)	3,069,812	5,223,067	176,217
Available-for-sale financial assets - current (Notes 4 and 8)	266,696	89,159	3,008
Trade receivables, net (Notes 4 and 9)	51,145,557	55,200,706	1,862,372
Other receivables	665,480	1,051,955	35,491
Current tax assets (Notes 4 and 25)	471,752	260,542	8,790
Inventories (Notes 4 and 10)	21,438,062	24,260,911	818,519
Inventories related to real estate business (Notes 4, 11, 24 and 36)	24,187,515	9,819,516	331,293
Other financial assets - current (Notes 4, 12 and 36)	558,686	472,340	15,936
Other current assets	2,593,575	2,482,010	83,738
Total current assets	142,789,659	144,938,272	4,889,955
NON-CURRENT ASSETS			
Available-for-sale financial assets - non-current (Notes 4 and 8)	1,028,338	1,123,006	37,888
Investments accounted for using the equity method (Notes 4 and 13)	49,824,690	48,753,751	1,644,863
Property, plant and equipment (Notes 4, 14, 24 and 37)	143,880,241	135,168,406	4,560,338
Investment properties (Notes 4, 15, 24 and 36)	-	8,119,436	273,935
Goodwill (Notes 4, 5, 16 and 28)	10,490,309	9,934,494	335,172
Other intangible assets (Notes 4, 17, 24, 28 and 35)	1,617,261	1,406,865	47,465
Deferred tax assets (Notes 4 and 25)	4,536,924	4,001,821	135,014
Other financial assets - non-current (Notes 4, 12 and 36)	1,320,381	1,170,500	39,491
Long-term prepayments for lease (Notes 18 and 36)	2,237,033	8,851,330	298,628
Other non-current assets	205,740	454,391	15,330
Total non-current assets	215,140,917	218,984,000	7,388,124
TOTAL	$ 357,930,576	$ 363,922,272	$ 12,278,079

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
(Amounts in Thousands)

LIABILITIES AND EQUITY	December 31, 2016 (Retrospectively Adjusted) NT$	December 31, 2017 NT$	December 31, 2017 US$ (Note 4)
CURRENT LIABILITIES			
Short-term borrowings (Note 19)	$ 20,955,522	$ 17,962,471	$ 606,021
Financial liabilities at fair value through profit or loss - current (Notes 4 and 7)	1,763,660	677,430	22,855
Trade payables	35,803,984	41,672,233	1,405,946
Other payables (Note 21)	21,522,034	21,377,887	721,251
Current tax liabilities (Notes 4 and 25)	6,846,350	7,619,328	257,062
Current portion of bonds payable (Notes 4 and 20)	9,658,346	6,161,197	207,868
Current portion of long-term borrowings (Notes 19 and 36)	6,567,565	8,261,625	278,732
Other current liabilities	3,852,113	4,644,566	156,699
Total current liabilities	106,969,574	108,376,737	3,656,434
NON-CURRENT LIABILITIES			
Bonds payable (Notes 4 and 20)	27,341,557	16,981,583	572,928
Long-term borrowings (Notes 19 and 36)	46,547,998	27,145,003	915,823
Deferred tax liabilities (Notes 4 and 25)	4,856,549	4,961,487	167,392
Net defined benefit liabilities (Notes 4 and 22)	4,172,253	3,936,685	132,817
Other non-current liabilities	1,201,480	1,210,590	40,843
Total non-current liabilities	84,119,837	54,235,348	1,829,803
Total liabilities	191,089,411	162,612,085	5,486,237
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Notes 4 and 23)			
Share capital			
Ordinary shares (Note 31)	79,364,735	87,246,194	2,943,529
Shares subscribed in advance	203,305	134,593	4,541
Total share capital	79,568,040	87,380,787	2,948,070
Capital surplus (Note 31)	22,266,500	40,624,328	1,370,591
Retained earnings (Notes 13 and 28)			
Legal reserve	14,597,032	16,765,066	565,623
Special reserve	3,353,938	3,353,938	113,156
Unappropriated earnings	44,188,554	53,599,541	1,808,352
Total retained earnings	62,139,524	73,718,545	2,487,131
Other equity	(1,840,937)	(6,311,089)	(212,925)
Treasury shares	(7,292,513)	(7,292,513)	(246,036)
Equity attributable to owners of the Company	154,840,614	188,120,058	6,346,831
NON-CONTROLLING INTERESTS (Notes 4 and 23)	12,000,551	13,190,129	445,011
Total equity	166,841,165	201,310,187	6,791,842
TOTAL	$ 357,930,576	$ 363,922,272	$ 12,278,079

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands Except Earnings Per Share)

	For the Years Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
OPERATING REVENUES (Note 4)	$ 283,302,536	$ 274,884,107	$ 290,441,208	$ 9,798,961
OPERATING COSTS (Notes 10, 24 and 28)	233,167,308	221,696,922	237,708,937	8,019,870
GROSS PROFIT	50,135,228	53,187,185	52,732,271	1,779,091
OPERATING EXPENSES (Notes 24 and 28)				
Selling and marketing expenses	3,588,472	3,473,586	3,308,992	111,639
General and administrative expenses	10,724,568	11,662,082	12,458,054	420,312
Research and development expenses	10,937,566	11,391,147	11,746,613	396,309
Total operating expenses	25,250,606	26,526,815	27,513,659	928,260
OTHER OPERATING INCOME AND EXPENSES, NET (Note 24)	(251,529)	(800,280)	108,556	3,662
PROFIT FROM OPERATIONS	24,633,093	25,860,090	25,327,168	854,493
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	815,778	589,236	707,754	23,878
Other gains and losses (Note 24)	1,748,795	2,276,544	6,259,453	211,183
Finance costs (Note 24)	(2,312,143)	(2,261,075)	(1,799,494)	(60,712)
Share of the profit of associates and joint ventures (Notes 4 and 13)	126,265	1,503,910	525,782	17,739
Total non-operating income and expenses	378,695	2,108,615	5,693,495	192,088
PROFIT BEFORE INCOME TAX	25,011,788	27,968,705	31,020,663	1,046,581
INCOME TAX EXPENSE (Notes 4 and 25)	4,311,073	5,390,844	6,523,603	220,094
PROFIT FOR THE YEAR	20,700,715	22,577,861	24,497,060	826,487
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss:				
Remeasurement of defined benefit obligation	(62,911)	(417,181)	205,344	6,928

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
(Amounts in Thousands Except Earnings Per Share)

	For the Years Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Share of other comprehensive (loss) of associates and joint	$ (37,748)	$ (49,794)	$ 7,249	$ 245
Income tax relating to items that will not be reclassified subsequently	11,002	73,637	(51,217)	(1,728)
	(89,657)	(393,338)	161,376	5,445
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(63,509)	(6,445,643)	(5,287,734)	(178,399)
Unrealized gain (loss) on available-for-sale financial assets	10,451	(248,599)	224,036	7,559
Share of other comprehensive income (loss) of associates and joint ventures	(4,832)	(871,679)	264,389	8,920
	(57,890)	(7,565,921)	(4,799,309)	(161,920)
Other comprehensive loss for the year, net of income tax	(147,547)	(7,959,259)	(4,637,933)	(156,475)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 20,553,168	$ 14,618,602	$ 19,859,127	$ 670,012
PROFIT FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	$ 19,732,148	$ 21,324,423	$ 22,819,119	$ 769,876
Non-controlling interests	968,567	1,253,438	1,677,941	56,611
	$ 20,700,715	$ 22,577,861	$ 24,497,060	$ 826,487
TOTAL COMPREHENSIVE INCOME FOR THE YEAR ATTRIBUTABLE TO:				
Owners of the Company	$ 19,659,081	$ 13,956,976	$ 18,524,067	$ 624,969
Non-controlling interests	894,087	661,626	1,335,060	45,043
	$ 20,553,168	$ 14,618,602	$ 19,859,127	$ 670,012
EARNINGS PER SHARE (Note 26)				
Basic	$ 2.58	$ 2.78	$ 2.80	$ 0.09
Diluted	$ 2.48	$ 2.33	$ 2.60	$ 0.09
EARNINGS PER AMERICAN DEPOSITARY SHARE (“ADS”)				
Basic	$ 12.89	$ 13.91	$ 13.98	$ 0.47
Diluted	$ 12.38	$ 11.64	$ 12.98	$ 0.44

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	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		
BALANCE AT JANUARY 1, 2015	7,861,725	$ 78,715,179	$ 16,013,980	$ 10,289,878	$ 3,353,938	$ 36,000,026	$ 49,643,842	$ 4,540,862	$ 526,778	$ 5,067,640	$ (1,959,107)	$ 147,481,534	$ 8,209,860	$ 155,691,394
Equity component of convertible bonds issued by the Company (Note 20)	-	-	214,022	-	-	-	-	-	-	-	-	214,022	-	214,022
Appropriation of 2014 earnings														
Legal reserve	-	-	-	2,359,267	-	(2,359,267)	-	-	-	-	-	-	-	-
Cash dividends distributed by the Company	-	-	-	-	-	(15,589,825)	(15,589,825)	-	-	-	-	(15,589,825)	-	(15,589,825)
	-	-	-	2,359,267	-	(17,949,092)	(15,589,825)	-	-	-	-	(15,589,825)	-	(15,589,825)
Change from investments in associates and joint ventures accounted for using the equity method	-	-	150	-	-	-	-	-	-	-	-	150	-	150
Net profit for the year ended December 31, 2015	-	-	-	-	-	19,732,148	19,732,148	-	-	-	-	19,732,148	968,567	20,700,715
Other comprehensive income (loss) for the year ended December 31, 2015, net of income tax	-	-	-	-	-	(86,217)	(86,217)	(48,191)	61,341	13,150	-	(73,067)	(74,480)	(147,547)
Total comprehensive income (loss) for the year ended December 31, 2015	-	-	-	-	-	19,645,931	19,645,931	(48,191)	61,341	13,150	-	19,659,081	894,087	20,553,168
Acquisition of treasury shares	-	-	-	-	-	-	-	-	-	-	(5,333,406)	(5,333,406)	-	(5,333,406)
Issue of dividends received by subsidiaries from the Company	-	-	292,351	-	-	-	-	-	-	-	-	292,351	-	292,351
Partial disposal of interests in subsidiaries and additional acquisition of majority-owned subsidiaries (Note 30)	-	-	7,197,510	-	-	-	-	-	-	-	-	7,197,510	1,712,836	8,910,346
Changes in percentage of ownership interest in subsidiaries	-	-	(563,815)	-	-	-	-	-	-	-	-	(563,815)	563,815	-
Issue of ordinary shares under employee share options (Note 27)	48,703	470,481	604,352	-	-	-	-	-	-	-	-	1,074,833	-	1,074,833
Cash dividends distributed by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	(232,148)	(232,148)
Additional non-controlling interest arising on issue of employee share options by subsidiaries (Note 27)	-	-	-	-	-	-	-	-	-	-	-	-	344,095	344,095
BALANCE AT DECEMBER 31, 2015	7,910,428	79,185,660	23,758,550	12,649,145	3,353,938	37,696,865	53,699,948	4,492,671	588,119	5,080,790	(7,292,513)	154,432,435	11,492,545	165,924,980
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	-	-	-	-	-	43,536	43,536	-	95,495	-	95,495
Net profit for the year ended December 31,2016 (After retrospectively adjusted) (Notes 13 and 28)	-	-	-	-	-	21,324,423	21,324,423	-	-	-	-	21,324,423	1,253,438	22,577,861
Other comprehensive loss for the year ended December 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 December 31, 2016 (After retrospectively adjusted)	-	-	-	-	-	20,922,239	20,922,239	(6,136,294)	(828,969)	(6,965,263)	-	13,956,976	661,626	14,618,602

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ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Amounts in Thousands)

