

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

**Consolidated Financial Statements for the
Three months Ended March 31, 2018 and 2017 and
Independent Auditors' Review Report**

INDEPENDENT AUDITORS' REVIEW REPORT

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

Introduction

We have reviewed the accompanying consolidated balance sheets of Advanced Semiconductor Engineering, Inc. (the "Company") and its subsidiaries (collectively the "Group") as of March 31, 2018 and 2017 and the related consolidated statements of comprehensive income, changes in equity and cash flows for the three-month periods then ended, and related notes, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements"). Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting". Our responsibility is to express a conclusion on the consolidated financial statements based on our reviews.

Scope of Review

We conducted our reviews in accordance with Statement of Auditing Standards No. 65 "Review of Financial Information Performed by the Independent Auditor of the Entity". A review of consolidated financial statements consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our reviews and the report of other auditors (please refer to the Other Matter paragraph), nothing has come to our attention that caused us to believe that the accompanying consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of the Group as at March 31, 2018 and 2017, and of its consolidated financial performance and its consolidated cash flows for the three-month periods then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and International Accounting Standard 34 "Interim Financial Reporting".

Other Matter

We did not review the consolidated financial statements of Siliconware Precision Industries Co., Ltd. ("SPIL"), an investee accounted for using the equity method in the consolidated financial statements of the Group, but such statements were reviewed by other auditors. Our opinion, insofar as it relates to the amounts, is based solely on the report of other auditors. The accompanying consolidated financial statements of the Group included its investments accounted for using the equity method in SPIL of NT\$45,222,329 thousand and NT\$45,919,552 thousand, both constituting 13% of the Group's total assets, as of March 31, 2018 and 2017, respectively, and its share of profit or loss in SPIL at a loss of NT\$282,025 thousand and at a profit of NT\$307,714 thousand, constituting -12% and 10% of the Group's net profit for the three months ended March 31, 2018 and 2017, respectively.

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

Deloitte & Touche
Taipei, Taiwan
Republic of China

May 11, 2018

Notice to Readers

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

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

ASSETS	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Retrospectively Adjusted and Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT ASSETS						
Cash and cash equivalents (Note 6)	\$ 43,146,012	12	\$ 46,078,066	13	\$ 42,473,518	12
Financial assets at fair value through profit or loss - current (Note 7)	6,319,393	2	5,223,067	1	2,668,786	1
Available-for-sale financial assets - current (Note 10)	-	-	89,159	-	573,199	-
Contract assets - current (Notes 3 and 42)	2,093,529	1	-	-	-	-
Trade receivables, net (Note 11)	44,245,613	12	55,200,706	15	43,728,466	13
Other receivables	837,210	-	1,051,955	-	1,161,407	-
Current tax assets	305,440	-	260,542	-	420,734	-
Inventories (Note 12)	24,169,223	7	24,260,911	7	19,409,009	6
Inventories related to real estate business (Notes 13, 26 and 37)	10,020,864	3	9,819,516	3	23,206,528	7
Other financial assets - current (Notes 14 and 37)	4,231,158	1	472,340	-	478,389	-
Other current assets	2,633,341	1	2,482,010	1	2,253,124	1
Total current assets	<u>138,001,783</u>	<u>39</u>	<u>144,938,272</u>	<u>40</u>	<u>136,373,160</u>	<u>40</u>
NON-CURRENT ASSETS						
Financial assets at fair value through profit or loss - non-current (Note 7)	194,091	-	-	-	-	-
Financial assets at fair value through other comprehensive income - non-current (Note 8)	1,801,104	-	-	-	-	-
Available-for-sale financial assets - non-current (Note 10)	-	-	1,123,006	-	1,050,989	-
Investments accounted for using the equity method (Note 15)	48,680,276	14	48,689,265	14	49,816,319	14
Property, plant and equipment (Notes 16, 26 and 37)	134,637,207	38	135,168,406	37	140,072,469	41
Investment properties (Notes 17 and 26)	8,199,099	2	8,119,436	2	-	-
Goodwill (Note 18)	9,900,462	3	9,934,494	3	10,388,896	3
Other intangible assets (Notes 19, 26 and 36)	1,433,049	-	1,406,865	-	1,518,018	-
Deferred tax assets	4,242,865	1	4,001,821	1	4,444,097	1
Other financial assets - non-current (Notes 14 and 37)	179,028	-	1,170,500	-	1,315,534	-
Long-term prepayments for lease (Note 20)	8,943,179	3	8,851,330	3	2,081,434	1
Other non-current assets	668,271	-	454,391	-	456,327	-
Total non-current assets	<u>218,878,631</u>	<u>61</u>	<u>218,919,514</u>	<u>60</u>	<u>211,144,083</u>	<u>60</u>
TOTAL	<u>\$ 356,880,414</u>	<u>100</u>	<u>\$ 363,857,786</u>	<u>100</u>	<u>\$ 347,517,243</u>	<u>100</u>

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS (In Thousands of New Taiwan Dollars)

LIABILITIES AND EQUITY	March 31, 2018 (Reviewed)		December 31, 2017 (Audited)		March 31, 2017 (Retrospectively Adjusted and Reviewed)	
	NT\$	%	NT\$	%	NT\$	%
CURRENT LIABILITIES						
Short-term borrowings (Note 21)	\$ 17,380,509	5	\$ 17,962,471	5	\$ 13,400,193	4
Financial liabilities at fair value through profit or loss - current (Note 7)	958,761	-	677,430	-	4,943,824	1
Financial liabilities for hedging - current	2,250,756	1	-	-	-	-
Trade payables	33,111,711	9	41,672,233	12	30,620,724	9
Other payables (Note 23)	20,768,807	6	21,377,887	6	19,195,285	6
Current tax liabilities	3,944,298	1	4,863,549	1	4,515,467	1
Current portion of bonds payable (Note 22)	-	-	6,161,197	2	15,178,615	4
Current portion of long-term borrowings (Notes 21 and 37)	5,683,157	2	8,261,625	2	7,111,368	2
Other current liabilities	4,942,124	1	4,644,566	1	3,625,440	1
Total current liabilities	<u>89,040,123</u>	<u>25</u>	<u>105,620,958</u>	<u>29</u>	<u>98,590,916</u>	<u>28</u>
NON-CURRENT LIABILITIES						
Bonds payable (Note 22)	16,982,656	5	16,981,583	5	28,475,744	8
Long-term borrowings (Notes 21 and 37)	34,099,696	9	27,145,003	8	33,221,638	10
Deferred tax liabilities	5,680,273	2	4,961,487	1	5,000,432	2
Net defined benefit liabilities (Note 24)	3,897,768	1	3,936,685	1	4,323,898	1
Other non-current liabilities	1,152,527	-	1,210,590	-	1,146,373	-
Total non-current liabilities	<u>61,812,920</u>	<u>17</u>	<u>54,235,348</u>	<u>15</u>	<u>72,168,085</u>	<u>21</u>
Total liabilities	<u>150,853,043</u>	<u>42</u>	<u>159,856,306</u>	<u>44</u>	<u>170,759,001</u>	<u>49</u>
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 25)						
Share capital						
Ordinary shares	87,373,067	25	87,246,194	24	82,448,753	24
Shares subscribed in advance	159,315	-	134,593	-	644,412	-
Total share capital	<u>87,532,382</u>	<u>25</u>	<u>87,380,787</u>	<u>24</u>	<u>83,093,165</u>	<u>24</u>
Capital surplus	39,905,181	11	40,622,877	11	29,885,749	9
Retained earnings (Notes 15 and 30)						
Legal reserve	16,765,066	5	16,765,066	5	14,597,032	4
Special reserve	3,353,938	1	3,353,938	1	3,353,938	1
Unappropriated earnings	59,342,612	16	56,287,526	15	49,268,766	14
Total retained earnings	<u>79,461,616</u>	<u>22</u>	<u>76,406,530</u>	<u>21</u>	<u>67,219,736</u>	<u>19</u>
Other equity	(6,290,857)	(2)	(6,316,138)	(2)	(8,066,206)	(2)
Treasury shares	(7,363,815)	(2)	(7,292,513)	(2)	(7,292,513)	(2)
Equity attributable to owners of the Company	193,244,507	54	190,801,543	52	164,839,931	48
NON-CONTROLLING INTERESTS (Note 25)	<u>12,782,864</u>	<u>4</u>	<u>13,199,937</u>	<u>4</u>	<u>11,918,311</u>	<u>3</u>
Total equity	<u>206,027,371</u>	<u>58</u>	<u>204,001,480</u>	<u>56</u>	<u>176,758,242</u>	<u>51</u>
TOTAL	<u>\$ 356,880,414</u>	<u>100</u>	<u>\$ 363,857,786</u>	<u>100</u>	<u>\$ 347,517,243</u>	<u>100</u>

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

(With Deloitte & Touche review report dated May 11, 2018)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	<u>For the Three Months Ended March 31</u>			
	<u>2018</u>		<u>2017</u>	
	<u>(Retrospectively Adjusted)</u>			
	<u>NT\$</u>	<u>%</u>	<u>NT\$</u>	<u>%</u>
OPERATING REVENUES (Notes 3, 4 and 42)	\$ 64,965,852	100	\$ 66,550,684	100
OPERATING COSTS (Notes 12 and 26)	<u>54,577,878</u>	<u>84</u>	<u>54,575,361</u>	<u>82</u>
GROSS PROFIT	<u>10,387,974</u>	<u>16</u>	<u>11,975,323</u>	<u>18</u>
OPERATING EXPENSES (Note 26)				
Selling and marketing expenses	844,799	1	809,090	1
General and administrative expenses	2,452,258	4	3,177,667	5
Research and development expenses	<u>2,775,407</u>	<u>4</u>	<u>2,763,584</u>	<u>4</u>
Total operating expenses	<u>6,072,464</u>	<u>9</u>	<u>6,750,341</u>	<u>10</u>
PROFIT FROM OPERATIONS	<u>4,315,510</u>	<u>7</u>	<u>5,224,982</u>	<u>8</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 26)	233,360	-	108,447	-
Other gains (losses) (Note 26)	135,627	-	(825,020)	(1)
Finance costs (Note 26)	(464,459)	(1)	(492,266)	(1)
Share of loss of associates and joint ventures	<u>(444,289)</u>	<u>-</u>	<u>(170,981)</u>	<u>-</u>
Total non-operating income and expenses	<u>(539,761)</u>	<u>(1)</u>	<u>(1,379,820)</u>	<u>(2)</u>
PROFIT BEFORE INCOME TAX	3,775,749	6	3,845,162	6
INCOME TAX EXPENSE (Note 27)	<u>1,420,012</u>	<u>2</u>	<u>885,481</u>	<u>1</u>
NET PROFIT FOR THE PERIOD	<u>2,355,737</u>	<u>4</u>	<u>2,959,681</u>	<u>5</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that will not be reclassified subsequently to profit or loss				
Unrealized loss on equity investments at fair value through other comprehensive income	(34,888)	-	-	-
Share of other comprehensive income of associates and joint ventures	142,243	-	-	-
Income tax relating to items that will not be reclassified subsequently to profit or loss	70,755	-	-	-

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

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

(Reviewed, Not Audited)

	<u>For the Three Months Ended March 31</u>			
			2017	
	2018		(Retrospectively Adjusted)	
	NT\$	%	NT\$	%
Items that may be reclassified subsequently to profit or loss				
Exchange differences on translating foreign operations	\$ 240,091	-	\$ (6,943,614)	(10)
Unrealized gain on available-for-sale financial assets	-	-	44,102	-
Unrealized loss on investments in debt instruments at fair value through other comprehensive income	(61,524)	-	-	-
Share of other comprehensive income of associates and joint ventures	99,398	-	170,431	-
Other comprehensive income (loss) for the period, net of income tax	456,075	-	(6,729,081)	(10)
TOTAL COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD	<u>\$ 2,811,812</u>	<u>4</u>	<u>\$ (3,769,400)</u>	<u>(5)</u>
NET PROFIT ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,096,090	3	\$ 2,558,715	4
Non-controlling interests	259,647	1	400,966	1
	<u>\$ 2,355,737</u>	<u>4</u>	<u>\$ 2,959,681</u>	<u>5</u>
TOTAL COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:				
Owners of the Company	\$ 2,481,104	4	\$ (3,623,917)	(5)
Non-controlling interests	330,708	-	(145,483)	-
	<u>\$ 2,811,812</u>	<u>4</u>	<u>\$ (3,769,400)</u>	<u>(5)</u>
EARNINGS PER SHARE (Note 28)				
Basic	\$ 0.25		\$ 0.33	
Diluted	\$ 0.24		\$ 0.29	

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

(With Deloitte & Touche review report dated May 11, 2018)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

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

	Equity Attributable to Owners of the Company							Other Equity							
	Share Capital		Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings	Total	Exchange Differences on Translating Foreign Operations	Unrealized Gain (loss) on Available-for-sale Financial Assets	Unrealized Gain (loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Total	Treasury Shares	Total	Non-controlling Interests	Total Equity
	Shares (In Thousands)	Amounts													
BALANCE AT JANUARY 1, 2017 (After retrospectively adjusted) (Notes 15 and 30)	7,946,184	\$ 79,568,040	\$ 22,265,049	\$ 14,597,032	\$ 3,353,938	\$ 46,710,051	\$ 64,661,021	\$ (1,642,724)	\$ (240,850)	\$ -	\$ (1,883,574)	\$ (7,292,513)	\$ 157,318,023	\$ 12,008,753	\$ 169,326,776
Change from investments in associates and joint ventures accounted for using the equity method	-	-	274	-	-	-	-	-	-	-	-	-	274	-	274
Net profit for the three months ended March 31, 2017 (After retrospectively adjusted) (Notes 15 and 30)	-	-	-	-	-	2,558,715	2,558,715	-	-	-	-	-	2,558,715	400,966	2,959,681
Other comprehensive income (loss) for the three months ended March 31, 2017, net of income tax	-	-	-	-	-	-	-	(6,646,358)	463,726	-	(6,182,632)	-	(6,182,632)	(546,449)	(6,729,081)
Total comprehensive income (loss) for the three months ended March 31, 2017 (After retrospectively adjusted) (Notes 15 and 30)	-	-	-	-	-	2,558,715	2,558,715	(6,646,358)	463,726	-	(6,182,632)	-	(3,623,917)	(145,483)	(3,769,400)
Issue of ordinary shares for capital increase by cash (Note 25)	300,000	3,000,000	7,290,000	-	-	-	-	-	-	-	-	-	10,290,000	-	10,290,000
Issue of ordinary shares under conversion of bonds (Notes 22 and 25)	3,931	39,307	89,879	-	-	-	-	-	-	-	-	-	129,186	-	129,186
Changes in percentage of ownership interest in subsidiaries (Note 31)	-	-	3,055	-	-	-	-	-	-	-	-	-	3,055	(3,055)	-
Issue of ordinary shares under employee share options (Note 29)	27,852	485,818	237,492	-	-	-	-	-	-	-	-	-	723,310	-	723,310
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	58,096	58,096
BALANCE AT MARCH 31, 2017 (After retrospectively adjusted) (Notes 15 and 30)	8,277,967	\$ 83,093,165	\$ 29,885,749	\$ 14,597,032	\$ 3,353,938	\$ 49,268,766	\$ 67,219,736	\$ (8,289,082)	\$ 222,876	\$ -	\$ (8,066,206)	\$ (7,292,513)	\$ 164,839,931	\$ 11,918,311	\$ 176,758,242
BALANCE AT JANUARY 1, 2018	8,738,079	\$ 87,380,787	\$ 40,622,877	\$ 16,765,066	\$ 3,353,938	\$ 56,287,526	\$ 76,406,530	\$ (6,732,760)	\$ 416,622	\$ -	\$ (6,316,138)	\$ (7,292,513)	\$ 190,801,543	\$ 13,199,937	\$ 204,001,480
Effect of retrospective applications (Note 3)	-	-	-	-	-	880,368	880,368	-	(416,622)	135,517	(281,105)	-	599,263	5,183	604,446
RESTATED BALANCE AT JANUARY 1, 2018	8,738,079	87,380,787	40,622,877	16,765,066	3,353,938	57,167,894	77,286,898	(6,732,760)	-	135,517	(6,597,243)	(7,292,513)	191,400,806	13,205,120	204,605,926
Change from investments in associates and joint ventures accounted for using the equity method	-	-	156,063	-	-	-	-	-	-	-	-	-	156,063	-	156,063
Net profit for the three months ended March 31, 2018	-	-	-	-	-	2,096,090	2,096,090	-	-	-	-	-	2,096,090	259,647	2,355,737
Other comprehensive income for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	72,953	72,953	268,921	-	43,140	312,061	-	385,014	71,061	456,075
Total comprehensive income for the three months ended March 31, 2018, net of income tax	-	-	-	-	-	2,169,043	2,169,043	268,921	-	43,140	312,061	-	2,481,104	330,708	2,811,812
Buy-back of ordinary shares	-	-	-	-	-	-	-	-	-	-	-	(71,302)	(71,302)	-	(71,302)
Changes in percentage of ownership interest in subsidiaries (Note 31)	-	-	(1,127,632)	-	-	-	-	-	-	-	-	-	(1,127,632)	(777,104)	(1,904,736)
Issue of ordinary shares under employee share options (Note 29)	15,159	151,595	253,873	-	-	-	-	-	-	-	-	-	405,468	-	405,468
Additional non-controlling interest arising on issue of employee share options by subsidiaries	-	-	-	-	-	-	-	-	-	-	-	-	-	24,140	24,140
Investments in equity instruments at fair value through other comprehensive income	-	-	-	-	-	5,675	5,675	-	-	(5,675)	(5,675)	-	-	-	-
BALANCE AT MARCH 31, 2018	8,753,238	\$ 87,532,382	\$ 39,905,181	\$ 16,765,066	\$ 3,353,938	\$ 59,342,612	\$ 79,461,616	\$ (6,463,839)	\$ -	\$ 172,982	\$ (6,290,857)	\$ (7,363,815)	\$ 193,244,507	\$ 12,782,864	\$ 206,027,371