	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		
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
BALANCE AT DECEMBER 31, 2016 (After retrospectively adjusted) (Notes 13 and 28)	7,946,184	79,568,040	22,266,500	14,597,032	3,353,938	44,188,554	62,139,524	(1,643,623)	(197,314)	(1,840,937)	(7,292,513)	154,840,614	12,000,551	166,841,165
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	-	-	-	-	-	-	-	-	1,490	-	1,490
Net profit for the year ended December 31,2017	-	-	-	-	-	22,819,119	22,819,119	-	-	-	-	22,819,119	1,677,941	24,497,060
Other comprehensive income (loss) for the year ended December 31, 2017, net of income tax	-	-	-	-	-	175,100	175,100	(5,090,036)	619,884	(4,470,152)	-	(4,295,052)	(342,881)	(4,637,933)
Total comprehensive income (loss) for the year ended December 31, 2017	-	-	-	-	-	22,994,219	22,994,219	(5,090,036)	619,884	(4,470,152)	-	18,524,067	1,335,060	19,859,127
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	$ 40,624,328	$ 16,765,066	$ 3,353,938	$ 53,599,541	$ 73,718,545	$ (6,733,659)	$ 422,570	$ (6,311,089)	$ (7,292,513)	$ 188,120,058	$ 13,190,129	$ 201,310,187
US DOLLARS (Note 4) BALANCE AT DECEMBER 31, 2017	8,738,079	$ 2,948,070	$ 1,370,591	$ 565,623	$ 113,156	$ 1,808,352	$ 2,487,131	$ (227,182)	$ 14,257	$ (212,925)	$ (246,036)	$ 6,346,831	$ 445,011	$ 6,791,842

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM OPERATING ACTIVITIES				
Profit before income tax	$ 25,011,788	$ 27,968,705	$ 31,020,663	$ 1,046,581
Adjustments for:				
Depreciation expense	28,938,770	28,961,614	28,747,518	969,890
Amortization expense	579,894	508,823	457,666	15,441
Net loss (gain) on fair value change of financial assets and liabilities at fair value through profit or loss	(2,472,835)	(447,559)	2,783,902	93,924
Finance costs	2,312,143	2,261,075	1,799,494	60,712
Interest income	(242,084)	(230,067)	(306,871)	(10,353)
Dividend income	(396,973)	(26,411)	(59,039)	(1,992)
Compensation cost of employee share options	133,496	470,788	438,765	14,803
Share of profit of associates and joint	(126,265)	(1,503,910)	(525,782)	(17,739)
Loss (gain) on disposal of property, plant and equipment	126,132	131,044	(348,070)	(11,743)
Impairment loss recognized on financial assets	8,232	91,886	77,101	2,601
Reversal of impairment loss on financial assets	-	(28,022)	-	-
Impairment loss recognized on non-financial assets	610,140	1,340,011	1,113,499	37,568
Gain on disposal of subsidiaries	-	-	(5,589,457)	(188,578)
Net loss (gain) on foreign currency exchange	1,358,777	(407,160)	(2,356,480)	(79,503)
Others	1,242,110	900,378	1,172,005	39,541
Changes in operating assets and liabilities				
Financial assets held for trading	4,162,522	1,052,111	(226,049)	(7,626)
Trade receivables	7,982,736	(6,184,873)	(4,066,374)	(137,192)
Other receivables	55,112	(211,755)	(330,491)	(11,150)
Inventories	(5,128,726)	3,156,759	(2,907,848)	(98,106)
Other current assets	407,017	(24,517)	(781,477)	(26,366)
Financial liabilities held for trading	(1,725,606)	(2,952,116)	(3,874,662)	(130,724)
Trade payables	(1,272,717)	1,665,420	4,753,270	160,367
Other payables	(814,809)	1,380,205	685,398	23,124
Other current liabilities	2,545,312	(2,347,599)	211,145	7,124
Other operating activities items	(247,024)	(407,143)	27,538	929
Cash generated from operations	63,047,142	55,117,687	51,915,364	1,751,533
Interest received	253,289	228,509	236,746	7,987
Dividend received	499,918	4,043,644	1,929,218	65,088
Interest paid	(2,067,955)	(2,043,870)	(1,666,759)	(56,234)
Income tax paid	(4,184,089)	(5,238,103)	(4,983,769)	(168,144)
Net cash generated from operating activities	57,548,305	52,107,867	47,430,800	1,600,230

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of financial assets designated as at fair value through profit or loss	$ (100,842,813)	$ (64,853,336)	$ (61,308,095)	$ (2,068,424)
Proceeds on sale of financial assets designated as at fair value through profit or loss	102,139,161	66,472,870	61,601,865	2,078,335
Purchase of available-for-sale financial assets	(1,273,510)	(1,590,928)	(902,648)	(30,454)
Proceeds on sale of available-for-sale financial assets	2,761,145	867,336	1,121,517	37,838
Cash received from return of capital by available-for-sale financial assets	44,511	28,927	16,175	546
Acquisition of associates and joint ventures	(35,673,097)	(16,041,463)	-	-
Net cash outflow on acquisition of subsidiaries	-	(73,437)	-	-
Net cash inflow from disposal of subsidiaries	-	-	7,020,883	236,872
Payments for property, plant and equipment	(30,280,124)	(26,714,163)	(24,699,240)	(833,308)
Proceeds from disposal of property, plant and equipment	243,031	670,200	1,488,210	50,210
Payments for intangible assets	(491,135)	(513,893)	(337,984)	(11,403)
Proceeds from disposal of intangible assets	-	25,646	34,690	1,170
Payments for investment properties	-	-	(186,522)	(6,293)
Decrease (increase) in other financial assets	358,266	(1,231,186)	236,227	7,970
Increase in other non-current assets	(336,864)	(206,031)	(171,320)	(5,780)
Net cash used in investing activities	(63,351,429)	(43,159,458)	(16,086,242)	(542,721)
CASH FLOWS FROM FINANCING ACTIVITIES				
Net repayment of short-term borrowings	(8,532,792)	(10,640,229)	(2,038,993)	(68,792)
Net proceeds from (repayment of) short-term bills payable	4,348,054	(4,348,054)	-	-
Proceeds from issue of bonds	6,136,425	9,000,000	8,000,000	269,906
Repayment of bonds payable	-	(10,365,135)	(9,123,972)	(307,826)
Proceeds from long-term borrowings	39,887,570	62,282,917	35,394,158	1,194,135
Repayment of long-term borrowings	(22,926,660)	(52,924,902)	(51,867,539)	(1,749,917)
Dividends paid	(15,297,474)	(12,243,766)	(11,214,221)	(378,348)
Proceeds from issue of ordinary shares	-	-	10,290,000	347,166
Proceeds from exercise of employee share options	1,285,102	995,832	1,439,819	48,577
Payments for acquisition of treasury shares	(5,333,406)	-	-	-
Proceeds from partial disposal of interests in subsidiaries	8,910,346	-	-	-
Decrease in non-controlling interests	(232,148)	(3,063,623)	(246,440)	(8,314)
Other financing activities items	391,322	219,940	43,761	1,476
Net cash generated from (used in) financing activities	8,636,339	(21,087,020)	(19,323,427)	(651,937)

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
(Amounts in Thousands)

	For the Years Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCY	$ 723,556	$ (4,720,046)	$ (4,335,589)	$ (146,275)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	3,556,771	(16,858,657)	7,685,542	259,297
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	51,694,410	55,251,181	38,392,524	1,295,294
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 55,251,181	$ 38,392,524	$ 46,078,066	$ 1,554,591

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

(Amounts in Thousands, Unless Stated Otherwise)

1. GENERAL INFORMATION

Advanced Semiconductor Engineering, Inc. (the “Company”), a corporation incorporated under the laws of Republic of China (the “ROC”), and its subsidiaries (collectively referred to as the “Group”) offer a comprehensive range of semiconductors packaging, testing, and electronic manufacturing services (“EMS”).

The Company’s ordinary shares are listed on the Taiwan Stock Exchange (the “TSE”) under the symbol “2311”. Since September 2000, the 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”), are listed on the Shanghai Stock Exchange (the “SSE”) under the symbol “601231”.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the management on March 23, 2018.

3. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS AS ISSUED BY THE INTERNATIONAL ACCOUNTING STANDARDS BOARD (“IASB”) (collectively, “IFRSs”)

a. Amendments to IFRSs that are mandatorily effective for the current year

In the current year, the Group has applied the following new, revised or amended standards and interpretations that have been issued and effective:

New, Revised or Amended Standards and Interpretations		Effective Date Issued by IASB (Note 1)
Amendments to IFRSs	Annual Improvements to IFRSs: 2014-2016 Cycle	Note 2
Amendments to IAS 7	Disclosure Initiative	January 1, 2017
Amendments to IAS 12	Recognition of Deferred Tax Assets for Unrealized Losses	January 1, 2017

Note 1: The aforementioned new, revised or amended standards and interpretations are effective for annual period beginning on or after the effective dates, unless specified otherwise.

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.

Except the adoption of Amendments to IAS 7 which can be referred to Note 34e, the Group believes that the adoption of the aforementioned new, revised or amended standards and interpretations did not have a material effect on the Group's accounting policies.

b. New, revised or amended standards and interpretations in issue but not yet effective

The Group has not applied the following new, revised or amended standards and interpretations that have been issued but are not yet effective:

New, Revised or Amended Standards and Interpretations		Effective Date Issued by IASB (Note 1)
Amendments to IFRSs	Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 2	Classification and Measurement of Share-based Payment Transactions	January 1, 2018
IFRS 9	Financial Instruments	January 1, 2018
Amendments to IFRS 9 and IFRS 7	Mandatory Effective Date of IFRS 9 and Transition Disclosures	January 1, 2018
Amendments to IFRS 9	Prepayment Features with Negative Compensation	January 1, 2019
Amendments to IFRS 10 and IAS 28	Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	To be determined by IASB
IFRS 15	Revenue from Contracts with Customers	January 1, 2018
Amendments to IFRS 15	Clarifications to IFRS15 Revenue from Contracts with Customers	January 1, 2018
IFRS 16	Leases	January 1, 2019
Amendments to IAS 19	Plan Amendment, Curtailment or Settlement	January 1, 2019 (Note 2)
Amendments to IAS 40	Transfers of investment property	January 1, 2018
IFRIC 22	Foreign Currency Transactions and Advance Consideration	January 1, 2018
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: The aforementioned new, revised or amended standards and interpretations are effective for annual period beginning on or after the effective dates, unless specified otherwise.

Note 2: The Group shall apply these amendments to plan amendments, curtailments or settlements occurring on or after January 1, 2019.

c. Significant changes in accounting policy resulted from new, revised and amended standards and interpretations in issue but not yet effective

Except for the following, the Group believes that the adoption of the aforementioned new, revised or amended standards and interpretations will not have a material effect on the Group's accounting policies. As of the date that the accompanying consolidated financial statements were authorized for issue, the Group continues in evaluating the impact on its financial position and financial performance as a result of the initial adoption of the below standards and interpretations. The related impact will be disclosed when the Group completes the evaluation.

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:

	Carrying Amount as of December 31, 2017	**Adjustments Arising from Initial Application**	**Adjusted Carrying Amount as of January 1, 2018**
	NT$	**NT$**	**NT$**
Impact on assets, liabilities and equity			
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	48,753,751	(2,586)	48,751,165

(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
	NT$	NT$	NT$
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	$ 56,359,483	$ 77,414	$ 56,436,897
Retained earnings	$ 73,718,545	$ 364,467	$ 74,083,012
Unrealized gain on equity investments at fair value through other comprehensive income	-	55,517	55,517
Unrealized gain on available-for-sale financial assets	422,570	(422,570)	-
Unrealized gain on debt investments at fair value through other comprehensive income	-	80,000	80,000
Total effect on equity	$ 74,141,115	$ 77,414	$ 74,218,529

(Concluded)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Impact on assets, liabilities and equity			
Financial assets at fair value through profit or loss - current	$ 176,217	$ 3,008	$ 179,225
Available-for-sale financial assets - current	3,008	(3,008)	-
Investments accounted for using the equity method	1,644,863	(87)	1,644,776
Financial assets at fair value through profit or loss - non-current	-	7,235	7,235
Financial assets at fair value through other comprehensive income - non-current	-	67,090	67,090
Available-for-sale financial assets - non-current	37,888	(37,888)	-
Other financial assets－non-current	39,491	(33,738)	5,753
Total effect on assets	$ 1,901,467	$ 2,612	$ 1,904,079

(Continued)

	Carrying Amount as of December 31, 2017 US$ (Note 4)	Adjustments Arising from Initial Application US$ (Note 4)	Adjusted Carrying Amount as of January 1, 2018 US$ (Note 4)
Retained earnings	$ 2,487,131	$ 12,297	$ 2,499,428
Unrealized gain on equity investments at fair value through other comprehensive income	-	1,873	1,873
Unrealized gain on available-for-sale financial assets	14,257	(14,257)	-
Unrealized gain on debt investments at fair value through other comprehensive income	-	2,699	2,699
Total effect on equity	$ 2,501,388	$ 2,612	$ 2,504,000

(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 amendments

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; therefore the revenue generated from packaging and testing service 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	48,753,751	40,139	48,793,890
Deferred tax assets	4,001,821	(7,287)	3,994,534
Total effect on assets	$ 77,016,483	$ 622,181	$ 77,638,664
Current tax liabilities	$ 7,619,328	$ 5,078	$ 7,624,406
Deferred tax liabilities	4,961,487	90,071	5,051,558
Total effect on liabilities	$ 12,580,815	$ 95,149	$ 12,675,964
Retained earnings	$ 73,718,545	$ 521,849	$ 74,240,394
Non-controlling interests	13,190,129	5,183	13,195,312
Total effect on equity	$ 86,908,674	$ 527,032	$ 87,435,706

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Inventories	$ 818,519	$ (46,619)	$ 771,900
Contract assets - current	-	66,502	66,502
Investments accounted for using the equity method	1,644,863	1,354	1,646,217
Deferred tax assets	135,014	(246)	134,768
Total effect on assets	$ 2,598,396	$ 20,991	$ 2,619,387
Current tax liabilities	$ 257,062	$ 171	$ 257,233
Deferred tax liabilities	167,392	3,039	170,431
Total effect on liabilities	$ 424,454	$ 3,210	$ 427,664

(Continued)

	Carrying Amount as of December 31, 2017	Adjustments Arising from Initial Application	Adjusted Carrying Amount as of January 1, 2018
	US$ (Note 4)	**US$ (Note 4)**	**US$ (Note 4)**
Retained earnings	$ 2,487,131	$ 17,606	$ 2,504,737
Non-controlling interests	445,011	175	445,186
Total effect on equity	$ 2,932,142	$ 17,781	$ 2,949,923

(Concluded)

3) 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.

4) 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.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

The consolidated financial statements have been prepared in accordance with IFRSs as issued by the IASB.

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.

When the Group loses control over a subsidiary, a gain or loss is recognized in profit or loss and is calculated as the difference between (i) the aggregate of the fair value of the consideration received and any investment retained in the former subsidiary at its fair value at the date when control is lost and (ii) the assets (including any goodwill) and liabilities and any non-controlling interests of the former subsidiary at their carrying amounts at the date when control is lost. The Group accounts for all amounts recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required if the Group had directly disposed of the related assets or liabilities.

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

			Percentage of Ownership (%)	
			December 31	
Name of Investee	**Main Businesses**	**Establishment and Operating Location**	**2016**	**2017**
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 investing activity	Nantou, ROC	99.2	99.2
Luchu Development Corporation ("Luchu")	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

(Continued)

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

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2016	2017
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
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	97.0	96.9
USISH	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	75.9	75.8
Universal Global Technology Co., Limited	Holding company	Hong Kong	75.9	75.8
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	75.9	75.8

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%) December 31 2016	2017
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	Shanghai, China	75.9	75.8
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	Shanghai, China	75.9	75.8
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	75.9	75.8
Universal Global Scientific Industrial Co., Ltd. ("UGTW")	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	Nantou, ROC	75.9	75.8
USI America Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service.	U.S.A.	75.9	75.8
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	75.9	75.8
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	75.9	75.8
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	75.9	75.8
Universal Scientific Industrial Co., Ltd. ("USI")	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	Nantou, ROC	75.2	75.5

(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 retrospectively 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 fair value of the net 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 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.

<u>The Group as lessor</u>

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

<u>The Group as lessee</u>

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.

w. U.S. Dollar Amounts

A translation of the consolidated financial statements into U.S. dollars is included solely for the convenience of the readers, and has been translated from New Taiwan dollar (NT$) at the exchange rate as set forth in the statistical release by the U.S. Federal Reserve Board of the United States, which was NT$29.64 to US$1.00 as of December 31, 2017. The translation should not be construed as a representation that the NT$ amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Cash on hand	$ 6,856	$ 8,404	$ 284
Checking accounts and demand deposits	28,823,763	39,697,319	1,339,316
Cash equivalents	9,561,905	6,372,343	214,991
	$ 38,392,524	$ 46,078,066	$ 1,554,591

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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Financial assets designated as at FVTPL			
Private-placement convertible bonds	$ 100,583	$ 100,496	$ 3,391

(Continued)

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Financial assets held for trading			
Quoted shares	$ 1,855,073	$ 4,410,732	$ 148,810
Open-end mutual funds	584,945	589,976	19,905
Forward exchange contracts	66,872	61,325	2,069
Swap contracts	462,339	60,538	2,042
	2,969,229	5,122,571	172,826
	$ 3,069,812	$ 5,223,067	$ 176,217
Financial liabilities held for trading			
Swap contracts	$ 422,934	$ 652,107	$ 22,001
Forward exchange contracts	108,912	25,323	854
Conversion option, redemption option and put option of convertible bonds (Note 20)	1,213,890	-	-
Foreign currency option contracts	17,924	-	-
	$ 1,763,660	$ 677,430	$ 22,855

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, 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$1,958,908
December 31, 2017		
Sell NT$/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

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, 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$281/EUR270
December 31, 2017		
Sell NT$/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

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 are met.

8. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Unquoted ordinary shares	$ 553,350	$ 605,110	$ 20,415
Quoted ordinary shares	146,786	279,791	9,440
Limited partnership	273,372	246,072	8,302
Unquoted preferred shares	78,068	57,367	1,935
Open-end mutual funds	243,458	23,825	804
	1,295,034	1,212,165	40,896
Current	266,696	89,159	3,008
Non-current	$ 1,028,338	$ 1,123,006	$ 37,888

9. TRADE RECEIVABLES, NET

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Trade receivables	$ 51,199,266	$ 55,265,607	$ 1,864,562
Less: Allowance for doubtful debts	53,709	64,901	2,190
Trade receivables, net	$ 51,145,557	$ 55,200,706	$ 1,862,372

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, 2016 and 2017, except that the Group's five largest customers accounted for 30% and 33% 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Not past due	$ 45,959,876	$ 49,599,512	$ 1,673,398
1 to 30 days	4,467,435	4,986,491	168,235
31 to 90 days	700,122	562,200	18,968
More than 91 days	71,833	117,404	3,961
Total	$ 51,199,266	$ 55,265,607	$ 1,864,562

Aging of receivables that were past due but not impaired

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
1 to 30 days	$ 4,449,479	$ 4,942,677	$ 166,757
31 to 90 days	596,647	378,526	12,771
Total	$ 5,046,126	$ 5,321,203	$ 179,528

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, 2015	$ 28,305	$ 55,840	$ 84,145
Impairment losses recognized (reversed)	18,816	(10,584)	8,232
Amount written off	(7,617)	(209)	(7,826)
Effect of foreign currency exchange differences	(458)	(1,187)	(1,645)
Balance at December 31, 2015	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
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

	Impaired Individually	Impaired Collectively	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Balance at January 1, 2017	$ 555	$ 1,257	$ 1,812
Impairment losses recognized	322	138	460
Amounts written off	-	(1)	(1)
Effect of foreign currency exchange differences	(29)	(52)	(81)
Balance at December 31, 2017	$ 848	$ 1,342	$ 2,190

10. INVENTORIES

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Finished goods	$ 6,519,465	$ 6,740,816	$ 227,423
Work in process	2,822,687	3,452,332	116,475
Raw materials	10,850,062	12,625,502	425,962
Supplies	795,093	894,196	30,168
Raw materials and supplies in transit	450,755	548,065	18,491
	$ 21,438,062	$ 24,260,911	$ 818,519

The cost of inventories recognized as operating costs for the years ended December 31, 2015, 2016 and 2017 were NT$233,165,722 thousand, NT$219,630,270 thousand (retrospectively adjusted) and NT$237,193,286 thousand (US$8,002,473 thousand), respectively, which included write-downs of inventories at NT$352,011 thousand, NT$451,780 thousand and NT$398,824 thousand (US$13,456 thousand), respectively.

11. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Land and buildings held for sale	$ 263,526	$ 25,825	$ 871
Construction in progress	22,236,464	8,106,166	273,488
Land held for construction	1,687,525	1,687,525	56,934
	$ 24,187,515	$ 9,819,516	$ 331,293

Land and buildings held for sale located in Kun Shan Qiandeng and Shanghai Zhangjiang, China were completed and successively 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, 2015, 2016 and 2017 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 (US$235,201 thousand) and long-term prepayments for lease of NT$5,798,449 thousand (US$195,629 thousand), respectively. Please refer to Note 15.

As of December 31, 2016 and 2017, inventories related to real estate business of NT$12,076,154 thousand and NT$9,818,869 thousand (US$331,271 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Unsecured subordinate corporate bonds	$ 1,000,000	$ 1,000,000	$ 33,738
Time deposits with original maturity of over three months	480,736	405,520	13,682
Guarantee deposits	178,103	170,594	5,756
Pledged time deposits (Note 36)	206,530	59,456	2,006
Others (Note 36)	13,698	7,270	245
	1,879,067	1,642,840	55,427
Current	558,686	472,340	15,936
Non-current	$ 1,320,381	$ 1,170,500	$ 39,491

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

13. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	December 31		
	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	US$ (Note 4)
Investments in associates	$ 49,154,140	$ 48,267,237	$ 1,628,449
Investments in joint venture	670,550	486,514	16,414
	$ 49,824,690	$ 48,753,751	$ 1,644,863

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 2016 (Retrospectively Adjusted) NT$	2017 NT$	2017 US$ (Note 4)
Material associate					
Siliconware Precision Industries Co., Ltd. (“SPIL”)	Engaged in assembly, testing and turnkey services of integrated circuits	ROC	$ 45,898,225	$ 45,210,371	$ 1,525,316
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	1,813,677	1,583,124	53,412
Hung Ching Development & Construction Co. (“HC”)	Engaged in the development, construction and leasing of real estate properties	ROC	1,156,833	1,248,711	42,129
Hung Ching Kwan Co. (“HCK”)	Engaged in the leasing of real estate properties	ROC	321,120	309,630	10,447
Advanced Microelectronic Products Inc. (“AMPI”)	Engaged in integrated circuit	ROC	264,434	215,550	7,272
			49,454,289	48,567,386	1,638,576
	Less: Deferred gain on transfer of land		300,149	300,149	10,127
			$ 49,154,140	$ 48,267,237	$ 1,628,449

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

	December 31 2016	2017
SPIL	33.29%	33.29%
DECA	22.07%	22.04%
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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
SPIL	$ 49,634,805	$ 52,176,190	$ 1,760,330
HC	$ 1,310,829	$ 1,695,156	$ 57,191
AMPI	$ 307,038	$ 468,572	$ 15,809

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 IFRSs and adjusted by the Group for equity method accounting purposes.