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

(With Deloitte & Touche review report dated May 11, 2018)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
	NT\$	(Retrospectively Adjusted) NT\$
CASH FLOWS FROM OPERATING ACTIVITIES		
Profit before income tax	\$ 3,775,749	\$ 3,845,162
Adjustments for:		
Depreciation expense	7,117,237	7,145,883
Amortization expense	114,886	116,711
Net loss on fair value change of financial assets and liabilities at fair value through profit or loss	379,016	3,964,378
Finance costs	464,459	492,266
Interest income	(83,717)	(52,739)
Dividend income	(2,458)	(4,034)
Compensation cost of employee share options	46,319	202,777
Share of loss of associates and joint ventures	444,289	170,981
Impairment loss recognized on financial assets	9,226	11,176
Impairment loss recognized on non-financial assets	66,940	83,115
Reversal of impairment loss recognized on non-financial assets	-	(1,652)
Net gain on foreign currency exchange	(733,239)	(1,780,119)
Others	(514,584)	(197,842)
Changes in operating assets and liabilities		
Financial assets held for trading	-	664,161
Financial assets mandatorily at fair value through profit or loss	(426,028)	-
Contract assets	(122,422)	-
Trade receivables	10,945,653	7,407,538
Other receivables	154,343	(118,371)
Inventories	(1,548,406)	3,011,385
Other current assets	(196,048)	247,267
Financial liabilities held for trading	(658,458)	(1,078,659)
Trade payables	(7,445,544)	(5,183,260)
Other payables	(1,589,049)	(1,758,595)
Other current liabilities	935,949	(94,800)
Other operating activities items	(70,365)	106,513
Cash generated from operations	11,063,748	17,199,242
Interest received	124,010	53,630
Dividend received	2,458	4,034
Interest paid	(596,542)	(591,381)
Income tax paid	(1,861,245)	(576,350)
Net cash generated from operating activities	<u>8,732,429</u>	<u>16,089,175</u>

(Continued)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(In Thousands of New Taiwan Dollars)

(Reviewed, Not Audited)

	For the Three Months Ended March 31	
	2018	2017
	NT\$	(Retrospectively Adjusted) NT\$
CASH FLOWS FROM INVESTING ACTIVITIES		
Return of capital from financial assets at fair value through other comprehensive income	\$ 87,033	\$ -
Purchase of financial assets designated as at fair value through profit or loss	-	(14,636,532)
Proceeds on sale of financial assets designated as at fair value through profit or loss	-	14,502,853
Purchase of available-for-sale financial assets	-	(302,648)
Payments for property, plant and equipment	(6,164,891)	(7,064,649)
Proceeds from disposal of property, plant and equipment	617,492	182,433
Payments for intangible assets	(142,030)	(46,463)
Proceeds from disposal of intangible assets	-	9,090
Payments for investment properties	(53,346)	-
Decrease (increase) in other financial assets	(3,767,346)	85,144
Decrease (increase) in other non-current assets	(1,099,336)	3,459
Proceeds from financial liabilities for hedging	982,620	-
Net cash used in investing activities	<u>(9,539,804)</u>	<u>(7,267,313)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Net proceeds from (repayment of) short-term borrowings	832,971	(6,466,350)
Proceeds from issue of bonds	-	8,000,000
Repayment of bonds payable	(6,185,600)	-
Proceeds from long-term borrowings	16,742,888	7,027,402
Repayment of long-term borrowings	(11,894,107)	(18,803,424)
Proceeds from issue of ordinary shares	-	10,290,000
Proceeds from exercise of employee share options	383,247	578,629
Payments for buy-back of ordinary shares	(71,302)	-
Decrease in non-controlling interests	(1,904,736)	-
Other financing activities items	7,413	4,632
Net cash generated from (used in) financing activities	<u>(2,089,226)</u>	<u>630,889</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES		
	<u>(35,453)</u>	<u>(5,371,757)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(2,932,054)	4,080,994
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE PERIOD	<u>46,078,066</u>	<u>38,392,524</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE PERIOD	<u>\$ 43,146,012</u>	<u>\$ 42,473,518</u>

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

(With Deloitte & Touche review report dated May 11, 2018)

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS FOR THE THREE MONTHS ENDED MARCH 31, 2018 AND 2017 (In Thousands of New Taiwan Dollars, Unless Stated Otherwise) (Reviewed, Not Audited)

1. GENERAL INFORMATION

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

Since July 1989, the Company’s ordinary shares have been listed on the Taiwan Stock Exchange (the “TSE”) under the symbol “2311”. Since September 2000, the Company’s ordinary shares have been traded on the New York Stock Exchange (the “NYSE”) under the symbol “ASX” in the form of American Depositary Shares (“ADS”). As disclosed in Note 40, the Company’s ordinary shares have been delisted on April 30, 2018, and the ordinary shares of ASE Industrial Holding Co., Ltd. (“HoldCo”) have been listed on the same day under the symbol “3711”.

The ordinary shares of its subsidiary, Universal Scientific Industrial (Shanghai) Co., Ltd. (the “USISH”), have been listed on the Shanghai Stock Exchange (the “SSE”) under the symbol “601231” since February 2012.

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

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were authorized for issue by the board of directors on May 11, 2018.

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

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

Except for the following, whenever applied, the initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC would not have any material impact on the Group’s accounting policies:

- 1) IFRS 9 “Financial Instruments” and related amendment

IFRS 9 supersedes IAS 39 “Financial Instruments: Recognition and Measurement”, with consequential amendments to IFRS 7 “Financial Instruments: Disclosures” and other standards. IFRS 9 sets out the requirements for classification, measurement and impairment of financial assets and hedge accounting. Refer to Note 4 for information relating to the relevant accounting policies.

The requirements for classification, measurement and impairment of financial assets have been applied retrospectively from January 1, 2018, and the requirements for hedge accounting have been applied prospectively. IFRS 9 is not applicable to items that have already been derecognized at December 31, 2017.

Classification, measurement and impairment of financial assets

On the basis of the facts and circumstances that existed as at January 1, 2017, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods.

The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as at January 1, 2017.

Financial Assets	Measurement Category		Carrying Amount		Remark
	IAS 39	IFRS 9	IAS 39 NT\$	IFRS 9 NT\$	
Cash and cash equivalents	Loans and receivables	Amortized cost	\$ 46,078,066	\$ 46,078,066	
Derivatives	Held for trading	Mandatorily at fair value through profit or loss ("FVTPL")	121,863	121,863	
Equity Securities	Held for trading	Mandatorily at FVTPL	4,410,732	4,410,732	b)
	Available-for-sale	Mandatorily at FVTPL	279,791	279,791	
	Available-for-sale	Fair value through other comprehensive income ("FVTOCI") - equity instruments	908,549	908,549	a)
Open-end mutual funds	Held for trading	Mandatorily at FVTPL	589,976	589,976	
	Available-for-sale	Mandatorily at FVTPL	23,825	23,825	b)
Debt Securities	Designated as at FVTPL	Mandatorily at FVTPL	100,496	100,496	
	Other financial assets	FVTOCI - debt instruments	1,000,000	1,080,000	d)
Time deposits with original maturity of over three months, pledged time deposits and guarantee deposits	Loans and receivables	Amortized cost	405,520	405,520	c)
Trade receivables and other receivables	Loans and receivables	Amortized cost	56,252,661	56,252,661	

Financial Assets	IAS 39 Carrying Amount as of January 1, 2018	Reclassifi- cations	Remea- surements	IFRS 9 Carrying Amount as of January 1, 2018	Retained Earnings Effect on January 1, 2018	Other Equity Effect on January 1, 2018	Remark
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$	
<u>FVTPL</u>	\$ 5,223,067						
Add: Reclassification from available-for-sale (IAS 39) - required reclassification	<u>-</u>	\$ 303,616	\$ -		\$ 110,648	\$ (110,648)	b)
	<u>5,223,067</u>	<u>303,616</u>	<u>-</u>	<u>\$ 5,526,683</u>	<u>110,648</u>	<u>(110,648)</u>	
<u>FVTOCI</u>	-						
Debt instruments							
Add: Reclassification from other financial assets	-	1,000,000	80,000		-	80,000	d)
Equity instruments							
Add: Reclassification from available-for-sale (IAS 39)	<u>-</u>	<u>908,549</u>	<u>-</u>		<u>417,398</u>	<u>(417,398)</u>	a)
	<u>-</u>	<u>1,908,549</u>	<u>80,000</u>	<u>1,988,549</u>	<u>417,398</u>	<u>(337,398)</u>	
Investments accounted for using the equity method	<u>48,689,265</u>	<u>-</u>	<u>(2,586)</u>	<u>48,686,679</u>	<u>(169,527)</u>	<u>166,941</u>	
	<u>\$53,912,332</u>	<u>\$ 2,212,165</u>	<u>\$ 77,414</u>	<u>\$56,201,911</u>	<u>\$ 358,519</u>	<u>\$ (281,105)</u>	

- a) Unquoted shares and limited partnership classified as available-for-sale are designated as at FVTOCI and the changes in fair value accumulated in other equity are transferred directly to retained earnings instead of being reclassified to profit or loss on disposal. Impairment losses previously recognized and accumulated in retained earnings are 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 are classified as at fair value through profit or loss under IFRS 9. Open-end mutual funds classified as available-for-sale are 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 reclassifies 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 are 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 are 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 adjusts 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.

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

IFRS 15 establishes principles for recognizing revenue that apply to all contracts with customers, and supersedes IAS 18 “Revenue”, IAS 11 “Construction Contracts” and a number of revenue-related interpretations. Please refer to Note 4 for related accounting policies.

Most of revenues generated from the goods manufactured by the Group’s operating segments in packaging and testing are changed to be recognized over time after the application of IFRS 15. Prior to the application of IFRS 15, the Group recognizes revenues when the significant risks and rewards of ownership of inventories have been transferred to customers.

The Group elected only to retrospectively apply IFRS 15 to contracts that were not complete on January 1, 2018 and recognized the cumulative effect of retrospectively applying IFRS 15 in the retained earnings on January 1, 2018.

Impact on assets, liabilities and equity for current period

	IAS 18 Carrying Amount as of January 1, 2018	Adjustments Arising from Initial Application	IFRS 15 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

(Continued)

	IAS 18 Carrying Amount as of January 1, 2018 NT\$	Adjustments Arising from Initial Application NT\$	IFRS 15 Carrying Amount as of January 1, 2018 NT\$
Investments accounted for using the equity method	\$ 48,689,265	\$ 40,139	\$ 48,729,404
Deferred tax assets	<u>4,001,821</u>	<u>(7,287)</u>	<u>3,994,534</u>
Total effect on assets	<u>\$ 76,951,997</u>	<u>\$ 622,181</u>	<u>\$ 77,574,178</u>
Current tax liabilities	\$ 4,863,549	\$ 5,078	\$ 4,868,627
Deferred tax liabilities	<u>4,961,487</u>	<u>90,071</u>	<u>5,051,558</u>
Total effect on liabilities	<u>\$ 9,825,036</u>	<u>\$ 95,149</u>	<u>\$ 9,920,185</u>
Retained earnings	\$ 76,406,530	\$ 521,849	\$ 76,928,379
Non-controlling interests	<u>13,199,937</u>	<u>5,183</u>	<u>13,205,120</u>
Total effect on equity	<u>\$ 89,606,467</u>	<u>\$ 527,032</u>	<u>\$ 90,133,499</u> (Concluded)

If the Group has continuously adopted IAS 18 in 2018 instead, the differences between IFRS 15 and IAS 18 were as follows:

	March 31, 2018 NT\$
Increase in inventories	\$ 1,400,734
Decrease in contract assets	(2,093,529)
Decrease in investments accounted for using the equity method	(26,498)
Increase in deferred tax assets	<u>24,055</u>
Decrease in assets	<u>\$ (695,238)</u>
Decrease in current tax liabilities	\$ (6,528)
Decrease in deferred tax liabilities	<u>(104,448)</u>
Decrease in liabilities	<u>\$ (110,976)</u>
Decrease in retained earnings	\$ (579,795)
Decrease in non-controlling interests	<u>(4,467)</u>
Decrease in equity	<u>\$ (584,262)</u>

Impact on total comprehensive income for current period

	For The Three Months Ended March 31, 2018
	<u>NT\$</u>
Decrease in operating revenues	\$ 122,422
Decrease in operating costs	18,956
Increase in share of profit of associates and joint ventures	13,641
Decrease in income tax expense	32,595
Decrease in net profit and total comprehensive income for the period	57,230
Decrease in net profit and total comprehensive income attributable to:	
Owners of the Company	\$ 57,946
Non-controlling interests	<u>(716)</u>
	<u>\$ 57,230</u>
Impact on earnings per share:	
Decrease in basic earnings per share	<u>\$ 0.01</u>
Decrease in diluted earnings per share	<u>\$ 0.01</u>

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

<u>New IFRSs</u>	<u>Effective Date Announced by IASB (Note 1)</u>
Annual Improvements to IFRSs 2015-2017 Cycle	January 1, 2019
Amendments to IFRS 9 “Prepayment Features with Negative Compensation”	January 1, 2019 (Note 2)
Amendments to IFRS 10 and IAS 28 “Sale or Contribution of Assets between an Investor and its Associate or Joint Venture”	To be determined by IASB
IFRS 16 “Leases”	January 1, 2019 (Note 3)
Amendments to IAS 19 “Plan Amendment, Curtailment or Settlement”	January 1, 2019 (Note 4)
Amendments to IAS 28 “Long-term Interests in Associate and Joint Venture”	January 1, 2019
IFRIC 23 “Uncertainty over Income Tax Treatments”	January 1, 2019

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

Note 2: The FSC permits the election for early adoption of the amendments starting from 2018.