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Current assets	$ 50,451,295	$ 49,065,912	$ 1,655,395
Non-current assets	107,573,251	101,693,417	3,430,952
Current liabilities	(41,088,439)	(26,194,615)	(883,759)
Non-current liabilities	(17,518,410)	(27,213,266)	(918,126)
Equity	$ 99,417,697	$ 97,351,448	$ 3,284,462
Proportion of the Group's ownership interest in SPIL	33.29%	33.29%	33.29%

(Continued)

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Net assets attributable to the Group	$ 33,096,151	$ 32,408,297	$ 1,093,397
Goodwill	12,802,074	12,802,074	431,919
Carrying amount	$ 45,898,225	$ 45,210,371	$ 1,525,316

(Concluded)

	For the Year Ended December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Operating revenue	$ 85,111,913	$ 83,554,385	$ 2,818,974
Gross profit	$ 15,027,247	$ 12,464,792	$ 420,540
Profit before income tax	$ 7,351,661	$ 4,347,810	$ 146,687
Net profit for the year	$ 5,484,462	$ 2,822,231	$ 95,217
Other comprehensive income (loss) for the year	(2,373,532)	579,057	19,536
Total comprehensive income for the year	$ 3,110,930	$ 3,401,288	$ 114,753
Cash dividends received from SPIL	$ 3,941,740	$ 1,815,275	$ 61,244

7) Aggregate information of associates that are not individually material

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
The Group's share of:				
Net profit (loss) for the year	$ 120,749	$ (139,366)	$ (190,532)	$ (6,428)
Other comprehensive income (loss) for the year	(2,916)	(115,650)	59,676	2,013
Total comprehensive income (loss) for the year	$ 117,833	$ (255,016)	$ (130,856)	$ (4,415)

b. Investments in joint venture

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, 2016 and 2017, the percentages 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 the joint venture that is not individually material

	For the Year Ended December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
The Group's share of net loss and total comprehensive loss for the year	$ (90,478)	$(184,366)	$ (6,220)

14. PROPERTY, PLANT AND EQUIPMENT

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

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Land	$ 3,365,013	$ 3,258,518	$ 109,937
Buildings and improvements	58,028,631	58,272,864	1,966,021
Machinery and equipment	72,700,762	66,185,198	2,232,969
Other equipment	2,089,581	1,588,113	53,580
Construction in progress and machinery in transit	7,696,254	5,863,713	197,831
	$ 143,880,241	$ 135,168,406	$ 4,560,338

For the year ended December 31, 2015

	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, 2015	$ 3,348,018	$ 86,725,254	$233,669,627	$ 7,182,574	$ 5,862,217	$336,787,690
Additions		132,584	553,496	401,417	27,193,324	28,280,821
Disposals	-	(405,040)	(8,041,933)	(232,555)	(20,711)	(8,700,239)
Reclassification	-	8,579,472	18,054,712	389,783	(26,893,158)	130,809
Effect of foreign currency exchange differences	33,282	(584,338)	(952,295)	(18,811)	256,088	(1,266,074)
Balance at December 31, 2015	$ 3,381,300	$ 94,447,932	$243,283,607	$ 7,722,408	$ 6,397,760	$355,233,007
Accumulated depreciation and impairment						
Balance at January 1, 2015	$ -	$ 30,329,544	$149,497,980	$ 5,365,887	$ 7,164	$185,200,575
Depreciation expense	-	4,790,646	23,372,408	775,716	-	28,938,770
Impairment losses recognized	-	120,424	31,116	-	106,589	258,129
Disposals	-	(308,895)	(7,838,937)	(224,509)	-	(8,372,341)
Reclassification	-	5,704	(11,920)	3,008	-	(3,208)
Effect of foreign currency exchange differences	-	(290,545)	(482,349)	(12,688)	(411)	(785,993)
Balance at December 31, 2015	$ -	$ 34,646,878	$164,568,298	$ 5,907,414	$ 113,342	$205,235,932

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

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

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Cost						
Balance at January 1,2017	$ 113,529	$ 3,247,577	$ 8,373,845	$ 285,920	$ 260,241	$ 12,281,112
Additions	-	11,823	3,451	4,408	779,160	798,842
Disposals	-	(20,556)	(285,086)	(25,774)	(2,471)	(333,887)
Reclassification	(1,212)	218,738	618,480	5,902	(857,911)	(16,003)
Effect of foreign currency exchange differences	(2,380)	(77,422)	(168,247)	(6,891)	18,812	(236,128)
Balance at December 31, 2017	$ 109,937	$ 3,380,160	$ 8,542,443	$ 263,565	$ 197,831	$ 12,493,936
Accumulated depreciation and impairment						
Balance at January 1, 2017	$ -	$ 1,289,796	$ 5,921,052	$ 215,421	$ 583	$ 7,426,852
Depreciation expense	-	173,973	766,610	25,183	-	965,766
Impairment losses recognized	-	78	9,679	12	-	9,769
Disposals	-	(16,157)	(254,408)	(24,302)	(583)	(295,450)
Reclassification	-	(7,088)	1,162	(814)	-	(6,740)
Effect of foreign currency exchange differences	-	(26,463)	(134,621)	(5,515)	-	(166,599)
Balance at December 31,2017	$ -	$ 1,414,139	$ 6,309,474	$ 209,985	$ -	$ 7,933,598

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$258,129 thousand, NT$888,231 thousand and NT$289,558 thousand (US$9,769 thousand) under the line item of other operating income and expenses in the consolidated statements of comprehensive income for the years ended December 31, 2015, 2016 and 2017, 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, 2015, 2016 and 2017 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
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

	Land	Buildings and improvements	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Cost			
Balance at January 1, 2017	$ -	$ -	$ -
Additions	-	6,293	6,293
Disposals	-	(11)	(11)
Transfers from inventories related to real estate business and property, plant and equipment	1,213	273,755	274,968
Effects of foreign currency exchange differences	-	3,593	3,593
Balance at December 31, 2017	$ 1,213	$ 283,630	$ 284,843
Accumulated depreciation and impairment			
Balance at January 1, 2017	$ -	$ -	$ -
Depreciation expenses	-	4,124	4,124
Disposals	-	(5)	(5)
Transfers from property, plant and equipment	-	6,739	6,739
Effects of foreign currency exchange differences	-	50	50
Balance at December 31, 2017	$ -	$ 10,908	$ 10,908

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 (US$390,028 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, 2015	$ 12,434,411	$ 1,988,996	$ 10,445,415
Effect of foreign currency exchange differences	61,104	-	61,104
Balance at December 31, 2015	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

(Continued)

	Cost	Accumulated impairment	Carrying amount
	NT$	NT$	NT$
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

(Concluded)

	Cost	Accumulated impairment	Carrying amount
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Balance at January 1, 2017 (retrospectively adjusted) (Note 28)	$ 421,029	$ 67,105	$ 353,924
Impairment losses recognized	-	14,343	(14,343)
Effect of foreign currency exchange differences	(4,409)	-	(4,409)
Balance at December 31, 2017	$ 416,620	$ 81,448	$ 335,172

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		
	2016 (Retrospectively Adjusted)	2017	
Cash-generating units	NT$	NT$	US$ (Note 4)
Testing segment	$ 7,868,961	$ 7,775,581	$ 262,334
Others	2,621,348	2,158,913	72,838
	$ 10,490,309	$ 9,934,494	$ 335,172

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 (US$14,343 thousand) under the line item of other gains, net in the consolidated statements of comprehensive income for the year 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 8.67%- 10.71%, 9.09%- 10.49% and 8.97%- 11.29% as of December 31, 2015, 2016 and 2017, 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		
	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	US$ (Note 4)
Customer relationships	$ 194,089	$ 113,776	$ 3,839
Computer software	943,527	864,331	29,161
Patents and acquired specific technology	359,227	319,402	10,776
Others	120,418	109,356	3,689
	$ 1,617,261	$ 1,406,865	$ 47,465

For the year ended December 31, 2015

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	NT$	NT$	NT$	NT$	NT$
Cost					
Balance at January 1, 2015	$ 1,579,015	$ 2,882,932	$ 2,139,138	$ 184,409	$ 6,785,494
Additions	-	481,412	209	9,514	491,135
Disposals or derecognization	(663,379)	(8,426)	(1,983,914)	(204)	(2,655,923)
Reclassification	-	12,360	-	-	12,360
Effect of foreign currency exchange differences	-	(29,918)	(1,351)	(381)	(31,650)
Balance at December 31, 2015	$ 915,636	$ 3,338,360	$ 154,082	$ 193,338	$ 4,601,416
Accumulated amortization					
Balance at January 1, 2015	$ 1,077,514	$ 2,084,805	$ 2,118,254	$ 37,050	$ 5,317,623
Amortization expense	227,099	325,856	9,461	17,478	579,894
Disposals or derecognization	(663,379)	(7,402)	(1,983,914)	-	(2,654,695)
Reclassification	-	3,190	-	-	3,190
Effect of foreign currency exchange differences	-	(21,411)	(5,415)	137	(26,689)
Balance at December 31, 2015	$ 641,234	$ 2,385,038	$ 138,386	$ 54,665	$ 3,219,323

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

	Customer relationships NT$	Computer software NT$	Patents and acquired specific technology NT$	Others NT$	Total 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 derecognization	(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
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 derecognization	(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

For the year ended December 31, 2017

	Customer relationships NT$	Computer software NT$	Patents and acquired specific technology NT$	Others NT$	Total 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

(Continued)

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	NT$	NT$	NT$	NT$	NT$
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

(Concluded)

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Cost					
Balance at January 1, 2017 (retrospectively adjusted)	$ 30,892	$ 119,846	$ 17,356	$ 6,491	$ 174,585
Additions	-	8,957	-	416	9,373
Disposals	-	(2,820)	(4,175)	(168)	(7,163)
Effect of foreign currency exchange differences	-	(1,609)	(41)	(34)	(1,684)
Balance at December 31, 2017	$ 30,892	$ 124,374	$ 13,140	$ 6,705	$ 175,111
Accumulated amortization					
Balance at January 1, 2017 (retrospectively adjusted)	$ 24,343	$ 88,012	$ 5,237	$ 2,428	$ 120,020
Amortization expense	2,710	10,681	1,467	583	15,441
Disposals	-	(2,445)	(4,175)	-	(6,620)
Effect of foreign currency exchange differences	-	(1,035)	(165)	5	(1,195)
Balance at December 31, 2017	$ 27,053	$ 95,213	$ 2,364	$ 3,016	$ 127,646

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 rights 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 0.70%-8.99% and 0.80%-4.79% as of December 31, 2016 and 2017, respectively.

b. Long-term borrowings

1) Bank loans

As of December 31, 2016 and 2017, the long-term bank loans with fixed interest rates were both amounted to NT$1,500,000 thousand (US$50,607 thousand) with annual interest rates 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Working capital bank loans			
Syndicated bank loans - repayable through January 2018 to July 2018, annual interest rates were 2.55% and 2.61% -2.70% as of December 31, 2016 and 2017, respectively	$ 9,223,500	$ 4,761,600	$ 160,647
Others - repayable through January 2018 to December 2019, annual interest rates were 0.74%-4.48% and 0.93%-2.10% as of December 31, 2016 and 2017, respectively	36,009,917	22,441,947	757,151
Mortgage loans			
Repayable through July 2018 to June 2023, annual interest rates were both 4.95%-5.39% as of December 31, 2016 and 2017	4,390,003	4,705,149	158,743
	49,623,420	31,908,696	1,076,541
Less: unamortized arrangement fee	7,198	1,200	40
	49,616,222	31,907,496	1,076,501
Less: current portion	6,567,565	6,761,625	228,125
	$ 43,048,657	$ 25,145,871	$ 848,376

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 financial covenants as of December 31, 2016 and 2017.

2) Long-term bills payable

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
China Bills Finance Corporation, repayable in February 2019, annual interest rate was 0.96%	$ -	$ 1,000,000	$ 33,738
International Bills Finance Corporation, repayable in March 2019, annual interest rate was 0.96%	-	1,000,000	33,738
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	67,476
Less: unamortized discounts	659	868	29
Long-term borrowings	$ 1,999,341	$ 1,999,132	$ 67,447

20. BONDS PAYABLE

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
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	$ 236,168
Repayable at maturity in January 2023 and interest due annually with annual interest rate at 1.50%	2,000,000	2,000,000	67,476
Repayable at maturity in January 2022 and interest due annually with annual interest rate at 1.25%	-	3,700,000	124,831
Repayable at maturity in January 2024 and interest due annually with annual interest rate at 1.45%	-	4,300,000	145,074
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	208,691
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	-	-
	37,760,600	23,185,600	782,240
Less: discounts on bonds payable	760,697	42,820	1,444
	36,999,903	23,142,780	780,796
Less: current portion	9,658,346	6,161,197	207,868
	$ 27,341,557	$ 16,981,583	$ 572,928

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 price was 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 (US$0.94) to NT$28.96 (US$0.98).