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

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

1) IFRS 16 “Leases”

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

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

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

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

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

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

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Statement of Compliance

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

b. Basis of Preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments 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, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, 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. Basis of Consolidation

The basis for the consolidated financial statements

The basis for the consolidated financial statements applied in these interim consolidated financial statements is consistent with those applied in the consolidated financial statements for the year ended December 31, 2017.

The subsidiaries in the consolidated financial statements

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

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2018	December 31, 2017	March 31, 2017
A.S.E. Holding Limited	Holding company	Bermuda	100.0	100.0	100.0
J & R Holding Limited (“J&R Holding”)	Holding company	Bermuda	100.0	100.0	100.0
Innosource Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
Omniquet Industrial Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
ASE Marketing & Service Japan Co., Ltd.	Engaged in marketing and sales services	Japan	100.0	100.0	100.0
ASE Test, Inc.	Engaged in the testing of semiconductors	Kaohsiung, ROC	100.0	100.0	100.0
USI Inc. (“USIINC”)	Engaged in investing activities	Nantou, ROC	99.2	99.2	99.2
Luchu Development Corporation	Engaged in the development of real estate properties	Taipei, ROC	86.1	86.1	86.1
TLJ Intertech Inc. (“TLJ”)	Engaged in information software services	Taipei, ROC	60.0	60.0	60.0
Alto Enterprises Limited	Holding company	British Virgin Islands	100.0	100.0	100.0
Super Zone Holdings Limited	Holding company	Hong Kong	100.0	100.0	100.0
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	Kun Shan, China	100.0	100.0	100.0
ASE Investment (Kun Shan) Limited	Holding company	Kun Shan, China	100.0	100.0	100.0
Advanced Semiconductor Engineering (China) Ltd.	Will engage in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0	100.0
ASE Investment (Labuan) Inc.	Holding company	Malaysia	100.0	100.0	100.0
ASE Test Limited (“ASE Test”)	Holding company	Singapore	100.0	100.0	100.0
ASE (Korea) Inc.	Engaged in the packaging and testing of semiconductors	Korea	100.0	100.0	100.0
J&R Industrial Inc.	Engaged in leasing equipment and investing activity	Kaohsiung, ROC	100.0	100.0	100.0
ASE Japan Co., Ltd.	Engaged in the packaging and testing of semiconductors	Japan	100.0	100.0	100.0
ASE (U.S.) Inc.	After-sales service and sales support	U.S.A.	100.0	100.0	100.0
Global Advanced Packaging Technology Limited	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	Shandong, China	100.0	100.0	100.0
Suzhou ASEN Semiconductors Co., Ltd. (“ASEN”)	Engaged in the packaging and testing of semiconductors	Suzhou, China	60.0	60.0	60.0
Anstock Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0	100.0
Anstock II Limited	Engaged in financing activity	British Cayman Islands	100.0	100.0	100.0
ASE (Shanghai) Inc.	Engaged in the production of substrates	Shanghai, China	100.0	100.0	100.0
ASE Corporation	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE Mauritius Inc.	Holding company	Mauritius	100.0	100.0	100.0
ASE Labuan Inc.	Holding company	Malaysia	100.0	100.0	100.0
Shanghai Ding Hui Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	Shanghai, China	100.0	100.0	100.0
Shanghai Ding Qi Property Management Co., Ltd.	Engaged in the management of real estate properties	Shanghai, China	100.0	100.0	100.0
Advanced Semiconductor Engineering (HK) Limited	Engaged in the trading of substrates	Hong Kong	100.0	100.0	100.0
Shanghai Ding Wei Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0	100.0
Shanghai Ding Yu Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties	Shanghai, China	100.0	100.0	100.0

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2018	December 31, 2017	March 31, 2017
Shanghai Ding Fan Department Store Co., Ltd.	Engaged in department store business	Shanghai, China	100.0	100.0	100.0
Kun Shan Ding Yue Real Estate Development Co., Ltd.	Engaged in the development, construction and leasing of real estate properties, and was disposed of in June 2017	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	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	100.0	-
ASE Electronics Inc.	Engaged in the production of substrates	Kaohsiung, ROC	100.0	100.0	100.0
ASE Test Holdings, Ltd.	Holding company	British Cayman Islands	100.0	100.0	100.0
ASE Holdings (Singapore) Pte Ltd	Holding company	Singapore	100.0	100.0	100.0
ASE Singapore Pte. Ltd.	Engaged in the packaging and testing of semiconductors	Singapore	100.0	100.0	100.0
ISE Labs, Inc.	Engaged in the testing of semiconductors	U.S.A.	100.0	100.0	100.0
ASE Electronics (M) Sdn. Bhd.	Engaged in the packaging and testing of semiconductors	Malaysia	100.0	100.0	100.0
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	Shanghai, China	100.0	100.0	100.0
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	Shanghai, China	100.0	100.0	100.0
Wuxi Tongzhi Microelectronics Co., Ltd.	Engaged in the packaging and testing of semiconductors	Wuxi, China	100.0	100.0	100.0
Huntington Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2	99.2
Unitech Holdings International Co., Ltd.	Holding company	British Virgin Islands	99.2	99.2	99.2
Real Tech Holdings Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Universal ABIT Holding Co., Ltd.	In the process of liquidation	British Cayman Islands	99.2	99.2	99.2
Rising Capital Investment Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Rise Accord Limited	Holding company	British Virgin Islands	99.2	99.2	99.2
Universal Scientific Industrial (Kunshan) Co., Ltd.	Engaged in the manufacturing and sale of computer assistance system and related peripherals	Kun Shan, China	99.2	99.2	99.2
USI Enterprise Limited (“USIE”)	Engaged in the service of investment advisory and warehousing management	Hong Kong	98.6	96.9	97.0
Universal Scientific Industrial (Shanghai) Co., Ltd. (“USISH”)	Engaged in the designing, manufacturing and sale of electronic components	Shanghai, China	77.1	75.8	75.9
Universal Global Technology Co., Limited	Holding company	Hong Kong	77.1	75.8	75.9
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	Kun Shan, China	77.1	75.8	75.9
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	Shanghai, China	77.1	75.8	75.9
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	Shanghai, China	77.1	75.8	75.9
Universal Global Industrial Co., Limited	Engaged in manufacturing, trading and investing activity	Hong Kong	77.1	75.8	75.9
Universal Global Scientific Industrial Co., Ltd. (“UGTW”)	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	Nantou, ROC	77.1	75.8	75.9
USI America Inc.	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service	U.S.A.	77.1	75.8	75.9
Universal Scientific Industrial De Mexico S.A. De C.V.	Engaged in the assembling of motherboards and computer components	Mexico	77.1	75.8	75.9
USI Japan Co., Ltd.	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	Japan	77.1	75.8	75.9
USI Electronics (Shenzhen) Co., Ltd.	Engaged in the design, manufacturing and sale of motherboards and computer peripherals	Shenzhen, China	77.1	75.8	75.9

(Continued)

Name of Investee	Main Businesses	Establishment and Operating Location	Percentage of Ownership (%)		
			March 31, 2018	December 31, 2017	March 31, 2017
Universal Global Electronics Co., Ltd.	Engaged in accepting and outsourcing orders as well as sales of electronic components and service of technical advisory, and was established in February 2018	Hong Kong	77.1	-	-
Universal Scientific Industrial Co., Ltd. ("USI")	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	Nantou, ROC	76.8	75.5	75.7

(Concluded)

d. Other significant accounting policies

Except the accounting policies of financial instruments, revenue recognition and others discussed in the following, the accounting policies applied in these interim consolidated financial statements are consistent with those applied in the consolidated financial statements for the year ended December 31, 2017. For the summary of other significant accounting policies, please refer to the consolidated financial statements for the year ended December 31, 2017.

1) 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 FVTPL) 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.

a) Financial assets

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

i Measurement category

2018

Financial assets held by the Group are classified into the following categories: financial assets at FVTPL, financial assets at amortized cost, and investments in debt instruments and equity instruments at FVTOCI.

i) Financial asset at FVTPL

Financial asset is classified as at FVTPL when the financial asset is mandatorily classified or it is designated as at FVTPL. The Group's financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured 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 35.

ii) Financial assets at amortized cost

Financial assets that meet the following conditions are subsequently measured at amortized cost:

- (1) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and
- (2) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Subsequent to initial recognition, financial assets at amortized cost, including cash and cash equivalents, trade receivables at amortized cost, other receivables and other financial assets, are measured at amortized cost, which equals to gross carrying amount determined by the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of a financial asset, except for:

- (1) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of the financial asset; and
- (2) Financial assets that have subsequently become credit-impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of the financial asset.

iii) Investments in debt instruments at FVTOCI

For the Group's debt instruments that meet the following conditions are subsequently measured at FVTOCI:

- (1) the financial asset is held within a business model whose objective is achieved by both the collecting of contractual cash flows and the selling of the financial assets; and
- (2) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Investments in debt instruments at FVTOCI are subsequently measured at fair value. Changes in the carrying amounts of these debt instruments relating to changes in foreign currency exchange rates, interest income calculated using the effective interest method and impairment losses or reversals are recognized in profit or loss. Other changes in the carrying amount of these debt instruments are recognized in other comprehensive income and will be reclassified to profit or loss when the investment is disposed of.

iv) Investments in equity instruments at FVTOCI

On initial recognition, the Group make an irrevocable election to designate investments in equity instruments as at FVTOCI. Designation at FVTOCI is not permitted if the equity investment is held for trading or if it is contingent consideration recognized by an acquirer in a business combination.

Investments in equity instruments at FVTOCI are subsequently measured at fair value with gains and losses arising from changes in fair value recognized in other comprehensive income and accumulated in other equity. The cumulative gain or loss will not be reclassified to profit or loss on disposal of the equity investments, instead, they will be transferred to retained earnings.

Dividends on these investments in equity instruments are recognized in profit or loss when the Group's right to receive the dividends is established, unless the dividends clearly represent a recovery of part of the cost of the investment.

2017

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 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:

- (1) Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise; or
- (2) 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
- (3) 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 35.

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 (1) loans and receivables, (2) held-to-maturity investments or (3) 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.

ii Impairment of financial assets

2018

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables), investments in debt instruments that are measured at FVTOCI as well as contract assets.

The Group always recognizes lifetime Expected Credit Loss ("ECL") for trade receivables. For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Expected credit losses reflect the weighted average of credit losses with the respective risks of a default occurring as the weights. Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

2017

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 and other 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.

b) Derivatives financial instruments

The Group enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including forward exchange contracts, swap contracts, interest rate swap contracts and foreign currency option contracts.

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 the end of each reporting period. 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 a financial liability.

Before 2018, derivatives embedded in non-derivative host contracts were treated as separate derivatives when they met the definition of a derivative; their risks and characteristics were not closely related to those of the host contracts; and the contracts were not measured at FVTPL. From 2018, derivatives embedded in hybrid contracts that contain financial asset hosts within the scope of IFRS 9 are not separated; instead, the classification is determined in accordance with the entire hybrid contract. Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of IFRS 9 (e.g. financial liabilities) 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 host contracts are not measured at FVTPL.

2) Hedge Accounting

The Group designates certain hedging instruments as either fair value hedges or cash flow hedges.

a) 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.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated, or exercised.

b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion are recognized immediately in profit or loss.

The associated gains or losses that were recognized in other comprehensive income are reclassified from equity to profit or loss as a reclassification adjustment in the line item relating to the hedged item in the same period when the hedged item affects profit or loss. If a hedge of a forecasted transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the associated gains and losses that were recognized in other comprehensive income are removed from equity and included in the initial cost of the non-financial asset or non-financial liability.

Before 2018, hedge accounting was discontinued prospectively when the Group revoked the designated hedging relationship; when the hedging instrument expired or was sold, terminated, or exercised; or when the hedging instrument no longer met the criteria for hedge accounting. From 2018, the Group discontinues hedge accounting only when the hedging relationship ceases to meet the qualifying criteria; for instance, when the hedging instrument expires or is sold, terminated, or exercised. The cumulative gain or loss on the hedging instrument that has been previously recognized in other comprehensive income from the period when the hedge was effective remains separately in equity until the forecast transaction occurs. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

3) Revenue recognition

2018

The Group identifies the contracts with customers, allocates transaction prices to performance obligations and, when performance obligations are satisfied, recognizes revenues at fixed amounts as agreed in the contracts with taking estimated volume discounts into consideration.

a) Operating revenues

The Group's operating revenues include revenues from sale of goods and services as well as sale and leasing of real estate properties.

When customers control goods as they are manufactured in progress, the Group measures progress on the basis of input incurred relative to the total input and recognizes revenues and contract assets over time. Those contract assets are then reclassified to trade receivables at the point at which they are invoiced to customers.

The Group recognizes revenues and trade receivables when the goods are shipped or the goods are delivered to the customers' specific locations because it is the time when customers have full discretion over the manner of distribution and price to sell the goods, has the primary responsibility for sales to future customers, and bears the risks of obsolescence.

The revenues from sale of real estate properties are recognized when customers purchase real estate properties and complete the transfer procedures. The revenues from leasing real estate properties are recognized during leasing periods on the straight-line basis.

b) Revenue from 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.

2017

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.

a) Revenue from sale of goods and real estate properties

Revenue from the sale of goods and real estate properties is recognized when all the following conditions are satisfied:

- i. The Group has transferred to the buyer the significant risks and rewards of ownership of the goods;
- ii. The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- iii. The amount of revenue can be measured reliably;
- iv. It is probable that the economic benefits associated with the transaction will flow to the Group; and

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

b) Revenue from rendering of services

Service income is recognized when services are rendered.

c) Revenue from 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.

4) Retirement benefits

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

5) Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax. Interim period income taxes are assessed on an annual basis and calculated by applying to an interim period's pre-tax income the tax rate that would be applicable to expected total annual earnings. During the interim period, the effect of a change in tax rate resulting from a change in tax law is recognized consistent with the accounting for the transaction itself which gives rise to the tax consequence, and is recognized in profit or loss, other comprehensive income or directly in equity in full in the period in which the change in tax rate occurs.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

The same critical accounting judgments and key sources of estimation uncertainty of consolidated financial statements have been followed in these consolidated financial statements as were applied in the preparation of the consolidated financial statements for the year ended December 31, 2017.

6. CASH AND CASH EQUIVALENTS

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Cash on hand	\$ 6,979	\$ 8,404	\$ 6,568
Checking accounts and demand deposits	36,392,053	39,697,319	35,574,692
Cash equivalents	<u>6,746,980</u>	<u>6,372,343</u>	<u>6,892,258</u>
	<u>\$ 43,146,012</u>	<u>\$ 46,078,066</u>	<u>\$ 42,473,518</u>

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

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	<u>March 31, 2018</u> NT\$	<u>December 31, 2017</u> NT\$	<u>March 31, 2017</u> NT\$
<u>Financial assets designated as at FVTPL</u>			
Private-placement convertible bonds	\$ -	\$ 100,496	\$ 100,583
<u>Financial assets held for trading</u>			
Quoted ordinary shares	-	4,410,732	1,910,367
Open-end mutual funds	-	589,976	585,131
Forward exchange contracts	-	61,325	36,260
Swap contracts	-	60,538	36,445
	<u>-</u>	<u>5,122,571</u>	<u>2,568,203</u>
<u>Financial assets mandatorily classified as at FVTPL</u>			
Derivative instruments (non-designated hedges)			
Forward exchange contracts	97,858	-	-
Swap contracts	24,307	-	-
Non-derivative financial assets			
Quoted ordinary shares	5,677,986	-	-
Open-end mutual funds	612,837	-	-
Hybrid financial assets			
Private-placement convertible bonds	100,496	-	-
	<u>6,513,484</u>	<u>-</u>	<u>-</u>
Current	<u>6,513,484</u>	<u>5,223,067</u>	<u>2,668,786</u>
	<u>6,319,393</u>	<u>5,223,067</u>	<u>2,668,786</u>
Non-current	<u>\$ 194,091</u>	<u>\$ -</u>	<u>\$ -</u>
<u>Financial liabilities held for trading</u>			
Derivative instruments (non-designated hedging)			
Swap contracts	\$ 954,322	\$ 652,107	\$ 2,449,621
Forward exchange contracts	4,439	25,323	40,297
Foreign currency option contracts	-	-	2,490
Conversion option, redemption option and put option of convertible bonds	-	-	2,451,416
	<u>\$ 958,761</u>	<u>\$ 677,430</u>	<u>\$ 4,943,824</u>

The Group's private-placement convertible bonds included embedded derivative instruments which were not closely related to the host contracts and the contracts were designated as at FVTPL on initial recognition under IAS 39. After application of IFRS 9, the entire contracts are assessed and classified mandatorily as at FVTPL since they contain host contracts that are assets within the scope of IFRS 9.

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

Currency	Maturity Period	Notional Amount (In Thousands)
<u>March 31, 2018</u>		
Sell HKD/Buy US\$	2018.04	HKD296,460/US\$37,800
Sell NT\$/Buy US\$	2018.04-2019.03	NT\$48,326,448/US\$1,647,400
Sell US\$/Buy CNY	2018.04	US\$55,175/CNY349,800
Sell US\$/Buy JPY	2018.04-2018.06	US\$74,090/JPY7,860,000
Sell US\$/Buy NT\$	2018.04	US\$233,900/NT\$6,803,286
<u>December 31, 2017</u>		
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
<u>March 31, 2017</u>		
Sell NT\$/Buy US\$	2017.04-2018.03	NT\$58,562,720/US\$1,864,000
Sell US\$/Buy CNY	2017.04	US\$50,582/CNY349,800
Sell US\$/Buy JPY	2017.05	US\$76,527/JPY8,600,000
Sell US\$/Buy MYR	2017.06	US\$5,000/MYR22,540
Sell US\$/Buy NT\$	2017.04	US\$122,000/NT\$3,698,590

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

Currency	Maturity Period	Notional Amount (In Thousands)
<u>March 31, 2018</u>		
Sell NT\$/Buy US\$	2018.04-2018.06	NT\$2,314,710/US\$80,000
Sell US\$/Buy CNY	2018.04-2018.07	US\$208,500/CNY1,330,594
Sell US\$/Buy EUR	2018.04	US\$21,901/EUR17,750
Sell US\$/Buy JPY	2018.04-2018.06	US\$75,964/JPY8,062,920
Sell US\$/Buy MYR	2018.04-2018.06	US\$19,000/MYR74,751
Sell US\$/Buy SGD	2018.04-2018.05	US\$9,200/SGD12,119
<u>December 31, 2017</u>		
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

(Continued)

Currency	Maturity Period	Notional Amount (In Thousands)
<u>March 31, 2017</u>		
Sell NT\$/Buy US\$	2017.04-2017.05	NT\$3,364,530/US\$110,000
Sell US\$/Buy CNY	2017.04-2017.06	US\$98,500/CNY680,709
Sell US\$/Buy JPY	2017.04-2017.06	US\$54,024/JPY6,113,947
Sell US\$/Buy KRW	2017.04	US\$9,500/KRW10,769,050
Sell US\$/Buy MYR	2017.04-2017.05	US\$15,000/MYR66,706
Sell US\$/Buy SGD	2017.04-2017.05	US\$8,600/SGD12,143
		(Concluded)

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

Currency	Maturity Period	Notional Amount (In Thousands)
<u>March 31, 2017</u>		
Buy US\$ Call/CNY Put	2017.08 (Note)	US\$2,000/CNY13,800
Sell US\$ Put/CNY Call	2017.08 (Note)	US\$1,000/CNY6,900

Note: The contracts will be settled once a month and the counterparty has the right to early terminate the contracts, or the contracts will be early terminated or both parties will have no obligation to settle the contracts when the specific criteria is met.

8. FINANCIAL ASSETS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME - 2018

	<u>March 31, 2018</u> NT\$
Investments in equity instruments at FVTOCI	\$ 782,628
Investments in debt instruments at FVTOCI	<u>1,018,476</u>
	<u>\$ 1,801,104</u>

a. Investments in equity instruments at FVTOCI

	<u>March 31, 2018</u> NT\$
Unquoted ordinary shares	\$ 600,153
Limited partnership	125,505
Unquoted preferred shares	<u>56,970</u>
	<u>\$ 782,628</u>

Investments in equity instruments were classified as available-for-sale under IAS 39. Refer to Notes 3 and 10 for information relating to their reclassification and comparative information for prior periods.

b. Investments in debt instruments at FVTOCI

	March 31, 2018
	<u>NT\$</u>
Unsecured subordinate corporate bonds	<u>\$ 1,018,476</u>

In June 2016, the Group acquired 1,000 units of perpetual unsecured subordinate corporate bonds in the amount of NT\$1,000,000 thousand. The corporate bonds are all in denomination of NT\$1,000 thousand with annual interest rate at 3.5% and with effective interest rate at 3.2% as of March 31, 2018, December 31, 2017 and March 31, 2017. The bonds were classified as other financial assets—non-current under IAS 39. Refer to Notes 3 and 14 for information relating to its reclassification and comparative information for prior periods.

9. CREDIT RISK MANAGEMENT FOR INVESTMENTS IN DEBT INSTRUMENTS - 2018

The Group's investment in unsecured subordinate corporate bonds is rated the equivalent of investment grade or higher and have low credit risk for the purpose of impairment assessment.

There was no significant increase in credit risk of such debt instrument since initial recognition leading to changes in interest rates and terms, and there was also no significant change in bond issuer's operation affecting the ability performing debt obligation. We evaluated that no expected credit losses existed. The Group reviews changes in bond yields and other public information periodically and makes an assessment whether there has been lifetime ECL since initial recognition.

10. AVAILABLE-FOR-SALE FINANCIAL ASSETS - 2017

	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>
Unquoted ordinary shares	\$ 605,110	\$ 546,667
Quoted ordinary shares	279,791	192,051
Limited partnership	246,072	262,862
Unquoted preferred shares	57,367	79,678
Open-end mutual funds	<u>23,825</u>	<u>542,930</u>
	1,212,165	1,624,188
Current	<u>89,159</u>	<u>573,199</u>
Non-current	<u>\$ 1,123,006</u>	<u>\$ 1,050,989</u>

11. TRADE RECEIVABLES, NET

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
At amortized cost			
Gross carrying amount	\$ 44,319,954	\$ 55,265,607	\$ 43,791,728
Less: Allowance for impairment loss	<u>74,341</u>	<u>64,901</u>	<u>63,262</u>
	<u>\$ 44,245,613</u>	<u>\$ 55,200,706</u>	<u>\$ 43,728,466</u>

a. For the three months ended March 31, 2018

The Group's average credit terms were 30 to 90 days and has a credit policy and trade receivables management procedures to ensure the collectability of trade receivables and to make evaluation. In addition, the Group reviews the recoverable amount of each individual trade debt at the end of the reporting period to ensure that adequate allowance is made for possible irrecoverable amounts. In this regard, the management believes the Group's credit risk was significantly reduced.

The Group uses other publicly available financial information or its own trading records to rate its customers and applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The following table details the loss allowance of trade receivables based on the Group's provision matrix.

March 31, 2018

	<u>Not Past Due</u>	<u>Overdue 1 to 30 days</u>	<u>Overdue 31 to 90 Days</u>	<u>Overdue Over 91 Days</u>	<u>Individually Impaired</u>	<u>Total</u>
Expected credit loss rate	0%	0~10%	0~50%	1~100%	35~100%	-
Gross carrying amount	\$ 40,574,995	\$ 3,196,076	\$ 393,304	\$ 74,791	\$ 80,788	\$ 44,319,954
Loss allowance (Lifetime ECL)	<u>(9,201)</u>	<u>(334)</u>	<u>(15,522)</u>	<u>(19,618)</u>	<u>(29,666)</u>	<u>(74,341)</u>
Amortized cost	<u>\$ 40,565,794</u>	<u>\$ 3,195,742</u>	<u>\$ 377,782</u>	<u>\$ 55,173</u>	<u>\$ 51,122</u>	<u>\$ 44,245,613</u>

The movements of the loss allowance of trade receivables were as follows:

	<u>For the Three Month Ended March 31, 2018</u>
	NT\$
Balance at January 1, 2018	\$ 64,901
Net remeasurement of loss allowance	9,226
Effects of foreign currency exchange differences	<u>214</u>
Balance at March 31, 2018	<u>\$ 74,341</u>

b. For the three months ended March 31, 2017

The Group applied the same credit policy both in 2018 and 2017. 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.

Aging of receivables based on the past due date

	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>
Not past due	\$ 49,599,512	\$ 40,145,888
1 to 30 days	4,986,491	2,795,956
31 to 90 days	562,200	724,983
More than 91 days	<u>117,404</u>	<u>124,901</u>
	<u>\$ 55,265,607</u>	<u>\$ 43,791,728</u>

Aging of receivables that were past due but not impaired

	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>
1 to 30 days	\$ 4,942,677	\$ 2,763,719
31 to 90 days	<u>378,526</u>	<u>538,326</u>
	<u>\$ 5,321,203</u>	<u>\$ 3,302,045</u>

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

Movement of the allowance for doubtful trade receivables

	Impaired Individually	Impaired Collectively	Total
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Balance at January 1, 2017	\$ 16,453	\$ 37,256	\$ 53,709
Impairment losses recognized (reversed)	(489)	11,665	11,176
Effect of foreign currency exchange differences	<u>(699)</u>	<u>(924)</u>	<u>(1,623)</u>
Balance at March 31, 2017	<u>\$ 15,265</u>	<u>\$ 47,997</u>	<u>\$ 63,262</u>

12. INVENTORIES

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Finished goods	\$ 5,954,050	\$ 6,740,816	\$ 4,519,974
Work in process	3,048,289	3,452,332	3,220,928
Raw materials	13,656,807	12,625,502	10,382,076

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Supplies	\$ 981,632	\$ 894,196	\$ 854,856
Raw materials and supplies in transit	<u>528,445</u>	<u>548,065</u>	<u>431,175</u>
	<u>\$ 24,169,223</u>	<u>\$ 24,260,911</u>	<u>\$ 19,409,009</u> (Concluded)

The cost of inventories recognized as operating costs for the three months ended March 31, 2018 and 2017 were NT\$54,326,524 thousand and NT\$54,461,292 thousand (retrospectively adjusted), respectively, which included write-down of inventories at NT\$66,940 thousand and NT\$83,115 thousand, respectively.

13. INVENTORIES RELATED TO REAL ESTATE BUSINESS

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Land and buildings held for sale	\$ 26,245	\$ 25,825	\$ 159,712
Construction in progress	8,307,094	8,106,166	21,359,291
Land held for construction	<u>1,687,525</u>	<u>1,687,525</u>	<u>1,687,525</u>
	<u>\$ 10,020,864</u>	<u>\$ 9,819,516</u>	<u>\$ 23,206,528</u>

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 three months ended March 31, 2018 and 2017 are disclosed in Note 26.

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

As of March 31, 2018, December 31, 2017 and March 31, 2017, inventories related to real estate business of NT\$10,015,586 thousand, NT\$9,818,869 thousand and NT\$11,567,121 thousand, respectively, are expected to be recovered longer than twelve months.

Refer to Note 37 for the carrying amount of inventories related to real estate business that had been pledged by the Group to secure bank borrowings.

14. OTHER FINANCIAL ASSETS

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Unsecured subordinate corporate bonds (Notes 8 and 9)	\$ -	\$ 1,000,000	\$ 1,000,000 (Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Time deposits with original maturity of over three months	\$ 499,049	\$ 405,520	\$ 412,556
Guarantee deposits	150,317	170,594	165,088
Pledged time deposits (Note 37)	60,871	59,456	201,739
Others (Notes 31 and 37)	<u>3,699,949</u>	<u>7,270</u>	<u>14,540</u>
	4,410,186	1,642,840	1,793,923
Current	<u>4,231,158</u>	<u>472,340</u>	<u>478,389</u>
Non-current	<u>\$ 179,028</u>	<u>\$ 1,170,500</u>	<u>\$ 1,315,534</u>

(Concluded)

15. INVESTMENTS ACCOUNTED FOR USING THE EQUITY METHOD

	March 31, 2018	December 31, 2017	March 31, 2017 (Retrospectively Adjusted)
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Investments in associates	\$ 48,261,339	\$ 48,202,751	\$ 49,190,697
Investments in joint ventures	<u>418,937</u>	<u>486,514</u>	<u>625,622</u>
	<u>\$ 48,680,276</u>	<u>\$ 48,689,265</u>	<u>\$ 49,816,319</u>

a. Investments in associates

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

Name of Associate	Main Business	Operating Location	Carrying Amount		
			March 31, 2018	December 31, 2017	March 31, 2017 (Retrospectively Adjusted)
			<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Material associate Siliconware Precision Industries Co., Ltd. ("SPIL")	Engaged in assembly, testing and turnkey services of integrated circuits	ROC	\$ 45,222,329	\$ 45,141,910	\$ 45,919,552
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	1,519,732	1,583,124	1,720,192
Hung Ching Development & Construction Co. ("HC")	Engaged in the development, construction and leasing of real estate properties	ROC	1,306,448	1,252,686	1,287,989
Hung Ching Kwan Co. ("HCK")	Engaged in the leasing of real estate properties	ROC	306,387	309,630	319,744
Advanced Microelectronic Products Inc. ("AMPI")	Engaged in integrated circuit	ROC	206,592	215,550	243,369
			<u>48,561,488</u>	<u>48,502,900</u>	<u>49,490,846</u>
	Less: Deferred gain on transfer of land		<u>300,149</u>	<u>300,149</u>	<u>300,149</u>
			<u>\$ 48,261,339</u>	<u>\$ 48,202,751</u>	<u>\$ 49,190,697</u>

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

	March 31, 2018	December 31, 2017	March 31, 2017
SPIL	33.15%	33.29%	33.29%
DECA	22.04%	22.04%	22.07%
HC	26.22%	26.22%	26.22%
HCK	27.31%	27.31%	27.31%
AMPI	38.76%	38.76%	38.76%

In 2017, the percentage of ownership in DECA held by the Group was decreased to 22.04% since DECA's share options were exercised. In addition, the percentage of ownership in SPIL held by the Group was decreased to 33.15% since SPIL's convertible bonds were converted into SPIL's ordinary shares in March 2018.

- 3) The Group invested in DECA in July 2016 and AMPI in November 2016, respectively, and 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. The retrospective adjustments are summarized as follows:

	After Retrospectively Adjusted NT\$	Before Retrospectively Adjusted NT\$
<u>Investments accounted for using the equity method</u>		
March 31, 2017		
DECA	<u>\$ 1,720,192</u>	<u>\$ 1,730,836</u>
AMPI	<u>\$ 243,369</u>	<u>\$ 249,972</u>
January 1, 2017		
DECA	<u>\$ 1,813,677</u>	<u>\$ 1,820,329</u>
AMPI	<u>\$ 264,434</u>	<u>\$ 266,085</u>

The aforementioned retrospective adjustments are accordingly recorded as a decrease of retained earnings as of March 31 and January 1, 2017, respectively.

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

	March 31, 2018 NT\$	December 31, 2017 NT\$	March 31, 2017 NT\$
SPIL	<u>\$ 52,694,840</u>	<u>\$ 52,176,190</u>	<u>\$ 51,346,350</u>
HC	<u>\$ 2,007,421</u>	<u>\$ 1,695,156</u>	<u>\$ 1,745,540</u>
AMPI	<u>\$ 505,565</u>	<u>\$ 468,572</u>	<u>\$ 388,422</u>

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

The summarized financial information below represents amounts shown in SPIL's consolidated financial statements prepared in accordance with the Regulations Governing the Preparation of

Financial Reports by Securities Issuers and IAS 34 “Interim Financial Reporting” as endorsed and issued into effect by the FSC, and adjusted by the Group for equity accounting purposes.