   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, 2016 and 2017, the conversion price was NT$49.52 and NT$47.76 (US$1.61), 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Accrued salary and bonus	$ 6,606,406	$ 7,292,254	$ 246,027
Payables for property, plant and equipment	5,605,528	4,623,268	155,981
Accrued employees' compensation and remuneration to directors	2,400,778	2,568,880	86,669
Accrued employee insurance	617,419	657,176	22,172
Accrued utilities	410,796	417,257	14,077
Payables for patents and acquired specific technology (Note 35)	120,938	93,000	3,138
Others	5,760,169	5,726,052	193,187
	$ 21,522,034	$ 21,377,887	$ 721,251

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 assess 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$2,302 thousand, NT$6,872 thousand and NT$3,171 thousand (US$107 thousand) for the years ended December 31, 2015, 2016 and 2017, respectively. Pension payments were NT$2,549 thousand for the year ended December 31, 2015 and were both nil for the years ended December 31, 2016 and 2017. As of December 31, 2016 and 2017, accrued pension liabilities for executive managers were NT$206,467 thousand and NT$209,637 thousand (US$7,073 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Present value of the defined benefit obligation	$ 8,389,884	$ 7,910,638	$ 266,891
Fair value of plan assets	(4,417,367)	(4,341,373)	(146,470)
Present value of unfunded defined benefit obligation	3,972,517	3,569,265	120,421
Recorded under other payables	(22,273)	(24,638)	(831)
Recorded under other current assets	15,542	182,421	6,154
Net defined benefit liability	$ 3,965,786	$ 3,727,048	$ 125,744

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, 2015	$ 7,674,293	$ (3,502,487)	$ 4,171,806
Service cost			
Current service cost	335,655	-	$ 335,655
Net interest expense (income)	183,889	(108,356)	75,533
Recognized in profit or loss	519,544	(108,356)	411,188
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	12,426	12,426
Actuarial loss arising from changes in financial assumptions	309,695	-	309,695
Actuarial gain arising from experience adjustments	(243,363)	-	(243,363)
Actuarial gain arising from changes in demographic assumptions	(15,847)	-	(15,847)
Recognized in other comprehensive income	50,485	12,426	62,911
Contributions from the employer	-	(611,581)	(611,581)
Benefits paid from the pension fund	(192,928)	192,928	-
Benefits paid from the Group	(43,088)	-	(43,088)
Exchange differences on foreign plans	(34,630)	43,341	8,711
Balance at December 31, 2015	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 loss arising from experience adjustments	200,723	-	200,723
Actuarial loss 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)

(Continued)

	Present value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liability (asset)
	NT$	NT$	NT$
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
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 loss 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

(Concluded)

	Present value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liability (asset)
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Balance at January 1, 2017	$ 283,060	$ (149,034)	$ 134,026
Service cost			
Current service cost	9,393	-	9,393
Past service cost and gain on settlements	(2,328)	-	(2,328)
Net interest expense (income)	5,311	(3,500)	1,811
Recognized in profit or loss	12,376	(3,500)	8,876

(Continued)

	Present value of the defined benefit obligation	Fair value of the plan assets	Net defined benefit liability (asset)
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Remeasurement			
Return on plan assets (excluding amounts included in net interest)	-	1,759	1,759
Actuarial loss arising from changes in financial assumptions	1,918	-	1,918
Actuarial gain arising from experience adjustments	(10,631)	-	(10,631)
Actuarial loss arising from changes in demographic assumptions	26	-	26
Recognized in other comprehensive income	(8,687)	1,759	(6,928)
Contributions from the employer	-	(16,356)	(16,356)
Benefits paid from the pension fund	(23,307)	23,307	-
Benefits paid from the Group	(3,258)	-	(3,258)
Exchange differences on foreign plans	6,707	(2,646)	4,061
Balance at December 31, 2017	$ 266,891	$ (146,470)	$ 120,421

(Concluded)

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

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Cash	$ 2,232,367	$ 2,317,764	$ 78,197
Debt instruments	1,030,384	691,619	23,334
Equity instruments	1,071,777	1,254,109	42,311
Others	82,839	77,881	2,628
Total	$ 4,417,367	$ 4,341,373	$ 146,470

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

Significant actuarial assumptions for the determination of the defined obligation excluding those for executive managers 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		
	2016	**2017**	
	NT$	**NT$**	**US$ (Note 4)**
Discount Rate			
0.5% higher	$ (464,647)	$ (455,158)	$ (15,356)
0.5% lower	$ 508,862	$ 461,891	$ 15,583
Expected rates of salary increase			
0.5% higher	$ 500,051	$ 453,792	$ 15,310
0.5% lower	$ (452,956)	$ (444,493)	$ (14,996)

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		
	2016	**2017**	
	NT$	**NT$**	**US$ (Note 4)**
No later than 1 year	$ 292,100	$ 291,152	$ 9,823
Later than 1 year and not later than 5 years	1,673,549	1,551,496	52,345
Later than 5 years	17,129,585	16,507,747	556,941
	$ 19,095,234	$ 18,350,395	$ 619,109

The Group expected to make contributions of NT$521,324 thousand and NT$272,911 thousand (US$9,208 thousand) to the defined benefit plans in the next year starting from January 1, 2017 and 2018, respectively.

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

23. EQUITY

a. Share capital

Ordinary shares

	December 31, 2016	December 31, 2017
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
Number of shares issued and fully paid (in thousands)	7,946,184	8,738,079

	December 31, 2016	December 31, 2017	
	NT$	NT$	US$ (Note 4)
Share capital authorized	$ 100,000,000	$ 100,000,000	$ 3,373,819
Share capital reserved			
Employee share options	$ 8,000,000	$ 8,000,000	$ 269,906
Share capital issued	$ 79,568,040	$ 87,380,787	$ 2,948,070

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, 2016 and 2017, there were both 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 issuance 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 101,164 thousand and 323,094 thousand ordinary shares were July 13, 2017 and October 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, 2016 and 2017, 125,518 thousand and 115,261 thousand ADSs were outstanding and represented approximately 627,590 thousand and 576,305 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	$ 5,844,397	$ 21,553,853	$ 727,188
Arising from conversion of bond payable	-	1,930,066	65,117
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	242,137
May be used to offset a deficit only			
Arising from changes in percentage of ownership interest in subsidiaries (2)	6,134,228	6,084,895	205,293
Arising from treasury share transactions	950,368	1,151,345	38,844
Arising from exercised employee share options	630,411	1,089,178	36,747
Arising from expired employee share options (Note 27)	3,626	223,454	7,539
Arising from share of changes in capital surplus of associates	82,243	83,733	2,825
May not be used for any purpose			
Arising from employee share options	1,230,247	960,888	32,419
Arising from equity component of convertible bonds	214,022	214,022	7,221
Others (3)	-	155,936	5,261
	$ 22,266,500	$ 40,624,328	$ 1,370,591

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' meeting. 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 share capital. 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 share capital, 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.

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

The appropriations of earnings for 2015 and 2016 resolved at the Company's annual shareholders' meetings in June 2016 and June 2017, respectively, were as follows:

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

d. Other equity

1) Exchange differences on translating foreign operations

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 4,540,862	$ 4,492,671	$ (1,643,623)	$ (55,453)
Exchange differences arising on translating foreign operations	11,459	(5,843,856)	(4,952,815)	(167,099)
Share of exchange difference of associates and joint venture accounted for using the equity method	(59,650)	(292,438)	(137,221)	(4,630)
Balance at December 31	$ 4,492,671	$ (1,643,623)	$ (6,733,659)	$ (227,182)

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

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 526,778	$ 588,119	$ (197,314)	$ (6,657)
Unrealized gain (loss) arising on revaluation of available-for-sale financial assets	(4,304)	(257,240)	169,585	5,721
Cumulative loss reclassified to profit or loss on impairment of available-for-sale financial assets	-	-	50,206	1,694
Cumulative loss (gain) reclassified to profit or loss on disposal of available-for-sale financial assets	10,827	7,512	(1,517)	(51)

(Continued)

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Share of unrealized gain (loss) on available-for-sale financial assets of associates and joint venture accounted for using the equity method	$ 54,818	$ (535,705)	$ 401,610	$ 13,550
Balance at December 31	$ 588,119	$ (197,314)	$ 422,570	$ 14,257

(Concluded)

e. Treasury shares (in thousand shares)

	Balance at January 1	Addition	Decrease	Balance at December 31
2015				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	-	120,000	-	120,000
	145,883	120,000	-	265,883
2016				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	120,000	-	-	120,000
	265,883	-	-	265,883
2017				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	120,000	-	-	120,000
	265,883	-	-	265,883

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

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

	Shares Held By Subsidiaries (in thousand shares)	Carrying amount NT$	Carrying amount US$ (Note 4)	Fair Value NT$	Fair Value US$ (Note 4)
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	
December 31, 2017					
ASE Test	88,200	$ 1,380,721	$ 46,583	$ 3,364,848	$ 113,524
J&R Holding	46,704	381,709	12,878	1,781,749	60,113
ASE Test, Inc.	10,979	196,677	6,636	418,840	14,131
	145,883	$ 1,959,107	$ 66,097	$ 5,565,437	$ 187,768

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

	For the Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 8,209,860	$ 11,492,545	$ 12,000,551	$ 404,877
Attributable to Non-controlling interests:				
Share of profit for the year (Note 28)	968,567	1,253,438	1,677,941	56,611
Exchange difference on translating foreign operations	(74,968)	(601,787)	(334,920)	(11,300)
Unrealized gain on available-for-sale financial assets	3,928	1,129	5,763	194

(Continued)

	For the Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Defined benefit plan actuarial gains (losses)	$ (3,440)	$ 8,846	$ (13,724)	$ (463)
Non-controlling interests arising from acquisition of subsidiaries (Note 28)	-	42,857	-	-
Partial disposal of subsidiaries (Note 30)	1,712,836	26,436	(3,055)	(103)
Repurchase of outstanding ordinary shares of subsidiaries (Note 30)	-	(912,886)	-	-
Spin-off of subsidiaries	3,006	-	-	-
Non-controlling interest relating to outstanding vested employee share options held by the employees of subsidiaries	904,904	927,823	263,213	8,880
Non-controlling interest relating to outstanding expired employee share options	-	-	(159,200)	(5,371)
Cash dividends to non-controlling interests	(232,148)	(237,850)	(246,440)	(8,314)
Balance at December 31	$ 11,492,545	$ 12,000,551	$ 13,190,129	$ 445,011

(Concluded)

24. PROFIT BEFORE INCOME TAX

a. Other operating income and expenses, net

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Rental income	$ 60,230	$ 51,607	$ 131,570	$ 4,439
Gain (loss) on disposal of property, plant and equipment and other assets	(127,111)	(127,159)	367,110	12,386
Impairment loss on property, plant and equipment and goodwill	(258,129)	(888,231)	(714,675)	(24,112)
Loss on damages and claims	(116,445)	(12,778)	(85,585)	(2,888)
Others	189,926	176,281	410,136	13,837
	$ (251,529)	$ (800,280)	$ 108,556	$ 3,662

b. Other income

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Government subsidy	$ 176,721	$ 332,758	$ 341,844	$ 11,533
Interest income	242,084	230,067	306,871	10,353
Dividends income	396,973	26,411	59,039	1,992
	$ 815,778	$ 589,236	$ 707,754	$ 23,878

c. Other gains and losses

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Gain on disposal of subsidiaries (Note 29)	$ -	$ -	$ 5,589,457	$ 188,578
Net gain (loss) arising on financial instruments held for trading	1,657,093	$ 224,446	(3,111,253)	(104,968)
Net gain on financial assets designated as at FVTPL	815,742	223,113	327,351	11,044
Foreign exchange gain or loss, net	(713,213)	1,928,384	3,502,586	118,171
Impairment loss on financial assets	-	(91,886)	(50,206)	(1,694)
Others	(10,827)	(7,513)	1,518	52
	$ 1,748,795	$ 2,276,544	$ 6,259,453	$ 211,183

d. Finance costs

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Total interest expense for financial liabilities measured at amortized cost	$ 2,514,208	$ 2,510,197	$ 2,016,298	$ 68,026
Less: Amounts included in the cost of qualifying assets				
Inventories related to real estate business	(197,287)	(238,469)	(190,137)	(6,415)
Property, plant and equipment	(48,135)	(54,191)	(51,262)	(1,729)
Investment property	-	-	(13)	-
	2,268,786	2,217,537	1,774,886	59,882
Other finance costs	43,357	43,538	24,608	830
	$ 2,312,143	$ 2,261,075	$ 1,799,494	$ 60,712

Information relating to the capitalized borrowing costs was as follows:

	For the Year Ended December 31		
	2015	2016	2017
Annual interest capitalization rates			
Inventories related to real estate business (%)	4.35-6.77	4.35-6.00	4.35-5.39
Property, plant and equipment (%)	0.75-6.15	1.15-4.42	1.26-5.49
Investment properties (%)	-	-	1.26-1.97

e. Depreciation and amortization

	For the Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Property, plant and equipment	$ 28,938,770	$ 28,961,614	$ 28,625,287	$ 965,766
Investment properties	-	-	122,231	4,124
Intangible assets	579,894	508,823	457,666	15,441
Total	$ 29,518,664	$ 29,470,437	$ 29,205,184	$ 985,331
Summary of depreciation by function				
Operating costs	$ 27,023,957	$ 26,948,106	$ 26,731,714	$ 901,880
Operating expenses	1,914,813	2,013,508	2,015,804	68,010
	$ 28,938,770	$ 28,961,614	$ 28,747,518	$ 969,890
Summary of amortization by function				
Operating costs	$ 124,235	$ 152,987	$ 140,175	$ 4,729
Operating expenses	455,659	355,836	317,491	10,712
	$ 579,894	$ 508,823	$ 457,666	$ 15,441

f. Operating expenses directly related to investment properties

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Direct operating expenses of investment properties that generated rental income	$ -	$ -	$465,458	$ 15,704

g. Employee benefits expense

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Post-employment benefits				
Defined contribution plans	$ 2,324,737	$ 2,356,416	$ 2,340,826	$ 78,975
Defined benefit plans	413,490	394,741	266,267	8,983
	2,738,227	2,751,157	2,607,093	87,958

(Continued)

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Equity-settled share-based payments	$ 133,496	$ 470,788	$ 438,765	$ 14,803
Other employee benefits	47,883,464	49,525,940	51,043,198	1,722,105
	$ 50,755,187	$ 52,747,885	$ 54,089,056	$ 1,824,866
Summary of employee benefits expense by function				
Operating costs	$ 34,720,359	$ 35,588,529	$ 35,978,403	$ 1,213,846
Operating expenses	16,034,828	17,159,356	18,110,653	611,020
	$ 50,755,187	$ 52,747,885	$ 54,089,056	$ 1,824,866

(Concluded)

h. Employees' compensation and the remuneration to directors

To be in compliance with the Company Act as amended in May 2015, the amended Articles of Incorporation of the Company, which has been approved in the shareholders' meeting in June 2016, stipulates to distribute employees' compensation and remuneration to directors at the rates in 5.25%-8.25% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation and remuneration to directors. For the years ended December 31, 2015, 2016 and 2017, the employees' compensation and the remuneration to directors were accrued based on 8.25% and 0.75% of net profit before income tax, employees' compensation and remuneration to directors, respectively, and were as follows.

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Employees' compensation	$ 2,033,500	$ 2,147,323	$ 2,291,140	$ 77,299
Remuneration to directors	184,500	195,211	208,285	7,027

If there is any 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 2015 and 2016 resolved by the board of directors in April 2016 and in March 2017, respectively, and the amounts recognized in 2015 and 2016 consolidated financial statements were as follows.

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

The differences between the resolved amounts of the employees' compensation and the remuneration to directors and the accrued amounts reflected in the consolidated financial statements for the years ended

December 31, 2015 and 2016 were deemed changes in estimates. The difference was NT$44,200 thousand and NT$42,634 thousand (US$1,438 thousand) and had been adjusted in net profit for the years ended December 31, 2016 and 2017, respectively.

25. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax were as follows:

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Current income tax				
In respect of the current year	$ 4,029,076	$ 4,177,900	$ 4,979,766	$ 168,008
Income tax on unappropriated earnings	187,654	829,345	1,076,353	36,314
Changes in estimate for prior years	(20,719)	28,160	(88,162)	(2,974)
	4,196,011	5,035,405	5,967,957	201,348
Deferred income tax				
In respect of the current year	190,829	574,541	534,472	18,032
Adjustments attributable to changes in tax rates	3,794	14,184	-	-
Changes in estimate for prior years	(20,890)	(206,788)	52,872	1,784
Effect of foreign currency exchange differences	(58,671)	(26,498)	(31,698)	(1,070)
	115,062	355,439	555,646	18,746
Income tax recognized in profit or loss	$ 4,311,073	$ 5,390,844	$ 6,523,603	$ 220,094

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 Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Profit before income tax	$ 25,011,788	$ 27,968,705	$ 31,020,663	$ 1,046,581
Income tax expense calculated at the statutory rates	$ 6,307,148	$ 8,634,187	$ 10,890,498	$ 367,426
Nontaxable expense in determining taxable income	160,530	(34,954)	483,715	16,319
Tax-exempt income	(537,987)	(700,274)	(623,566)	(21,038)
Additional income tax on unappropriated earnings	338,142	829,345	1,076,353	36,314
Loss carry-forward and income tax credits currently used	(1,286,705)	(898,700)	(1,124,043)	(37,923)

(Continued)

	For the Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Remeasurement of deferred income tax assets, net	$ (688,584)	$ (2,797,673)	$ (4,131,473)	$ (139,389)
Changes in estimate for prior years	(20,719)	28,160	(88,162)	(2,974)
Withholding tax	39,248	81,543	40,281	1,359
Land value increment tax	-	249,210	-	-
Income tax expense recognized in profit or loss	$ 4,311,073	$ 5,390,844	$ 6,523,603	$ 220,094

(Concluded)

For the years ended December 31, 2015, 2016 and 2017, 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 NT$201,965 thousand (US$6,814 thousand) and NT$788,556 thousand (US$26,604 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 Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Deferred income tax				
Related to employee share options	$ (33)	$ (204)	$ 262	$ 9

c. Income tax recognized in other comprehensive income

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Deferred income tax				
Related to remeasurement of defined benefit plans	$ 11,002	$ 73,637	$ (51,217)	$ (1,728)

d. Current tax assets and liabilities

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Current tax assets			
Tax refund receivable	$ 260,559	$ 28,458	$ 960
Prepaid income tax	211,193	232,084	7,830
	$ 471,752	$ 260,542	$ 8,790
Current tax liabilities			
Income tax payable	$ 6,846,350	$ 7,619,328	$ 257,062

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:

	Balance at January 1	Recognized in Profit or Loss	Recognized in Other Comprehensive Income	Recognized in Equity	Exchange Differences	Acquisitions through business combinations	Balance at December 31
	NT$	NT$	NT$	NT$	NT$	NT$	NT$
Year ended December 31, 2015							
Temporary differences							
Property, plant and equipment	$ (2,431,855)	$ (1,083,273)	$ -	$ -	$ 10,670	$ -	$ (3,504,458)
Defined benefit obligation	796,642	20,398	11,002	-	17,897	-	845,939
FVTPL financial instruments	(170,059)	(62,152)	-	-	13	-	(232,198)
Others	1,166,297	229,799	-	(33)	(11,076)	-	1,384,987
	(638,975)	(895,228)	11,002	(33)	17,504	-	(1,505,730)
Loss carry-forward	519,898	812,217	-	-	(8,538)	-	1,323,577
Investment credits	452,331	(32,904)	-	-	(68,308)	-	351,119
Others	(853)	853	-	-	-	-	-
	$ 332,401	$ (115,062)	$ 11,002	$ (33)	$ (59,342)	$ -	$ 168,966
Year ended December 31, 2016							
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)
Year ended December 31, 2017							
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)

	Balance at January 1 US$ (Note 4)	Recognized in Profit or Loss US$ (Note 4)	Recognized in Other Comprehensive Income US$ (Note 4)	Recognized in Equity US$ (Note 4)	Exchange Differences US$ (Note 4)	Acquisitions through business combinations US$ (Note 4)	Balance at December 31 US$ (Note 4)
Year ended December 31, 2017							
Temporary differences							
Property, plant and equipment	$ (126,817)	$ (3,427)	$ -	$ -	$ (629)	$ -	$ (130,873)
Defined benefit obligation	29,470	(902)	(1,728)	-	(516)	-	26,324
FVTPL financial instruments	(721)	(2,913)	-	-	94	-	(3,540)
Others	36,431	(767)	-	9	(976)	-	34,697
	(61,637)	(8,009)	(1,728)	9	(2,027)	-	(73,392)
Loss carry-forward	37,940	(15,393)	-	-	444	-	22,991
Investment credits	12,913	4,656	-	-	454	-	18,023
	$ (10,784)	$ (18,746)	$ (1,728)	$ 9	$ (1,129)	$ -	$ (32,378)

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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Loss carry-forward	$ 652,593	$ 542,054	$ 18,288
Investment credits	280,068	-	-
Deductible temporary differences	904,441	712,141	24,026
	$ 1,837,102	$ 1,254,195	$ 42,314

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$	US$ (Note 4)
2018	$ 230,656	$ 7,782
2019	34,981	1,180
2020	615,327	20,760
2021	164,377	5,546
2022 and thereafter	178,154	6,011
	$ 1,223,495	$ 41,279

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

Tax Credit Source	Remaining Creditable Amount NT$	US$ (Note 4)	Expiry Year
Purchase of machinery and equipment	$ 518,790	$ 17,503	2018
Others	15,423	520	2022 and thereafter
	$ 534,213	$ 18,023	

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, 2016 and 2017, the taxable temporary differences associated with the investments in subsidiaries for which no deferred tax liabilities have been recognized were NT$14,417,873 thousand and NT$16,401,422 thousand (US$553,354 thousand), respectively.

i. Integrated income tax

As of December 31, 2016 and 2017, unappropriated earnings were all generated on and after January 1, 1998. As of December 31, 2016 and 2017, the balance of the Imputation Credit Account was NT$3,328,374 thousand and NT$4,003,283 thousand (US$135,064 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 Year Ended December 31			
	2015	2016 (Retrospectively Adjusted)	2017	
	NT$	NT$	NT$	US$ (Note 4)
Profit for the year attributable to owners of the Company	$ 19,732,148	$ 21,324,423	$ 22,819,119	$ 769,876
Effect of potentially dilutive ordinary shares:				
Employee share options issued by subsidiaries	-	(374,359)	(813,627)	(27,450)
Investments in associates	(210,126)	(494,388)	(367,687)	(12,405)
Convertible bonds	901,187	(1,165,506)	93,781	3,164
Earnings used in the computation of diluted earnings per share	$ 20,423,209	$ 19,290,170	$ 21,731,586	$ 733,185

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

	For the Year Ended December 31		
	2015	2016	2017
Weighted average number of ordinary shares in computation of basic earnings per share	7,652,773	7,662,870	8,160,887
Effect of potentially dilutive ordinary shares:			
Convertible bonds	455,671	515,295	124,911
Employee share options	86,994	59,218	39,868
Employees' compensation	54,626	46,746	43,574
Weighted average number of ordinary shares in computation of diluted earnings per share	8,250,064	8,284,129	8,369,240

For purposes of the ADS calculation, the denominator represents the above-mentioned weighted average outstanding shares divided by five (one ADS represents five ordinary shares). The numerator was the same.

The Group is able to settle the employees' compensation by cash or shares. The Group assumed that the entire amount of the compensation would be settled in shares and the resulting potential shares were included in the weighted average number of ordinary shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until 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

a. Employee share option plans of the Company and its subsidiaries

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

ASE Inc. Option Plans

Information about share options was as follows:

	For the Year Ended December 31					
	2015		2016		2017	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (NT$)
Balance at January 1	209,745	$20.7	252,607	$26.6	210,795	$27.3
Options granted	94,270	36.5	-	-	-	-
Options forfeited	(1,975)	30.3	(6,056)	34.6	(5,407)	36.3
Options expired	(730)	11.1	-	-	(1,790)	21.1
Options exercised	(48,703)	20.6	(35,756)	20.9	(67,637)	21.0
Balance at December 31	252,607	26.6	210,795	27.3	135,961	30.2
Options exercisable, end of year	158,103	20.8	123,007	20.8	85,642	26.5
Weighted-average fair value of options granted (NT$)	$7.18~7.39		$ -		$ -	

The weighted average share price at exercise dates of share options for the years ended December 31, 2015, 2016 and 2017 was NT$38.8, NT$36.2 and NT$37.6 (US$1.27), 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, NT$47,087 thousand (US$1,589 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:

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

(Continued)

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

(Concluded)

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, NT$159,200 thousand (US$5,371 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 Year Ended December 31					
	2015		2016		2017	
	Number of Options (In Thousands)	Exercise Price Per Share (US$)	Number of Options (In Thousands)	Exercise Price Per Share (US$)	Number of Options (In Thousands)	Exercise Price Per Share (US$)
Balance at January 1	28,545	$1.7	28,470	$1.7	28,470	$1.7
Options forfeited	(75)	1.7	-	-	(250)	1.7
Options expired	-	-	-	-	(28,220)	1.7
Balance at December 31	28,470	1.7	28,470	1.7	-	-
Options exercisable, end of year	28,470	1.7	28,470	1.7	-	-

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 Year Ended December 31					
	2015		2016		2017	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (US$)
Balance at January 1	34,159	$2.1	29,695	$2.1	25,933	$2.2
Options forfeited	(84)	2.8	-	-	-	-
Options exercised	(4,380)	1.9	(3,762)	2.0	(377)	1.9
Balance at December 31	29,695	2.1	25,933	2.2	25,556	2.2
Options exercisable, end of year	28,106	2.1	25,933	2.2	25,556	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, 2016		
1st share options	$ 1.5	4.0
2nd and 3rd share options	2.4-2.9	3.9
December 31, 2017		
1st share options	$ 1.5	3.0
2nd and 3rd share options	2.4-2.9	2.9

In 2016 and 2017, 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$444,320 thousand and NT$52,388 thousand (US$1,767 thousand) in 2016 and 2017, respectively.

USISH Option Plans

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

Information about share options was as follows:

	For the Year Ended December 31					
	2015		2016		2017	
	Number of Options (In Thousands)	Weighted Average Exercise Price Per Share (CNY)	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 December 31	-	$ -	26,627	$15.5	24,997	$15.5
Options granted	26,640	15.5	-	-	-	-
Options forfeited	(13)	15.5	(1,630)	15.5	(2,656)	15.5
Balance at December 31	26,627	15.5	24,997	15.5	22,341	15.5
Options exercisable, end of year	-	-	-	-	8,896	15.5

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

b. Fair value of share options

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

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

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

In December 2015, USIE had modified the terms of its option plan granted in 2007 to extend the valid period from 12 years to 13 years, respectively. The incremental fair value of NT$13,721 thousand were all recognized as employee benefits expense in 2015, since the options were all vested.

Employee benefits expense recognized on employee share options was NT$133,496 thousand, NT$470,788 thousand and NT$354,765 thousand (US$11,969 thousand) for the years ended December 31, 2015, 2016 and 2017, respectively.

c. 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 (US$2,834 thousand) in full at the grant date (also the vested date), of which 4,836 thousand shares has not been exercised and, therefore, NT$13,541 thousand (US$457 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. Subsidiary 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	Before Retrospectively Adjusted
	NT$	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 of retained earnings of NT$28,880 thousand and as an increase of 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$	US$ (Note 4)
Total consideration	$ 7,046,464	$ 237,735
Net assets disposed of	(1,457,007)	(49,157)
Gain on disposal of KSDY	$ 5,589,457	$ 188,578

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

	NT$	US$ (Note 4)
Current assets		
Cash and cash equivalents	$ 29,133	$ 983
Inventories related to real estate business	1,427,874	48,174
Net assets disposed of	$ 1,457,007	$ 49,157

30. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

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

In 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 (US$33,738 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 (US$103 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, 2015, 2016 and 2017, the Group entered into the following non-cash investing activities which were not reflected in the consolidated statements of cash flows:

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Payments for property, plant and equipment				
Purchase of property, plant and equipment	$ 28,280,821	$ 27,680,862	$ 23,677,682	$ 798,842
Increase (decrease) in prepayments for property, plant and equipment (recorded under the line item of other non-current assets)	(267,334)	(89,337)	90,560	3,055
(Increase) decrease in payables for property, plant and equipment (recorded under the line item of other payables)	2,314,772	(823,171)	982,260	33,140

(Continued)

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Capitalized borrowing costs	$ (48,135)	$ (54,191)	$ (51,262)	$ (1,729)
	$ 30,280,124	$ 26,714,163	$ 24,699,240	$ 833,308
Proceeds from disposal of property, plant and equipment				
Consideration from disposal of property, plant and equipment	$ 201,766	$ 692,826	$ 1,487,334	$ 50,180
(Increase) decrease in other receivables	41,265	(22,626)	876	30
	$ 243,031	$ 670,200	$ 1,488,210	$ 50,210
Payments for investment properties				
Purchase of investment properties	$ -	$ -	$ 186,535	$ 6,293
Capitalized borrowing costs	-	-	(13)	-
	$ -	$ -	$ 186,522	$ 6,293
Payments for other intangible assets				
Purchase of other intangible assets	$ 491,135	$ 675,144	$ 277,825	$ 9,373
Decrease (increase) in other payables	-	(120,938)	60,159	2,030
Increase in other non-current liabilities	-	(40,313)	-	-
	$ 491,135	$ 513,893	$ 337,984	$ 11,403
Net cash inflow from disposal of subsidiaries				
Consideration from disposal of subsidiaries	$ -	$ -	$ 7,046,464	$ 237,735
Increase in other payables	-	-	3,552	120
Cash and cash equivalents disposed of	-	-	(29,133)	(983)
	$ -	$ -	$ 7,020,883	$ 236,872

(Concluded)

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 (US$143,137 thousand) and NT$9,657,905 thousand (US$325,840 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$1,390,821 thousand, NT$1,411,533 thousand and NT$ 1,193,477 thousand (US$40,266 thousand) for the years ended December 31, 2015, 2016 and 2017, 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:

	NT$	US$ (Note 4)
Less than 1 year	$ 246,026	$ 8,300
1-5 years	439,408	14,825
More than 5 years	419,232	14,144
	$ 1,104,666	$ 37,269

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, 2016 and 2017, respectively, were as follows:

	Carrying Amount		Fair Value	
	NT$	US$ (Note 4)	NT$	US$ (Note 4)
December 31, 2016	$ 36,999,903		$ 37,300,356	
December 31, 2017	23,142,780	$ 780,796	23,247,085	$ 784,315

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 discount 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 NT$	Level 2 NT$	Level 3 NT$	Total NT$
December 31, 2016				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	$ -	$ 100,583	$ -	$ 100,583
Derivative financial assets				
Forward exchange contracts	-	462,339	-	462,339
Forward currency options	-	66,872	-	66,872
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

	Level 1		Level 2		Level 3		Total	
	NT$	US$ (Note 4)	NT$	US$ (Note 4)	NT$	US$ (Note 4)	NT$	US$ (Note 4)
December 31, 2017								
Financial assets at FVTPL								
Financial assets designated as at FVTPL								
Private-placement convertible bonds	$ -	$ -	$ 100,496	$ 3,391	$ -	$ -	$ 100,496	$ 3,391
Derivative financial assets								
Forward exchange contracts	-	-	61,325	2,069	-	-	61,325	2,069
Swap contracts	-	-	60,538	2,042	-	-	60,538	2,042
Non-derivative financial assets held for trading								
Quoted shares	4,410,732	148,810	-	-	-	-	4,410,732	148,810
Open-end mutual funds	589,976	19,905	-	-	-	-	589,976	19,905
	$ 5,000,708	$ 168,715	$ 222,359	$ 7,502	$ -	$ -	$ 5,223,067	$ 176,217
Available-for-sale financial assets								
Unquoted shares	$ -	$ -	$ -	$ -	$ 662,477	$ 22,350	$ 662,477	$ 22,350
Limited partnership	-	-	-	-	246,072	8,302	246,072	8,302
Quoted shares	279,791	9,440	-	-	-	-	279,791	9,440
Open-end mutual funds	23,825	804	-	-	-	-	23,825	804
	$ 303,616	$ 10,244	$ -	$ -	$ 908,549	$ 30,652	$ 1,212,165	$ 40,896
Financial liabilities at FVTPL								
Derivative financial liabilities								
Swap contracts	$ -	$ -	$ 652,107	$ 22,001	$ -	$ -	$ 652,107	$ 22,001
Forward exchange contracts	-	-	25,323	854	-	-	25,323	854
	$ -	$ -	$ 677,430	$ 22,855	$ -	$ -	$ 677,430	$ 22,855

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

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

The financial assets measured at Level 3 fair value were equity investments with no quoted prices classified as available-for-sale financial assets - non-current. Reconciliations for the years ended December 31, 2015, 2016 and 2017 were as follows:

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Balance at January 1	$ 778,866	$ 741,089	$ 904,790	$ 30,526
Purchases	2,010	495,928	2,649	89
Total gain or loss				
In profit or loss	(15,891)	(100,734)	28	1
In other comprehensive income	21,195	(202,565)	17,284	583
Disposals	(45,091)	(28,928)	(16,202)	(547)
Balance at December 31	$ 741,089	$ 904,790	$ 908,549	$ 30,652

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.

(Continued)

Financial Instruments	Valuation Techniques and Inputs
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.

(Concluded)

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$90,000 thousand and NT$50,206 thousand (US$1,694 thousand) under the line item of other gains and losses in the consolidated statements of comprehensive income for the years ended December 31, 2016 and 2017, respectively.

c. Categories of financial instruments

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Financial assets			
FVTPL			
Designated as at FVTPL	$ 100,583	$ 100,496	$ 3,391
Held for trading	2,969,229	5,122,571	172,826
Available-for-sale financial assets	1,295,034	1,212,165	40,896
Loans and receivables (Note 1)	92,082,628	103,973,567	3,507,881
Financial liabilities			
FVTPL			
Held for trading	1,763,660	677,430	22,855
Measured at amortized cost (Note 2)	168,397,006	139,561,999	4,708,569

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$18,000 thousand, NT$69,000 thousand and NT$101,000 thousand (US$3,408 thousand) for the years ended December 31, 2015, 2016 and 2017, 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, 2015, 2016 and 2017, 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Fair value interest rate risk			
Financial liabilities	$ 30,243,887	$ 17,552,955	$ 592,205
Cash flow interest rate risk			
Financial assets	29,977,709	39,880,736	1,345,504
Financial liabilities	65,800,323	42,270,321	1,426,124

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, 2015, 2016 and 2017 would have decreased or increased approximately by NT$117,000 thousand, NT$358,000 thousand and NT$24,000 thousand (US$810 thousand), respectively. Hedging contracts and hedged items have been taken into account while measuring the changes in profit before income tax. The abovementioned sensitivity analysis mainly focused on the interest rate items at the end of the reporting period. As the period-end exposure did not reflect the exposure for the years ended December 31, 2015, 2016 and 2017, 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, 2015, 2016 and 2017 would have increased or decreased approximately by NT$7,100 thousand, NT$26,000 thousand and NT$52,000 thousand (US$1,754 thousand), respectively, and other comprehensive income before income tax for the years ended December 31, 2015, 2016 and 2017 would have increased or decreased approximately by NT$10,000 thousand, NT$13,000 thousand and NT$13,000 thousand (US$439 thousand), respectively.

In addition, the Group was also exposed to the Company's ordinary share price risk through Bonds Options recognized as financial liabilities held for trading. 7% is the sensitivity rate used when reporting price risk internally to key management personnel. If the Company's ordinary share price increased or decreased by 7%, profit before income tax for the years ended December 31, 2015, and 2016 would have decreased approximately by NT$605,000 thousand and NT$510,000 thousand, respectively, or increased approximately by NT$638,000 thousand and 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, 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
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

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year	1 to 5 Years	More than 5 Years
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
December 31, 2017					
Non-derivative financial liabilities					
Non-interest bearing	$ 1,035,621	$ 620,354	$ 153,491	$ 95	$ 5,945
Floating interest rate liabilities	224,073	140,143	172,104	917,552	30,375
Fixed interest rate liabilities	287,543	253,923	51,500	401,563	218,029
	$ 1,547,237	$ 1,014,420	$ 377,095	$ 1,319,210	$ 254,349

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, 2016			
Net settled			
Forward exchange contracts	$ 22,680	$ 13,320	$ -
Foreign currency option contracts	$ (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
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)	(36,452,898)
	(73,045)	(194,858)	223,826
	$ (40,897)	$ (164,400)	$ 227,325

	On Demand or Less than 1 Month US$ (Note 4)	1 to 3 Months US$ (Note 4)	3 Months to 1 Year US$ (Note 4)
December 31, 2017			
Net settled			
Forward exchange contracts	$ (298)	$ -	$ -

(Continued)

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Gross settled			
Forward exchange contracts			
Inflows	$ 125,213	$ 73,181	$ 13,171
Outflows	(124,128)	(72,154)	(13,154)
	1,085	1,027	118
Swap contracts			
Inflows	408,790	487,007	1,237,389
Outflows	(411,254)	(493,581)	(1,229,838)
	(2,464)	(6,574)	7,551
	$ (1,379)	$ (5,547)	$ 7,669

(Concluded)

e. Reconciliation of liabilities arising from financing activities

The table below details changes in the Group's liabilities arising from financing activities, including both cash and non-cash changes. Liabilities arising from financing activities are those for which cash flows were, of future cash flows will be, classified in the Group's condensed consolidated statement of cash flows as cash flows from financing activities.