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Current assets	\$ 54,866,507	\$ 49,065,912	\$ 47,530,562
Non-current assets	100,606,883	101,754,358	107,966,385
Current liabilities	(39,756,286)	(26,194,615)	(37,987,409)
Non-current liabilities	(13,253,425)	(26,372,448)	(16,920,368)
Non-controlling interests	<u>(3,552,934)</u>	<u>-</u>	<u>-</u>
Equity	<u>\$ 98,910,745</u>	<u>\$ 98,253,207</u>	<u>\$ 100,589,170</u>
Proportion of the Group’s ownership interest in SPIL	33.15%	33.29%	33.29%
Net assets attributable to the Group	\$ 32,788,912	\$ 32,708,493	\$ 33,486,135
Goodwill	<u>12,433,417</u>	<u>12,433,417</u>	<u>12,433,417</u>
Carrying amount	<u>\$ 45,222,329</u>	<u>\$ 45,141,910</u>	<u>\$ 45,919,552</u>

**For the Three Month Ended
March 31**

	2018	2017
	<u>NT\$</u>	<u>NT\$</u>
Operating revenue	<u>\$ 18,912,711</u>	<u>\$ 19,551,585</u>
Gross profit	<u>\$ 1,907,334</u>	<u>\$ 2,669,305</u>
Profit (loss) before income tax expense	<u>\$ (652,180)</u>	<u>\$ 174,119</u>
Net loss for the period	\$ (822,808)	\$ (90,906)
Other comprehensive income for the period	<u>534,703</u>	<u>210,040</u>
Total comprehensive income (loss) for the period	<u>\$ (288,105)</u>	<u>\$ 119,134</u>

6) Aggregate information of associates that are not individually material

**For the Three Months Ended
March 31**

	2018	2017
	<u>NT\$</u>	<u>NT\$</u>
The Group’s share of:		
Net loss for the period	\$ (91,381)	\$ (67,577)
Other comprehensive income for the period	<u>48,208</u>	<u>81,315</u>
Total comprehensive income (loss) for the period	<u>\$ (43,173)</u>	<u>\$ 13,738</u>

7) Except DECA, investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss as of and for the three months ended March 31, 2018 and 2017 were based on the associates’ financial statements reviewed by auditors for the same periods. The Group’s management believes that DECA’s financial statements not reviewed by auditors would not have material impact on the Group’s consolidated financial statements.

b. Investments in joint ventures

1) The joint venture that was not individually material and accounted for using the equity method was the Group's investment in ASE Embedded Electronics Inc. ("ASEEE"). As of March 31, 2018, December 31, 2017 and March 31, 2017, the percentage of ownership were all 51%. ASEEE are located in ROC and engaged in the production of embedded substrate.

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

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
The Group's share of net loss and total comprehensive loss for the period	<u>\$ (67,619)</u>	<u>\$ (45,035)</u>

3) The investments accounted for using the equity method and the share of loss and other comprehensive loss as of and for the three months ended March 31, 2018 and 2017 were based on the joint venture's financial statements reviewed by auditors for the same period.

16. PROPERTY, PLANT AND EQUIPMENT

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

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
Land	\$ 3,239,965	\$ 3,258,518	\$ 3,310,629
Buildings and improvements	57,657,256	58,272,864	58,918,796
Machinery and equipment	63,758,758	66,185,198	68,532,174
Other equipment	1,574,405	1,588,113	1,920,957
Construction in progress and machinery in transit	<u>8,406,823</u>	<u>5,863,713</u>	<u>7,389,913</u>
	<u>\$ 134,637,207</u>	<u>\$ 135,168,406</u>	<u>\$ 140,072,469</u>

For the three months ended March 31, 2018

	Land	Buildings and improvements	Machinery and equipment	Other equipment	Construction in progress and machinery in transit	Total
	NT\$	NT\$	NT\$	NT\$	NT\$	NT\$
<u>Cost</u>						
Balance at January 1, 2018	\$ 3,258,518	\$ 100,187,928	\$ 253,198,003	\$ 7,812,080	\$ 5,863,713	\$ 370,320,242
Additions	-	4,386	88,382	30,053	6,912,905	7,035,726
Disposals	-	(124,109)	(3,563,846)	(143,536)	(8,378)	(3,839,869)
Reclassification	-	562,087	3,639,294	109,339	(4,310,720)	-
Effect of foreign currency exchange differences	<u>(18,553)</u>	<u>245,674</u>	<u>9,600</u>	<u>35,210</u>	<u>(50,697)</u>	<u>221,234</u>
Balance at March 31, 2018	<u>\$ 3,239,965</u>	<u>\$ 100,875,966</u>	<u>\$ 253,371,433</u>	<u>\$ 7,843,146</u>	<u>\$ 8,406,823</u>	<u>\$ 373,737,333</u>
<u>Accumulated depreciation and impairment</u>						
Balance at January 1, 2018	\$ -	\$ 41,915,064	\$ 187,012,805	\$ 6,223,967	\$ -	\$ 235,151,836
Depreciation expense	-	1,285,953	5,580,324	153,596	-	7,019,873
Disposals	-	(122,519)	(2,945,351)	(140,647)	-	(3,208,517)
Effect of foreign currency exchange differences	<u>-</u>	<u>140,212</u>	<u>(35,103)</u>	<u>31,825</u>	<u>-</u>	<u>136,934</u>
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 43,218,710</u>	<u>\$ 189,612,675</u>	<u>\$ 6,268,741</u>	<u>\$ -</u>	<u>\$ 239,100,126</u>

For the three months ended March 31, 2017

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

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

Buildings and improvements

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

The capitalized borrowing costs for the three months ended March 31, 2018 and 2017 are disclosed in Note 26.

17. INVESTMENT PROPERTIES

	Land	Buildings and improvements	Total
	NT\$	NT\$	NT\$
<u>Cost</u>			
Balance at January 1, 2018	\$ 35,965	\$ 8,406,785	\$ 8,442,750
Additions	-	53,378	53,378
Effects of foreign currency exchange differences	-	127,134	127,134
Balance at March 31, 2018	<u>\$ 35,965</u>	<u>\$ 8,587,297</u>	<u>\$ 8,623,262</u>

(Continued)

	<u>Land</u> NT\$	<u>Buildings and improvements</u> NT\$	<u>Total</u> NT\$
<u>Accumulated depreciation and impairment</u>			
Balance at January 1, 2018	\$ -	\$ 323,314	\$ 323,314
Depreciation expenses	-	97,364	97,364
Effects of foreign currency exchange differences	-	3,485	3,485
Balance at March 31, 2018	<u>\$ -</u>	<u>\$ 424,163</u>	<u>\$ 424,163</u>
Carrying amount at January 1, 2018	<u>\$ 35,965</u>	<u>\$ 8,083,471</u>	<u>\$ 8,119,436</u>
Carrying amount at March 31, 2018	<u>\$ 35,965</u>	<u>\$ 8,163,134</u>	<u>\$ 8,199,099</u> (Concluded)

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

Main buildings	10-40 years
Others	3-20 years

The fair value of the investment properties was approximately NT\$11,753,470 thousand and NT\$11,560,440 thousand as of March 31, 2018 and December 31, 2017, respectively, which was measured using the market approach and the income approach based on level 3 inputs by independent professional appraisers. The significant unobservable inputs were discounted rates.

Investment properties are held under freehold interests. Refer to Note 37 for the carrying amount of the investment properties that had been pledged by the Group to secure borrowings.

18. GOODWILL

	<u>Cost</u> NT\$	<u>Accumulated impairment</u> NT\$	<u>Carrying amount</u> NT\$
Balance at January 1, 2018	\$ 12,348,607	\$ 2,414,113	\$ 9,934,494
Effect of foreign currency exchange differences	<u>(34,032)</u>	<u>-</u>	<u>(34,032)</u>
Balance at March 31, 2018	<u>\$ 12,314,575</u>	<u>\$ 2,414,113</u>	<u>\$ 9,900,462</u>
Balance at January 1, 2017 (retrospectively adjusted) (Note 30)	\$ 12,479,305	\$ 1,988,996	\$ 10,490,309
Effect of foreign currency exchange differences	<u>(101,413)</u>	<u>-</u>	<u>(101,413)</u>
Balance at March 31, 2017	<u>\$ 12,377,892</u>	<u>\$ 1,988,996</u>	<u>\$ 10,388,896</u>

19. OTHER INTANGIBLE ASSETS

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

	March 31, 2018	December 31, 2017	March 31, 2017 (Retrospectively Adjusted)
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Customer relationships	\$ 93,698	\$ 113,776	\$ 174,011
Computer software	861,311	864,331	881,423
Patents and acquired specific technology	309,884	319,402	348,069
Others	<u>168,156</u>	<u>109,356</u>	<u>114,515</u>
	<u>\$ 1,433,049</u>	<u>\$ 1,406,865</u>	<u>\$ 1,518,018</u>

For the three months ended March 31, 2018

	Customer relationships	Computer software	Patents and acquired specific technology	Others	Total
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
<u>Cost</u>					
Balance at January 1, 2018	\$ 915,636	\$ 3,686,452	\$ 389,486	\$ 198,754	\$ 5,190,328
Additions	-	78,870	-	63,160	142,030
Disposals	-	(147)	-	-	(147)
Effect of foreign currency exchange differences	<u>-</u>	<u>9,664</u>	<u>856</u>	<u>118</u>	<u>10,638</u>
Balance at March 31, 2018	<u>\$ 915,636</u>	<u>\$ 3,774,839</u>	<u>\$ 390,342</u>	<u>\$ 262,032</u>	<u>\$ 5,342,849</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2018	\$ 801,860	\$ 2,822,121	\$ 70,084	\$ 89,398	\$ 3,783,463
Amortization expense	20,078	81,847	8,510	4,451	114,886
Disposals	-	(147)	-	-	(147)
Effect of foreign currency exchange differences	<u>-</u>	<u>9,707</u>	<u>1,864</u>	<u>27</u>	<u>11,598</u>
Balance at March 31, 2018	<u>\$ 821,938</u>	<u>\$ 2,913,528</u>	<u>\$ 80,458</u>	<u>\$ 93,876</u>	<u>\$ 3,909,800</u>

For the three months ended March 31, 2017

	<u>Customer relationships</u> NT\$	<u>Computer software</u> NT\$	<u>Patents and acquired specific technology</u> NT\$	<u>Others</u> NT\$	<u>Total</u> NT\$
<u>Cost</u>					
Balance at January 1, 2017 (retrospectively adjusted)	\$ 915,636	\$ 3,552,229	\$ 514,443	\$ 192,392	\$ 5,174,700
Additions	-	36,863	-	-	36,863
Disposals	-	(30,033)	(123,743)	-	(153,776)
Effect of foreign currency exchange differences	-	(73,025)	(3,076)	(1,783)	(77,884)
Balance at March 31, 2017	<u>\$ 915,636</u>	<u>\$ 3,486,034</u>	<u>\$ 387,624</u>	<u>\$ 190,609</u>	<u>\$ 4,979,903</u>
<u>Accumulated amortization</u>					
Balance at January 1, 2017 (retrospectively adjusted)	\$ 721,547	\$ 2,608,702	\$ 155,216	\$ 71,974	\$ 3,557,439
Amortization expense	20,078	81,313	10,992	4,328	116,711
Disposals	-	(25,906)	(123,743)	-	(149,649)
Effect of foreign currency exchange differences	-	(59,498)	(2,910)	(208)	(62,616)
Balance at March 31, 2017	<u>\$ 741,625</u>	<u>\$ 2,604,611</u>	<u>\$ 39,555</u>	<u>\$ 76,094</u>	<u>\$ 3,461,885</u>

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

20. LONG-TERM PREPAYMENTS FOR LEASE

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

21. BORROWINGS

a. Short-term borrowings

Short-term borrowings mainly represented unsecured revolving bank loans with annual interest rates at 0.80%-4.79%, 0.80%-4.79% and 0.22%-5.10% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively.

b. Long-term borrowings

1) Bank loans

	<u>March 31, 2018</u> NT\$	<u>December 31, 2017</u> NT\$	<u>March 31, 2017</u> NT\$
Working capital bank loans			
Syndicated bank loans - repayable in July 2018, annual interest rates were 3.29%, 2.61%-2.70% and 2.28% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively	\$ 2,328,400	\$ 4,761,600	\$ 7,036,560
Others - repayable through April 2018 to March 2020, annual interest rates were 0.74%-2.61%, 0.93%-2.10% and 0.74%-2.80% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively	29,399,369	23,941,947	24,779,070
Mortgage loans			
Repayable through July 2018 to June 2023, annual interest rates were all 4.95%-5.39% as of March 31, 2018, December 31, 2017 and March 31, 2017	<u>4,957,406</u>	<u>4,705,149</u>	<u>4,524,166</u>
	36,685,175	33,408,696	36,339,796
Less: unamortized arrangement fee	<u>600</u>	<u>1,200</u>	<u>5,399</u>
	36,684,575	33,407,496	36,334,397
Less: current portion	<u>5,683,157</u>	<u>8,261,625</u>	<u>7,111,368</u>
	<u>\$ 31,001,418</u>	<u>\$ 25,145,871</u>	<u>\$ 29,223,029</u>

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 of the loan covenants as of December 31, 2017.

2) Long-term bills payable

	<u>March 31, 2018</u> NT\$	<u>December 31, 2017</u> NT\$	<u>March 31, 2017</u> NT\$
China Bills Finance Corporation, repayable in February 2020, annual interest rates were 0.96%, 0.96% and 0.97% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
			(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
International Bills Finance Corporation, repayable in March 2020, annual interest rates were 0.96%, 0.96% and 0.97% as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000
Ta Ching Bills Finance Corporation, repayable in January 2020, annual interest rates was 0.96% as of March 31, 2018	1,100,000	-	-
Ta Ching Bills Finance Corporation, annual interest rates was 1.00% and has been repaid in December 2017	-	-	2,000,000
	<u>3,100,000</u>	<u>2,000,000</u>	<u>4,000,000</u>
Less: unamortized discounts	<u>1,722</u>	<u>868</u>	<u>1,391</u>
	<u>\$ 3,098,278</u>	<u>\$ 1,999,132</u>	<u>\$ 3,998,609</u> (Concluded)

22. BONDS PAYABLE

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
Unsecured domestic bonds			
Repayable at maturity in January 2021 and interest due annually with annual interest rate at 1.30%	\$ 7,000,000	\$ 7,000,000	\$ 7,000,000
Repayable at maturity in January 2023 and interest due annually with annual interest rate at 1.50%	2,000,000	2,000,000	2,000,000
Repayable at maturity in January 2022 and interest due annually with annual interest rate at 1.25%	3,700,000	3,700,000	3,700,000
Repayable at maturity in January 2024 and interest due annually with annual interest rate at 1.45%	4,300,000	4,300,000	4,300,000
Unsecured convertible overseas bonds			
US\$400,000 thousand	-	-	12,016,746
US\$200,000 thousand (linked to New Taiwan dollar)	-	6,185,600	6,185,600
Secured overseas bonds - secured by the Company			
US\$300,000 thousand	-	-	9,099,000
	<u>17,000,000</u>	<u>23,185,600</u>	<u>44,301,346</u>
Less: discounts on bonds payable	<u>17,344</u>	<u>42,820</u>	<u>646,987</u>
	<u>16,982,656</u>	<u>23,142,780</u>	<u>43,654,359</u>
Less: current portion	-	6,161,197	15,178,615
	<u>\$ 16,982,656</u>	<u>\$ 16,981,583</u>	<u>\$ 28,475,744</u>

- 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 2017, the Bonds holders have exercised the conversion right to convert the Bonds of US\$399,600 thousand into the Company’s ordinary shares at conversion prices from NT\$27.95 to NT\$28.96. Except those have been converted, the Company, based on the board of directors’ resolution, has 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. As of March 31, 2018, the Currency Linked Bonds were expired and has not been exercised. The Company redeemed the Currency Linked Bonds in cash in an amount by converting the par value into New Taiwan dollar amount using a fixed exchange rate of US\$1 to NT\$30.928 and then back to U.S. dollar amount using the applicable prevailing rate at the time of redemption. At the same time, the Company reclassified NT\$214,022 thousand from capital surplus arising from equity component of convertible bonds to capital surplus arising from expired share options.
- 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. The Company’s subsidiary has repaid the Green Bonds in July 2017.

23. OTHER PAYABLES

	March 31, 2018	December 31, 2017	March 31, 2017
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Accrued salary and bonus	\$ 5,931,025	\$ 7,292,254	\$ 4,894,187
Payables for property, plant and equipment	5,748,181	4,623,268	5,167,725
Accrued employees’ compensation and remuneration to directors	2,825,692	2,568,880	2,648,996
Accrued employee insurance	680,636	657,176	632,418
Accrued utilities	409,433	417,257	396,512
Payables for patents and acquired specific technology (Note 36)	90,953	93,000	113,738
Others	<u>5,082,887</u>	<u>5,726,052</u>	<u>5,341,709</u>
	<u>\$ 20,768,807</u>	<u>\$ 21,377,887</u>	<u>\$ 19,195,285</u>

24. RETIREMENT BENEFIT PLANS

The Group’s retirement benefit plans consisted of defined contribution retirement plan and defined benefit retirement plan. Employee benefit expenses in respect of the Group’s defined benefit retirement plans were calculated using the projected pension cost stated in 2017 and 2016 actuarial reports.

25. EQUITY

a. Share capital

Ordinary shares

	March 31, 2018	December 31, 2017	March 31, 2017
Numbers of shares authorized (in thousands)	<u>10,000,000</u>	<u>10,000,000</u>	<u>10,000,000</u>
Numbers of shares reserved (in thousands)			
Employee share options	<u>800,000</u>	<u>800,000</u>	<u>800,000</u>
Shares capital authorized	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>	<u>\$ 100,000,000</u>
Shares capital reserved			
Employee share options	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>	<u>\$ 8,000,000</u>
Number of shares issued and fully paid (in thousands)	<u>8,753,238</u>	<u>8,738,079</u>	<u>8,277,967</u>

The holders of issued ordinary shares with a par value at \$10 per share are entitled the right to vote and receive dividends, except the shares held by the Group's subsidiaries which are not entitled the right to vote. As of March 31, 2018, December 31, 2017 and March 31, 2017, there were 500,000 thousand ordinary shares included in the authorized shares that were not yet required to complete the share registration process.

In December 2016, the board of directors approved the issue of 300,000 thousand ordinary shares for cash capital increase at NT\$34.3 per share. The Company has completed the registration formalities for the cash capital increase and the record date was March 28, 2017.

As disclosed in Note 22, there were 424,258 thousand ordinary shares were issued under the conversion of Bonds in 2017. The record dates of 323,094 thousand and 101,164 thousand ordinary shares were October 13, 2017 and July 13, 2017, respectively. The Company has completed the registration formalities.

American Depositary Receipts

The Company issued ADSs and each ADS represents five ordinary shares. As of March 31, 2018, December 31, 2017 and March 31, 2017, 119,037 thousand, 115,261 thousand and 108,091 thousand ADSs were outstanding and represented approximately 595,185 thousand, 576,305 thousand and 540,455 thousand ordinary shares of the Company, respectively.

b. Capital surplus

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (1)			
Arising from issuance of ordinary shares	\$ 21,700,595	\$ 21,553,853	\$ 13,226,869
Arising from conversion of bonds payable	1,930,066	1,930,066	89,879

(Continued)

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
Arising from the difference between consideration received and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	\$ 7,176,958	\$ 7,176,958	\$ 7,176,958
<u>May be used to offset a deficit only</u>			
Arising from changes in percentage of ownership interest in subsidiaries (2)	4,955,812	6,083,444	6,135,832
Arising from treasury share transactions	1,151,345	1,151,345	950,368
Arising from exercised employee share options	1,209,421	1,089,178	715,338
Arising from expired share options (Notes 22 and 29)	437,476	223,454	17,167
Arising from share of changes in capital surplus of associates	239,796	83,733	82,517
<u>May not be used for any purpose</u>			
Arising from employee share options	862,867	960,888	1,276,799
Arising from equity component of convertible bonds	-	214,022	214,022
Others (3)	<u>240,845</u>	<u>155,936</u>	<u>-</u>
	<u>\$ 39,905,181</u>	<u>\$ 40,622,877</u>	<u>\$ 29,885,749</u> (Concluded)

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

The Articles of Incorporation of ASE Inc. (the "Articles") 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 Articles also provides the policy of the employees' compensation and remuneration to directors, refer to employees' compensation and the remuneration to directors in Note 26(g).

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

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

Items referred to under Rule No. 1010012865 and Rule No. 1010047490 issued by the FSC and in the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriation of earnings for 2017 proposed by the Company's board of directors in May 2018, and for 2016 resolved at the Company's annual shareholders' meetings in June 2017, respectively, were as follows:

	Appropriation of Earnings		Dividends Per Share	
	For Year 2017	For Year 2016	For Year 2017	For Year 2016
	NT\$	NT\$	NT\$	NT\$
			(in dollars)	(in dollars)
Legal reserve	\$ 2,298,782	\$ 2,168,034		
Special reserve	2,962,201	-		
Cash dividends	<u>48,279,621</u>	<u>11,415,198</u>	\$ 5.59	\$ 1.40
	<u>\$ 53,540,604</u>	<u>\$ 13,583,232</u>		

d. Others equity

- 1) Exchange differences on translating foreign operations

	For the Three Months Ended	
	March 31	
	2018	2017
	NT\$	NT\$
Balance at January 1	\$ (6,732,760)	\$ (1,642,724)
Exchange differences arising on translating foreign operations	169,523	(6,396,711)
Share from associates and joint venture accounted for using the equity method	<u>99,398</u>	<u>(249,647)</u>
Balance at March 31	<u>\$ (6,463,839)</u>	<u>\$ (8,289,082)</u>

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

	For the Three Months Ended March 31, 2017
	<u>NT\$</u>
Balance at January 1	\$ (240,850)
Unrealized gain arising on revaluation of available-for-sale financial assets	43,648
Share from associates and joint venture accounted for using the equity method	<u>420,078</u>
Balance at March 31	<u>\$ 222,876</u>

3) Unrealized gain (loss) on financial assets at FVTOCI

	For the Three Months Ended March 31, 2018
	<u>NT\$</u>
Balance at January 1 per IAS 39	\$ 416,622
Adjustment on initial application of IFRS 9 (Note 3)	<u>(281,105)</u>
Balance at January 1 per IFRS 9	<u>135,517</u>
Unrealized gain (loss) recognized during the period	
Debt instruments	(61,524)
Equity instruments	(34,395)
Share from associates and joint venture accounted for using the equity method	139,059
Realized gain recognized during the period	
Share from associates and joint venture accounted for using the equity method	<u>(5,675)</u>
Balance at March 31	<u>\$ 172,982</u>

e. Treasury shares (in thousand shares)

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>
For the three months ended March 31, 2018				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	120,000	-	-	120,000
Shares repurchased from dissenting shareholders in accordance with Business Mergers And Acquisitions Act	<u>-</u>	<u>1,852</u>	<u>-</u>	<u>1,852</u>
	<u>265,883</u>	<u>1,852</u>	<u>-</u>	<u>267,735</u>

(Continued)

	<u>Beginning Balance</u>	<u>Addition</u>	<u>Decrease</u>	<u>Ending Balance</u>
<u>For the three months ended March 31, 2017</u>				
Shares held by subsidiaries	145,883	-	-	145,883
Shares reserved for bonds conversion	<u>120,000</u>	<u>-</u>	<u>-</u>	<u>120,000</u>
	<u>265,883</u>	<u>-</u>	<u>-</u>	<u>265,883</u> (Concluded)

In March 2018, the board of directors approved, in accordance with Business Mergers And Acquisitions Act, to repurchase 1,852 thousand ordinary shares at NT\$38.5 per share held by the shareholders dissenting on the share exchange transaction (Note 40) which has been approved by both of the Company and SPIL's special shareholders' meetings on February 12, 2018.

In addition, the board of directors approved a capital reduction in April 2018 to cancel 121,852 thousand treasury shares and the record date was April 9, 2018. As of the date the consolidated financial statements were authorized for issue, the Company has completed the registration formalities.

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

	<u>Shares Held By Subsidiaries (in thousand shares)</u>	<u>Carrying amount NT\$</u>	<u>Fair Value NT\$</u>
<u>March 31, 2018</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,704,420
J&R Holding	46,704	381,709	1,961,558
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>461,109</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 6,127,087</u>
<u>December 31, 2017</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,364,848
J&R Holding	46,704	381,709	1,781,749
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>418,840</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,565,437</u>
<u>March 31, 2017</u>			
ASE Test	88,200	\$ 1,380,721	\$ 3,417,768
J&R Holding	46,704	381,709	1,809,771
ASE Test, Inc.	<u>10,979</u>	<u>196,677</u>	<u>425,428</u>
	<u>145,883</u>	<u>\$ 1,959,107</u>	<u>\$ 5,652,967</u>

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

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

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

f. Non-controlling interests

	For the Three Months Ended March 31	
	2018	2017 (Retrospectively Adjusted)
	NT\$	NT\$
Balance at January 1	\$ 13,199,937	\$ 12,008,753
Adjustment on initial application of IFRS 15 (Note 3)	<u>5,183</u>	<u>-</u>
Balance at January 1 per IFRS 15	13,205,120	12,008,753
Share in profit for the period	259,647	400,966
Other comprehensive income (loss) in the period		
Exchange difference on translating foreign operations	70,568	(546,903)
Unrealized gain on available-for-sale financial assets	-	454
Unrealized loss on equity instruments at FVTOCI	(493)	-
Remeasurement on defined benefit plans	986	-
Partial disposal of subsidiaries (Note 31)	-	(3,055)
Repurchase of outstanding ordinary shares of subsidiaries (Note 31)	(777,104)	-
Non-controlling interest relating to issue of ordinary shares under employee share options.	<u>24,140</u>	<u>58,096</u>
Balance at March 31	<u>\$ 12,782,864</u>	<u>\$ 11,918,311</u>

26. PROFIT BEFORE INCOME TAX

a. Other income

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Government subsidy	\$ 101,121	\$ 29,419
Interest income	83,717	52,739
Rental income	46,064	22,255
Dividends	<u>2,458</u>	<u>4,034</u>
	<u>\$ 233,360</u>	<u>\$ 108,447</u>

b. Other gains (losses)

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Net gains on financial assets mandatorily at FVTPL	\$ 560,773	\$ -
Net gains on financial assets designated as at FVTPL	-	54,823
Net losses arising on financial instruments held for trading	(939,789)	(4,019,201)
Foreign exchange gains, net	502,291	2,890,697
Others	<u>12,352</u>	<u>248,661</u>
	<u>\$ 135,627</u>	<u>\$ (825,020)</u>

c. Finance costs

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Total interest expense for financial liabilities measured at amortized cost	\$ 453,550	\$ 572,259
Less: Amounts included in the cost of qualifying assets		
Inventories related to real estate business	(2,668)	(65,940)
Property, plant and equipment	(9,664)	(19,014)
Investment properties	<u>(32)</u>	<u>-</u>
	441,186	487,305
Other finance costs	<u>23,273</u>	<u>4,961</u>
	<u>\$ 464,459</u>	<u>\$ 492,266</u>

Information relating to the capitalized borrowing costs was as follows:

	For the Three Months Ended March 31	
	2018	2017
Annual interest capitalization rates		
Inventories related to real estate business (%)	4.35	4.35-5.39
Property, plant and equipment (%)	1.86-4.52	1.26-5.49
Investment properties (%)	1.86-2.04	-

d. Depreciation and amortization

	For the Three Months Ended March 31	
	2018	2017
	NT\$	(Retrospectively Adjusted) NT\$
Property, plant and equipment	\$ 7,019,873	\$ 7,145,883
Investment properties	97,364	-

(Continued)

	For the Three Months Ended March 31	
	2018	2017 (Retrospectively Adjusted)
	NT\$	NT\$
Intangible assets	\$ 114,886	\$ 116,711
Total	<u>\$ 7,232,123</u>	<u>\$ 7,262,594</u>
Summary of depreciation by function		
Operating costs	\$ 6,626,571	\$ 6,644,834
Operating expenses	<u>490,666</u>	<u>501,049</u>
	<u>\$ 7,117,237</u>	<u>\$ 7,145,883</u>
Summary of amortization by function		
Operating costs	\$ 36,402	\$ 44,884
Operating expenses	<u>78,484</u>	<u>71,827</u>
	<u>\$ 114,886</u>	<u>\$ 116,711</u>

(Concluded)

e. Operating expenses directly related to investment properties

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Direct operating expenses of investment properties that generated rental income	<u>\$ 316,269</u>	<u>\$ -</u>

f. Employee benefits expense

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Post-employment benefits		
Defined contribution plans	\$ 598,244	\$ 562,375
Defined benefit plans	<u>64,850</u>	<u>89,194</u>
	663,094	651,569
Equity-settled share-based payments	46,319	202,777
Other employee benefits	<u>12,145,653</u>	<u>12,294,025</u>
Total employee benefits expense	<u>\$ 12,855,066</u>	<u>\$ 13,148,371</u>
Summary of employee benefits expense by function		
Operating costs	\$ 9,028,109	\$ 8,856,770
Operating expenses	<u>3,826,957</u>	<u>4,291,601</u>
	<u>\$ 12,855,066</u>	<u>\$ 13,148,371</u>

g. Employees' compensation and the remuneration to directors

The Articles stipulates to distribute employees' compensation and remuneration to directors at the rates in 5.25%-8.25% and no higher than 0.75%, respectively, of net profit before income tax, employees' compensation and remuneration to directors. For the three months ended March 31, 2018 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 Three Months Ended	
	March 31	
	2018	2017
	NT\$	NT\$
Employees' compensation	\$ 271,197	\$ 254,324
Remuneration to directors	24,654	23,120

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

The appropriations of employees' compensation (settled by cash) and remuneration to directors for 2017 and 2016 resolved by the board of directors in March 2018 and in March 2017, respectively, and the amounts recognized in 2017 and 2016 consolidated financial statements, respectively, were as follows.

	For Year 2017		For Year 2016	
	Employees'	Remuneration	Employees'	Remuneration
	compensation	to directors	compensation	to directors
	NT\$	NT\$	NT\$	NT\$
Resolved by the board of directors	<u>\$ 2,290,800</u>	<u>\$ 160,000</u>	<u>\$ 2,151,900</u>	<u>\$ 148,000</u>
Recognized in the consolidated financial statements	<u>\$ 2,291,140</u>	<u>\$ 208,285</u>	<u>\$ 2,147,323</u>	<u>\$ 195,211</u>

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, 2017 and 2016 were deemed changes in estimates. The difference was NT\$48,625 thousand and NT\$42,634 thousand and had been adjusted in net profit for the years ended December 31, 2018 and 2017, respectively.

Information on the employees' compensation and the remuneration to directors resolved by the board of directors are available on the Market Observation Post System website of the TSE.

27. INCOME TAX

a. Income tax recognized in profit or loss

The major components of income tax expense were as follows:

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Current income tax		
In respect of the current period	\$ 847,615	\$ 761,717
Income tax on unappropriated earnings	47,670	45,378
Changes in estimate for prior periods	<u>(3,267)</u>	<u>(16,902)</u>
	<u>892,018</u>	<u>790,193</u>
Deferred income tax		
In respect of the current period	(54,143)	225,158
Adjustments attributable to changes in tax rates	657,346	-
Changes in estimate for prior periods	(26)	11,552
Effect of foreign currency exchange differences	<u>(75,183)</u>	<u>(141,422)</u>
	<u>527,994</u>	<u>95,288</u>
Income tax expense recognized in profit or loss	<u>\$ 1,420,012</u>	<u>\$ 885,481</u>

The Income Tax Act in the ROC was amended in 2018 and the corporate income tax rate was adjusted from 17% to 20% effective in 2018. The effect of the change in tax rate on deferred tax income or expense to be recognized in profit or loss is recognized in full in the period in which the change in tax rate occurs. In addition, the rate of the corporate surtax applicable to 2018 unappropriated earnings will be reduced from 10% to 5%.

b. Income tax recognized in other comprehensive income

	For the Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Effect of change in tax rate	<u>\$ 70,755</u>	<u>\$ -</u>

c. Income tax assessments

The tax returns of ASE Inc. through 2015, except 2013, have been examined by the tax authorities, and the tax returns of its ROC subsidiaries through 2013 to 2015 have been examined by the tax authorities. The Company disagreed with the result of examinations relating to its 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.