For the year ended December 31, 2017

	Short-term borrowings	Bonds payable	Long-term borrowings	Total
	NT$	NT$	NT$	NT$
Balance at January 1, 2017	$ 20,955,522	$ 36,999,903	$ 53,115,563	$111,070,988
Financing cash flows	(2,038,993)	(1,123,972)	(16,473,381)	(19,636,346)
Non-cash changes				
Amortization of issuance cost	-	319,463	5,790	325,253
Converted to ordinary shares in current period	-	(11,650,369)	-	(11,650,369)
Effects of exchange rate changes	(954,058)	(1,402,245)	(1,241,344)	(3,597,647)
Balance at December 31, 2017	$ 17,962,471	$ 23,142,780	$ 35,406,628	$ 76,511,879

	Short-term borrowings	Bonds payable	Long-term borrowings	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
Balance at January 1,2017	$ 707,001	$ 1,248,310	$ 1,792,023	$ 3,747,334
Financing cash flows	(68,792)	(37,920)	(555,782)	(662,494)
Non-cash changes				
Amortization of issuance cost	-	10,778	195	10,973
Converted to ordinary shares in current period	-	(393,062)	-	(393,062)
Effects of exchange rate changes	(32,188)	(47,310)	(41,881)	(121,379)
Balance at December 31, 2017	$ 606,021	$ 780,796	$ 1,194,555	$ 2,581,372

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

In addition to those disclosed in Note 13 and NXP B.V. as a related party of the Group's subsidiary, ASEN, over which NXP B.V. has significant influence, other 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 (US$3,374 thousand) to ASE Cultural and Educational Foundation during 2015, 2016 and 2017, 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 specific technology from DECA at NT$403,543 thousand, which was primarily based on independent professional appraisal reports. As of December 31, 2016 and 2017, NT$161,250 thousand and NT$93,000 thousand (US$3,138 thousand), respectively, has not been paid and was accrued under the line item of other payables and other non-current liabilities.

d. The Company contracted with Fu Hwa Construction Co., Ltd. to construct a female employee dormitory on current leased land. Total consideration was primarily based on independent professional appraisal reports. During 2015 and 2016, the employee dormitory has been capitalized for NT$504,600 thousand and NT$875,000 thousand, respectively. The female employee dormitory has been completely constructed in 2016. As of December 31, 2016, NT$228,500 thousand has not been paid and was accrued under the line item of other payables, which was fully repaid in March 2017.

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

f. Compensation to key management personnel

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Short-term employee benefits	$ 812,002	$ 790,460	$ 860,631	$ 29,036
Post-employment benefits	3,944	4,790	2,858	97
Share-based payments	17,937	11,547	-	-
	$ 833,883	$ 806,797	$ 863,489	$ 29,133

The compensation to the Company's key management personnel is determined 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		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Inventories related to real estate business	$ 16,813,023	$ 4,822,043	$ 162,687
Investment properties	-	7,151,382	241,275
Land use rights (recorded as long-term prepayments for lease)	-	6,813,751	229,884
Other financial assets (including current and non-current)	220,228	66,726	2,251
	$ 17,033,251	$ 18,853,902	$ 636,097

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:

a. As of December 31, 2016 and 2017, unused letters of credit of the Group were approximately NT$97,000 thousand and NT$20,000 thousand (US$675 thousand), respectively.

b. As of December 31, 2016 and 2017, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT$6,630,957 thousand and NT$7,019,377 thousand (US$236,821 thousand), respectively, of which NT$668,509 thousand and NT$294,194 thousand (US$9,926 thousand) had been prepaid, respectively. As of December 31, 2016 and 2017, the commitment that the Group has contracted for the construction related to our real estate business were approximately NT$1,574,822 thousand and NT$1,548,806 thousand (US$52,254 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 (US$3,374 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, 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$0.0085	2,630,259
December 31, 2017			
Monetary financial assets			
US$	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
JPY	5,415,677	JPY1=NT$0.2642	1,430,822
JPY	8,598,832	JPY1=US$0.0089	2,271,811

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

	For the Year Ended December 31						
	2015		2016		2017		
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain	
		NT$		NT$		NT$	US$ (Note 4)
NT$		$ (695,510)		$ 1,494,044		$ 4,130,243	$ 139,347
US$	US$1=NT$32.825	136,795	US$1=NT$32.25	203,258	US$1=NT$29.76	(244,802)	(8,259)
CNY	CNY1=NT$5.0550	(271,358)	CNY1=NT$4.649	224,393	CNY1=NT$4.5545	(337,630)	(11,391)
		$ (830,073)		$ 1,921,695		$ 3,547,811	$ 119,697

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 shall not be subject to adjustment if 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 December 31, 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 held by the Company, based on the agreed share exchange ratio. The conversion price of the Currency Linked Bonds shall also be adjusted in accordance with the agreed share exchange ratio in the joint share exchange agreement.

3) For the employee share options issued by the Company upon the approval from relevant competent authorities before the execution of the joint share exchange agreement, HoldCo will assume the Company's obligations under the employee share options as of the share exchange record date. Except that the exercise price and amount shall be adjusted in accordance with the agreed share exchange ratio and that the shares subject to exercise shall be converted into HoldCo's newly issued ordinary shares, all other terms and conditions for issuance will remain the same. The final execution arrangements shall be made by HoldCo in compliance with relevant laws and regulations and subject to the approval of relevant competent authorities.

41. 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, 2015, 2016 and 2017 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, 2015							
Revenue from external customers	$ 116,607,314	$ 25,191,916	$ 138,242,100	$ 1,340	$ 3,259,866	$ -	$ 283,302,536
Inter-segment revenues (Note)	9,454,671	191,608	58,451,996	-	7,659,282	(75,757,557)	-
Segment revenues	126,061,985	25,383,524	196,694,096	1,340	10,919,148	-	359,060,093
Interest income	53,235	12,536	149,385	54,876	13,445	(41,393)	242,084
Interest expense	(1,520,118)	(5,821)	(147,792)	-	(636,448)	41,393	(2,268,786)
Depreciation and amortization	(18,946,460)	(6,516,912)	(2,738,722)	(24,074)	(1,292,496)	-	(29,518,664)
Share of the profit of associates and joint ventures	126,265	-	-	-	-	-	126,265
Impairment loss	(139,397)	-	(102,389)	-	(16,343)	-	(258,129)
Segment profit before income tax	15,479,868	6,354,140	2,874,944	(172,521)	475,357	-	25,011,788
Expenditures for segment assets	19,691,068	4,754,481	2,917,939	143,436	773,897	-	28,280,821
December 31, 2015							
Investments accounted for using the equity method	37,122,244	-	-	-	-	-	37,122,244
Segment assets	193,323,304	42,652,569	79,997,341	30,000,273	19,013,405	-	364,986,892
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 (After retrospectively adjusted)	(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 (After retrospectively adjusted)	1,513,394	(9,484)	-	-	-	-	1,503,910
Impairment loss	(974,095)	(4,136)	(1,886)	-	-	-	(980,117)
Segment profit before income tax (After retrospectively adjusted)	13,921,640	7,226,531	4,626,263	1,546,326	647,945	-	27,968,705
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 (After retrospectively adjusted)	49,597,195	227,495	-	-	-	-	49,824,690
Segment assets (After retrospectively adjusted)	200,604,111	42,962,643	73,915,639	28,468,242	11,979,941	-	357,930,576
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)	(1,308,939)	-	(29,205,184)
Share of the profit or loss of associates and joint ventures	568,291	(42,509)	-	-	-	-	525,782
Impairment loss	(218,214)	(72,798)	-	-	(473,869)	-	(764,881)
Segment profit before income tax	12,065,304	6,904,067	6,883,327	5,120,301	47,664	-	31,020,663
Expenditures for segment assets	17,769,612	4,507,097	850,235	169,559	381,179	-	23,677,682
December 31, 2017							
Investments accounted for using the equity method	48,566,333	187,418	-	-	-	-	48,753,751
Segment assets	195,503,889	43,383,691	81,588,691	33,080,694	10,365,307	-	363,922,272

	Packaging	Testing	EMS	Estate	Others	Adjustments and Eliminations	Total
	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)	US$ (Note 4)
For the year ended December 31, 2017							
Revenue from external customers	$ 4,258,607	$ 882,499	$ 4,519,164	$ 13,929	$ 124,762	$ -	$ 9,798,961
Inter-segment revenues (Note)	165,689	6,232	1,589,723	808	282,041	(2,044,493)	-
Segment revenues	4,424,296	888,731	6,108,887	14,737	406,803	-	11,843,454
Interest income	1,476	1,637	9,097	1,027	6,202	(9,086)	10,353
Interest expense	(66,450)	(402)	-	(2,116)	-	9,086	(59,882)
Depreciation and amortization	(644,584)	(218,514)	(71,972)	(6,100)	(44,161)	-	(985,331)
Share of the profit or loss of associates and joint ventures	19,173	(1,434)	-	-	-	-	17,739
Impairment loss	(7,362)	(2,456)	-	-	(15,988)	-	(25,806)
Segment profit before income tax	407,061	232,931	232,231	172,750	1,608	-	1,046,581
Expenditures for segment assets	599,515	152,061	28,685	5,721	12,860	-	798,842
December 31, 2017							
Investments accounted for using the equity method	1,638,540	6,323	-	-	-	-	1,644,863
Segment assets	6,595,947	1,463,687	2,752,655	1,116,083	349,707	-	12,278,079

Note: Inter-segment revenues were eliminated upon consolidation.

b. Revenue from major products and services

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
Packaging service	$ 116,607,314	$ 125,282,829	$ 126,225,119	$ 4,258,607
Testing service	25,191,916	27,031,750	26,157,277	882,499
Electronic components manufacturing service	138,242,100	115,395,130	133,948,016	4,519,164
Others	3,261,206	7,174,398	4,110,796	138,691
	$ 283,302,536	$ 274,884,107	$ 290,441,208	$ 9,798,961

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, respectively.

1) Net revenues from external customers

	For the Year Ended December 31			
	2015	2016	2017	
	NT$	NT$	NT$	US$ (Note 4)
United States	$ 205,730,670	$ 180,745,837	$ 196,462,345	$ 6,628,284
Taiwan	32,631,149	38,868,679	35,413,647	1,194,792
Asia	22,885,128	29,896,304	30,201,332	1,018,938
Europe	20,577,069	23,275,732	26,445,240	892,215
Others	1,478,520	2,097,555	1,918,644	64,732
	$ 283,302,536	$ 274,884,107	$ 290,441,208	$ 9,798,961

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

	December 31		
	2016	2017	
	NT$	NT$	US$ (Note 4)
Taiwan	$ 97,337,094	$ 93,350,839	$ 3,149,489
China	34,142,577	45,376,164	1,530,910
Others	26,935,370	25,025,498	844,315
	$ 158,415,041	$ 163,752,501	$ 5,524,714

d. Major customers

Except one customer from which the operating revenues generated from packaging and EMS segments was NT$88,311,697 thousand, NT$66,554,659 thousand and NT$83,873,393 thousand (US$2,829,737 thousand) in 2015, 2016 and 2017, 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, 2015, 2016 and 2017.