28. EARNINGS PER SHARE

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

Net profit for the period

	For the Three Months Ended March 31	
		2017 (Retrospectively Adjusted)
	2018	2017
	NT\$	NT\$
Profit for the period attributable to owners of the Company	\$ 2,096,090	\$ 2,558,715
Effect of potentially dilutive ordinary shares:		
Convertible bonds	23,646	23,903
Employee share options issued by subsidiaries	(54,308)	(72,287)
Investments in associates	-	(176,148)
Earnings used in the computation of diluted earnings per share	<u>\$ 2,065,428</u>	<u>\$ 2,334,183</u>

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

	For the Three Months Ended March 31	
	2018	2017
Weighted average number of ordinary shares in computation of basic earnings per share	8,479,198	7,700,388
Effect of potentially dilutive ordinary shares:		
Convertible bonds	109,368	124,911
Employees' compensation	54,787	58,218
Employee share options	<u>29,789</u>	<u>47,798</u>
Weighted average number of ordinary shares in computation of diluted earnings per share	<u>8,673,142</u>	<u>7,931,315</u>

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

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

29. 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.

As discussed in Note 40, HoldCo assumed the Company's obligations under the aforementioned employee share option plans starting from April 30, 2018 and each share option represent the right to purchase 0.5 ordinary share of HoldCo with all other terms and conditions held constant.

ASE Inc. Option Plans

Information about share options was as follows:

	For the Three Months Ended March 31			
	2018		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\$)
Balance at January 1	135,961	\$30.2	210,795	\$27.3
Options forfeited	(1,558)	36.5	(1,457)	36.4
Options exercised	<u>(15,159)</u>	25.3	<u>(27,852)</u>	20.8
Balance at March 31	<u>119,244</u>	30.7	<u>181,486</u>	28.2
Options exercisable, end of period	<u>77,990</u>	27.7	<u>108,684</u>	20.8

The weighted average share price at the dates of exercise of share options for the three months ended March 31, 2018 and 2017 was NT\$40.2 and NT\$36.9, respectively. The options granted in 2007 were expired in December 2017 and, therefore, NT\$47,087 thousand was reclassified from capital surplus arising from employee share options to capital surplus arising from expired share options.

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

	Range of Exercise Price Per Share (NT\$)	Weighted Average Remaining Contractual Life (Years)
<u>March 31, 2018</u>		
4 th share options	\$ 20.4-22.6	2.2
5 th share options	36.5	7.4
<u>December 31, 2017</u>		
4 th share options	20.4-22.6	2.5
5 th share options	36.5	7.7
<u>March 31, 2017</u>		
3 rd and 4 th share options	20.4-22.6	2.5
5 th share options	36.5	8.4

ASE Mauritius Inc. Option Plan

ASE Mauritius Inc. has an employee share option plan for full-time employees of the Group which granted 30,000 thousand units in December 2007. Under the terms of the plan, each unit represents

the right to purchase one ordinary share of ASE Mauritius Inc. when exercised. The option rights of the plan are valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. The options were expired in December 2017 and, therefore, NT\$159,200 thousand was reclassified from non-controlling interest to capital surplus arising from expired share options.

USIE Option Plans

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

Information about share options was as follows:

	For the Three Months Ended March 31			
	2018		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\$)
Balance at January 1 and March 31	<u>25,556</u>	\$2.2	<u>25,933</u>	\$2.2
Options exercisable, end of period	<u>25,556</u>	2.2	<u>25,933</u>	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)
<u>March 31, 2018</u>		
1 st share options	\$ 1.5	2.7
2 nd and 3 rd share options	2.4-2.9	2.6
<u>December 31, 2017</u>		
1 st share options	1.5	3.0
2 nd and 3 rd share options	2.4-2.9	2.9
<u>March 31, 2017</u>		
1 st share options	1.5	3.7
2 nd and 3 rd share options	2.4-2.9	3.6

USISH Option Plan

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

Information about share options was as follows:

	For the Three Months Ended March 31			
	2018		2017	
	Number of Options (In Thousands)	Exercise Price Per Share (CNY)	Number of Options (In Thousands)	Exercise Price Per Share (CNY)
Balance at January 1	22,341	\$ 15.5	24,997	\$ 15.5
Options forfeited	<u>(155)</u>	15.5	<u>(259)</u>	15.5
Balance at March 31	<u>22,186</u>	15.5	<u>24,738</u>	15.5
Options exercisable, end of period	<u>8,834</u>	15.5	<u>-</u>	-

As of March 31, 2018, December 31, 2017 and March 31, 2017, the remaining contractual life of the share options was 7.7 years, 7.9 years and 8.7 years, respectively.

Employee benefit expense recognized for employee share options granted by the Company and its subsidiary, USISH, was NT\$46,319 thousand and NT\$118,777 thousand for the three months ended March 31, 2018 and 2017, respectively.

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

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

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

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

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

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

30. BUSINESS COMBINATIONS

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.

In the second quarter of 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 follows:

	After Retrospectively Adjusted	Before Retrospectively Adjusted
	NT\$	NT\$
<hr/> March 31, 2017 <hr/>		
Goodwill	<u>\$ 10,388,896</u>	<u>\$ 10,457,465</u>
Other intangible assets	<u>\$ 1,518,018</u>	<u>\$ 1,464,383</u>
<hr/> January 1, 2017 <hr/>		
Goodwill	<u>\$ 10,490,309</u>	<u>\$ 10,558,878</u>
Other intangible assets	<u>\$ 1,617,261</u>	<u>\$ 1,560,989</u>
<hr/> For the three months ended March 31, 2017 <hr/>		
Operating costs	<u>\$ 54,575,361</u>	<u>\$ 54,572,724</u>

The aforementioned retrospective adjustments are accordingly recorded as a decrease in retained earnings of NT\$30,461 thousand and NT\$28,880 thousand as well as an increase in non-controlling interests of NT\$15,527 thousand and NT\$16,583 thousand as of March 31, 2017 and January 1, 2017, respectively.

31. EQUITY TRANSACTION WITH NON-CONTROLLING INTERESTS

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

In January 2018, the shareholders' meeting of the Company's subsidiary, USIE, resolved to repurchase its own outstanding 3,738 thousand ordinary shares at US\$17.49 per share and, as a result, the Group's shareholdings of USIE increased from 96.6% to 98.6%. 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\$1,127,632 thousand in the first quarter of 2018. In February 2018, the board of directors of USIE resolved February 26, 2018 was the record date for capital reduction and then the repurchased ordinary shares were subsequently cancelled.

In March 2018, the board of directors resolved to acquire 40% shareholdings of ASEN from NXP B.V. via the Company's subsidiary, J&R Holding, at US\$127,113 thousand and the Company has signed the shares transfer agreement. As of March 31, 2018, J&R Holding has deposited US\$127,113 thousand (NT\$3,699,895 thousand) in custodian bank which was recorded under the line item of other financial assets - current.

32. NON-CASH TRANSACTIONS

a. Non-cash investing activities

In addition to Notes 22 and 25, for the three months ended March 31, 2018 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 Three Months Ended March 31	
	2018	2017
	NT\$	NT\$
Payments for property, plant and equipment		
Purchase of property, plant and equipment	\$ 7,035,726	\$ 6,391,847
Increase in other non-current assets	263,741	254,013
Decrease (increase) in other payables	(1,124,912)	437,803
Capitalized borrowing costs	<u>(9,664)</u>	<u>(19,014)</u>
	<u>\$ 6,164,891</u>	<u>\$ 7,064,649</u>
Proceeds from disposal of property, plant and equipment		
Consideration from disposal of property, plant and equipment	\$ 597,383	\$ 560,880
Decrease (increase) in other receivables	<u>20,109</u>	<u>(378,447)</u>
	<u>\$ 617,492</u>	<u>\$ 182,433</u>
Payments for investment properties		
Purchase of investment properties	\$ 53,378	\$ -
Capitalized borrowing costs	<u>(32)</u>	<u>-</u>
	<u>\$ 53,346</u>	<u>\$ -</u>
Payments for other intangible assets		
Purchase of other intangible assets	\$ 142,030	\$ 36,863
Decrease in other payables	-	7,200
Decrease in other liabilities	<u>-</u>	<u>2,400</u>
	<u>\$ 142,030</u>	<u>\$ 46,463</u>

b. Changes in liabilities arising from financing activities - for the three months ended March 31, 2018

	Short-term borrowings	Bonds payable	Long-term borrowings	Total
	NT\$	NT\$	NT\$	NT\$
Balance at January 1, 2018	\$ 17,962,471	\$ 23,142,780	\$ 35,406,628	\$ 76,511,879
Financing cash flows	(832,971)	(6,185,600)	4,848,781	(2,169,790)
Non-cash changes				
Amortization of issuance cost	-	25,476	(254)	25,222
Effects of foreign currency exchange	<u>251,009</u>	<u>-</u>	<u>(472,302)</u>	<u>(221,293)</u>
Balance at March 31, 2018	<u>\$ 17,380,509</u>	<u>\$ 16,982,656</u>	<u>\$ 39,782,853</u>	<u>\$ 74,146,018</u>

33. OPERATING LEASE ARRANGEMENTS

a. The Group as lessee

In addition to those disclosed in Note 20, 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 third parties and the leasing period will expire through 2018 to 2023 with the option to renew the leases upon expiration.

The Group recognized rental expense of NT\$288,509 thousand and NT\$342,229 thousand for the three months ended March 31, 2018 and 2017, respectively, for the aforementioned lease agreements and land use right disclosed in Note 20.

The future minimum lease payments of non-cancellable operating lease commitments were as follows:

	<u>March 31, 2018</u>	<u>December 31, 2017</u>	<u>March 31, 2017</u>
	NT\$	NT\$	NT\$
Less than 1 year	\$ 259,206	\$ 246,026	\$ 279,536
1 to 5 years	459,444	439,408	374,129
More than 5 years	<u>430,328</u>	<u>419,232</u>	<u>456,280</u>
	<u>\$ 1,148,978</u>	<u>\$ 1,104,666</u>	<u>\$ 1,109,945</u>

b. The Group as lessor

The Group leased out the investment properties under operating lease with leasing periods from 1 to 15 years. The Group granted lessees the option to renew the lease upon expiration and without bargain purchase.

The future minimum lease payments of non-cancellable operating lease were as follows:

	<u>March 31, 2017</u>
	NT\$
Less than 1 year	\$ 807,212
1 to 5 years	2,304,372
More than 5 years	<u>1,241,630</u>
	<u>\$ 4,353,214</u>

34. 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 21.

35. FINANCIAL INSTRUMENTS

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

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

Except bonds payable measured at amortized cost, the management considers that the carrying amounts of financial assets and financial liabilities not measured at fair value approximate their fair values. The carrying amounts and fair value of bonds payable as of March 31, 2018, December 31, 2017 and March 31, 2017, respectively, were as follows:

	<u>Carrying Amount</u> NT\$	<u>Fair Value</u> NT\$
March 31, 2018	\$ 16,982,656	\$ 17,154,901
December 31, 2017	23,142,780	23,247,085
March 31, 2017	43,654,359	43,932,455

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

	<u>Level 1</u> NT\$	<u>Level 2</u> NT\$	<u>Level 3</u> NT\$	<u>Total</u> NT\$
<u>March 31, 2018</u>				
Financial assets at FVTPL				
Derivative financial assets				
Forward exchange contracts	\$ -	\$ 97,858	\$ -	\$ 97,858
Swap contracts	-	24,307	-	24,307
Non-derivative financial assets				
Quoted shares	5,677,986	-	-	5,677,986
Open-end mutual funds	612,837	-	-	612,837
Hybrid financial assets				
Private-placement convertible bonds	-	100,496	-	100,496
	<u>\$ 6,290,823</u>	<u>\$ 222,661</u>	<u>\$ -</u>	<u>\$ 6,513,484</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
Financial assets at FVTOCI				
Investments in equity instruments				
Unquoted shares	\$ -	\$ -	\$ 657,123	\$ 657,123
Limited partnership	-	-	125,505	125,505
Investments in debt instruments				
Unsecured subordinate corporate bonds	-	-	<u>1,018,476</u>	<u>1,018,476</u>
	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,801,104</u>	<u>\$ 1,801,104</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Swap contracts	\$ -	\$ 954,322	\$ -	\$ 954,322
Forward exchange contracts	-	<u>4,439</u>	-	<u>4,439</u>
	<u>\$ -</u>	<u>\$ 958,761</u>	<u>\$ -</u>	<u>\$ 958,761</u>
<hr/> December 31, 2017 <hr/>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	\$ -	\$ 100,496	\$ -	\$ 100,496
Derivative financial assets				
Forward exchange contracts	-	61,325	-	61,325
Swap contracts	-	60,538	-	60,538
Non-derivative financial assets held for trading				
Quoted ordinary shares	4,410,732	-	-	4,410,732
Open-end mutual funds	<u>589,976</u>	<u>-</u>	<u>-</u>	<u>589,976</u>
	<u>\$ 5,000,708</u>	<u>\$ 222,359</u>	<u>\$ -</u>	<u>\$ 5,223,067</u>
Available-for-sale financial assets				
Unquoted shares	\$ -	\$ -	\$ 662,477	\$ 662,477
Limited Partnership	-	-	246,072	246,072
Quoted shares	279,791	-	-	279,791
Open-end mutual funds	<u>23,825</u>	<u>-</u>	<u>-</u>	<u>23,825</u>
	<u>\$ 303,616</u>	<u>\$ -</u>	<u>\$ 908,549</u>	<u>\$ 1,212,165</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Swap contracts	\$ -	\$ 652,107	\$ -	\$ 652,107
Forward exchange contracts	-	<u>25,323</u>	-	<u>25,323</u>
	<u>\$ -</u>	<u>\$ 677,430</u>	<u>\$ -</u>	<u>\$ 677,430</u>

(Continued)

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
	NT\$	NT\$	NT\$	NT\$
<u>March 31, 2017</u>				
Financial assets at FVTPL				
Financial assets designated as at FVTPL				
Private-placement convertible bonds	\$ -	\$ 100,583	\$ -	\$ 100,583
Derivative financial assets				
Swap contracts	-	36,445	-	36,445
Forward exchange contracts	-	36,260	-	36,260
Non-derivative financial assets held for trading				
Quoted ordinary shares	1,910,367	-	-	1,910,367
Open-end mutual funds	<u>585,131</u>	<u>-</u>	<u>-</u>	<u>585,131</u>
	<u>\$ 2,495,498</u>	<u>\$ 173,288</u>	<u>\$ -</u>	<u>\$ 2,668,786</u>
Available-for-sale financial assets				
Unquoted shares	\$ -	\$ -	\$ 626,345	\$ 626,345
Open-end mutual funds	542,930	-	-	542,930
Limited partnership	-	-	262,862	262,862
Quoted ordinary shares	<u>192,051</u>	<u>-</u>	<u>-</u>	<u>192,051</u>
	<u>\$ 734,981</u>	<u>\$ -</u>	<u>\$ 889,207</u>	<u>\$ 1,624,188</u>
Financial liabilities at FVTPL				
Derivative financial liabilities				
Conversion option, redemption option and put option of convertible bonds	\$ -	\$ 2,451,416	\$ -	\$ 2,451,416
Swap contracts	-	2,449,621	-	2,449,621
Forward exchange contracts	-	40,297	-	40,297
Foreign currency option contracts	<u>-</u>	<u>2,490</u>	<u>-</u>	<u>2,490</u>
	<u>\$ -</u>	<u>\$ 4,943,824</u>	<u>\$ -</u>	<u>\$ 4,943,824</u>

(Concluded)

For the financial assets and liabilities that were measured at fair value on a recurring basis held for the three months ended March 31, 2018 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

For the three months ended March 31, 2018

	FVTOCI	
	Equity instruments	Debt instruments
	NT\$	NT\$
Balance at January 1	\$ 908,549	\$ 1,080,000
Recognized in other comprehensive income (included in unrealized losses on financial assets at FVTOCI)	(38,888)	(61,524)
Disposals	<u>(87,033)</u>	<u>-</u>
Balance at March 31	<u>\$ 782,628</u>	<u>\$ 1,018,476</u>

For the three months ended March 31, 2017

	Available-for-sale equity instruments
	NT\$
Balance at January 1	\$ 904,790
Purchases	2,648
Recognized in other comprehensive income (included in unrealized losses on available-for-sale financial assets)	<u>(18,231)</u>
Balance at March 31	<u>\$ 889,207</u>

3) Valuation techniques and assumptions applied for the purpose of measuring fair value

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

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

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

The fair value of unquoted shares were determined using market approach based on the comparable companies valuation multiples and discount for lack of marketability. The significant unobservable inputs is discount for lack of marketability of 20% to 30%. If the discount for lack of marketability to the valuation model were increased by 1% to reflect reasonably possible alternative assumptions while all the other variables were held constant, the fair value of unquoted shares would have decreased approximately by NT\$5,800 thousand.

The fair values of investments in limited partnership are measured by estimating future cash inflows from disposal (net of transaction cost).

The fair values of the unsecured subordinate corporate bonds were determined using income approach based on a discounted cash flow analysis. The significant unobservable input is the discount rate that reflects the credit risk of the counterparty. If the discount rate was increased by 0.1% while all the other variables were held constant, the fair value of the bonds would have decreased approximately by NT\$7,000 thousand.

c. Categories of financial instruments

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
Financial assets			
FVTPL			
Designated as at FVTPL	\$ -	\$ 100,496	\$ 100,583
Held for trading	-	5,122,571	2,568,203
Mandatorily at FVTPL	6,513,484	-	-
Available-for-sale financial assets	-	1,212,165	1,624,188
Loans and receivables (Note 1)	-	103,973,567	89,157,314
Measured at amortized cost (Note 1)	92,639,021	-	-
FVTOCI			
Equity instrument	782,628	-	-
Debt instrument	1,018,476	-	-
Financial liabilities			
FVTPL			
Held for trading	958,761	677,430	4,943,824
Financial liabilities for hedging	2,250,756	-	-
Measured at amortized cost (Note 2)	128,026,536	139,561,999	147,203,567

Note 1: The balances included financial assets 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\$8,000 thousand and NT\$92,000 thousand for the three months ended March 31, 2018 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 each balance sheet date. As the period-end exposure did not reflect the exposure for the three months ended March 31, 2018 and 2017, the abovementioned sensitivity analysis was unrepresentative of those periods.

b) Interest rate risk

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

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

	March 31, 2018	December 31, 2017	March 31, 2017
	NT\$	NT\$	NT\$
Fair value interest rate risk			
Financial liabilities	\$ 17,509,348	\$ 17,552,955	\$ 31,115,603
Cash flow interest rate risk			
Financial assets	40,519,109	39,880,736	37,086,270
Financial liabilities	49,887,284	42,270,321	47,138,914

For assets and liabilities with floating interest rates, a 100 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel. If interest rates had been 100 basis points (1%) higher or lower and all other variables held constant, the Group's profit before income tax for the three months ended March 31, 2018 and 2017 would have decreased or increased approximately by NT\$24,000 thousand and NT\$26,000 thousand, respectively. Hedging contracts and hedged items have been taken into account while measuring the changes in profit before income tax. The abovementioned sensitivity analysis mainly focused on the interest rate items at the end of the reporting period. As the period-end exposure did not reflect the exposure for the three months ended March 31, 2018 and 2017, the abovementioned sensitivity analysis was unrepresentative of those periods.

c) Other price risk

The Group was exposed to equity or bond price risk through its investments in financial assets at FVTPL (included quoted ordinary shares, open-end mutual funds and private-placement convertible bonds) and financial assets at FVTOCI for the three months ended March 31, 2018. If equity and bond prices were 1% higher or lower, profit before income tax for the three months ended March 31, 2018 would have increased or decreased approximately by NT\$64,000 thousand and other comprehensive income before income tax for the three months ended March 31, 2018 would have increased or decreased approximately by NT\$18,000 thousand.

The Group was exposed to equity or bond price risk through its investments in financial assets at FVTPL (included private-placement convertible bonds, quoted shares, open-end mutual funds) and available-for-sale financial assets for the three months ended March 31, 2017. If equity and bond prices were 1% higher or lower, profit before income tax for the three months ended March 31, 2017 would have increased or decreased approximately by NT\$26,000 thousand and other comprehensive income before income tax for the three months ended March 31, 2017 would have increased or decreased approximately by NT\$16,000 thousand.

In addition, the Group was also exposed to the Company's ordinary share price risk through conversion option, redemption option and put option of Bonds which was recognized as financial liabilities held for trading. 7% is the sensitivity rate used when reporting price risk internally to key management personnel. If the Company's ordinary share price increased or decreased by 7%, profit before income tax for the three months ended March 31, 2017 would have decreased approximately by NT\$997,000 thousand or increased approximately by NT\$724,000 thousand.

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.

As of March 31, 2018, December 31, 2017 and March 31, 2017, the Group's five largest customers accounted for 27%, 33% and 25% of trade receivables, respectively. The Group transacts with a large number of unrelated customers and, thus, no concentration of credit risk was observed.

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 NT\$	1 to 3 Months NT\$	3 Months to 1 Year NT\$	1 to 5 Years NT\$	More than 5 Years NT\$
<u>March 31, 2018</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 25,602,608	\$ 15,684,592	\$ 4,580,543	\$ 1,781	\$ 172,321
Floating interest rate liabilities	7,060,691	1,797,924	5,638,923	34,172,388	936,002
Fixed interest rate liabilities	<u>6,998,627</u>	<u>987,621</u>	<u>1,865,167</u>	<u>13,725,396</u>	<u>4,367,546</u>
	<u>\$ 39,661,926</u>	<u>\$ 18,470,137</u>	<u>\$ 12,084,633</u>	<u>\$ 47,899,565</u>	<u>\$ 5,475,869</u>
<u>December 31, 2017</u>					
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	<u>8,522,765</u>	<u>7,526,270</u>	<u>1,526,449</u>	<u>11,902,335</u>	<u>6,462,396</u>
	<u>\$ 45,860,103</u>	<u>\$ 30,067,396</u>	<u>\$ 11,177,095</u>	<u>\$ 39,101,387</u>	<u>\$ 7,538,905</u>
<u>March 31, 2017</u>					
Non-derivative financial liabilities					
Non-interest bearing	\$ 23,173,984	\$ 14,585,405	\$ 4,994,223	\$ 69,588	\$ 179,574
Floating interest rate liabilities	4,195,922	2,841,266	9,062,493	30,972,536	1,758,815
Fixed interest rate liabilities	<u>3,372,533</u>	<u>1,793,020</u>	<u>15,689,386</u>	<u>25,475,130</u>	<u>6,462,396</u>
	<u>\$ 30,742,439</u>	<u>\$ 19,219,691</u>	<u>\$ 29,746,102</u>	<u>\$ 56,517,254</u>	<u>\$ 8,400,785</u>

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\$
<u>March 31, 2018</u>			
Net settled			
Forward exchange contracts	\$ <u>3,330</u>	\$ <u>10,360</u>	\$ <u>-</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 7,134,885	\$ 2,410,119	\$ 292,192
Outflows	<u>(7,056,956)</u>	<u>(2,389,501)</u>	<u>(290,050)</u>
	<u>77,929</u>	<u>20,618</u>	<u>1,142</u>
Swap contracts			
Inflows	14,436,628	11,352,231	33,831,652
Outflows	<u>(14,485,481)</u>	<u>(11,490,476)</u>	<u>(34,019,681)</u>
	<u>(48,853)</u>	<u>(138,245)</u>	<u>(188,029)</u>
	<u>\$ 29,076</u>	<u>\$ (117,627)</u>	<u>\$ (186,887)</u>
<u>December 31, 2017</u>			
Net settled			
Forward exchange contracts	\$ <u>(8,820)</u>	\$ <u>-</u>	\$ <u>-</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 3,711,302	\$ 2,169,093	\$ 390,379
Outflows	<u>(3,679,154)</u>	<u>(2,138,635)</u>	<u>(386,880)</u>
	<u>32,148</u>	<u>30,458</u>	<u>3,499</u>
Swap contracts			
Inflows	12,116,531	14,434,880	36,676,224
Outflows	<u>(12,189,576)</u>	<u>(14,629,738)</u>	<u>(36,452,398)</u>
	<u>(73,045)</u>	<u>(194,858)</u>	<u>223,826</u>
	<u>\$ (40,897)</u>	<u>\$ (164,400)</u>	<u>\$ 227,325</u>
<u>March 31, 2017</u>			
Net settled			
Forward exchange contracts	\$ <u>4,900</u>	\$ <u>(33,130)</u>	\$ <u>-</u>
Foreign Currency options	\$ <u>3</u>	\$ <u>-</u>	\$ <u>-</u>
Gross settled			
Forward exchange contracts			
Inflows	\$ 3,985,361	\$ 1,680,475	\$ -
Outflows	<u>(3,957,761)</u>	<u>(1,672,216)</u>	<u>-</u>
	<u>27,600</u>	<u>8,259</u>	<u>-</u>

(Continued)

	On Demand or Less than 1 Month	1 to 3 Months	3 Months to 1 Year
	<u>NT\$</u>	<u>NT\$</u>	<u>NT\$</u>
Swap contracts			
Inflows	\$ 12,788,516	\$ 16,124,460	\$ 35,334,450
Outflows	<u>(13,123,319)</u>	<u>(16,919,048)</u>	<u>(36,227,488)</u>
	<u>(334,803)</u>	<u>(794,588)</u>	<u>(893,038)</u>
	<u>\$ (307,203)</u>	<u>\$ (786,329)</u>	<u>\$ (893,038)</u>

36. RELATED PARTY TRANSACTIONS

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

a. Related parties

Except those disclosed in Note 15 and NXP B.V. accounted for as a related party of the Group's subsidiary, ASEN, over which NXP B.V. has significant influence, the related parties were as follows:

<u>Related Parties</u>	<u>Relationship with the Corporation</u>
ASE Cultural and Educational Foundation	Substantial related party

- b. The Company contributed each NT\$100,000 thousand to ASE Cultural and Educational Foundation in January 2018 and 2017, respectively, for environmental charity in promoting the related domestic environmental protection and public service activities (Note 38).
- c. In the third quarter of 2016, the Company acquired patents and acquired specific technology from DECA at NT\$403,543 thousand which was primarily based on independent professional appraisal reports. As of March 31, 2018 and 2017, NT\$90,953 thousand and NT\$151,650 thousand have not been paid, respectively, and was accrued under the line item of other payables and other non-current liabilities.
- d. In February 2018, the Company's subsidiary, USIE, repurchased its own 1,283 thousand ordinary shares from the Group's key management personnel with approximately NT\$ 653,244 thousand.
- e. Compensation to key management personnel

	For the Three Months Ended March 31	
	<u>2018</u>	<u>2017</u>
	<u>NT\$</u>	<u>NT\$</u>
Short-term employee benefits	\$ 192,749	\$ 190,027
Post-employment benefits	619	1,050
Share-based payments	<u>-</u>	<u>4,974</u>
	<u>\$ 193,368</u>	<u>\$ 196,051</u>

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

37. ASSETS PLEDGED AS COLLATERAL OR FOR SECURITY

In addition to Note 31, the following assets were provided as collateral for bank borrowings and the tariff guarantees of imported raw materials:

	<u>March 31, 2018</u> NT\$	<u>December 31, 2017</u> NT\$	<u>March 31, 2017</u> NT\$
Inventories related to real estate business	\$ 4,916,780	\$ 4,822,043	\$ 16,210,049
Investment properties	7,142,096	7,151,382	-
Land use rights (long-term prepayments for lease)	6,903,969	6,813,751	-
Other financial assets (including current and non-current)	<u>60,925</u>	<u>66,726</u>	<u>216,279</u>
	<u>\$ 19,023,770</u>	<u>\$ 18,853,902</u>	<u>\$ 16,426,328</u>

38. 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:

- 1) As of March 31, 2018, December 31, 2017, and March 31, 2017, unused letters of credit of the Group were approximately nil, NT\$20,000 thousand and NT\$57,000 thousand, respectively.
- 2) As of March 31, 2018, December 31, 2017 and March 31, 2017, outstanding commitments to purchase property, plant and equipment of the Group were approximately NT\$8,941,904 thousand, NT\$7,019,377 thousand and NT\$7,492,198 thousand, respectively, of which NT\$651,001 thousand, NT\$294,194 thousand and NT\$962,876 thousand had been prepaid, respectively. As of March 31, 2018, December 31, 2017 and March 31, 2017, the commitment that the Group has contracted for the construction related to our real estate business were approximately NT\$1,012,071 thousand, NT\$1,548,806 thousand and NT\$1,409,674 thousand, respectively.
- 3) In consideration of corporate social responsibility for environmental protection, the Company's board of directors, in December 2013, approved contributions to be made in the next 30 years, at a total amount of NT\$3,000,000 thousand, at the minimum, to environmental protection efforts in Taiwan.

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 assets and liabilities denominated in foreign currencies were as follows:

	Foreign Currencies (In Thousand)	Exchange Rate	Carrying Amount (In Thousand)
<u>March 31, 2018</u>			
Monetary financial assets			
US\$	\$ 2,866,218	US\$1=NT\$29.11	\$ 83,421,266
US\$	916,116	US\$1=CNY6.2881	26,663,545
JPY	7,800,362	JPY1=NT\$0.2741	2,138,079
JPY	8,384,071	JPY1=US\$0.0094	2,298,074
Monetary financial liabilities			
US\$	2,958,557	US\$1=NT\$29.11	86,108,813
US\$	862,488	US\$1=CNY6.2881	25,102,721
JPY	6,283,493	JPY1=NT\$0.2741	1,722,306
JPY	8,725,639	JPY1=US\$0.0094	2,391,698
<u>December 31, 2017</u>			
Monetary financial assets			
US\$	3,065,296	USD1=NTD29.76	91,223,195
US\$	1,193,369	USD1=CNY6.5342	35,514,653
JPY	5,005,435	JPY1=NTD0.2642	1,322,436
JPY	8,113,284	JPY1=USD0.0089	2,143,530
Monetary financial liabilities			
US\$	2,902,995	USD1=NTD29.76	86,393,137
US\$	1,007,629	USD1=CNY6.5342	29,987,042
JPY	5,415,677	JPY1=NTD0.2642	1,430,822
JPY	8,598,832	JPY1=USD0.0089	2,271,811
<u>March 31, 2017</u>			
Monetary financial assets			
US\$	3,020,893	USD1=NTD30.33	91,623,685
US\$	778,976	USD1=CNY6.8993	23,626,342
JPY	6,503,007	JPY1=NTD0.2713	1,764,266
JPY	9,006,660	JPY1=USD0.0089	2,443,507
Monetary financial liabilities			
US\$	2,761,381	USD1=NTD30.33	83,752,686
US\$	734,213	USD1=CNY6.8993	22,268,680
JPY	6,379,139	JPY1=NTD0.2713	1,730,660
JPY	9,210,008	JPY1=USD0.0089	2,498,675

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

Foreign Currencies	For the Three Months Ended March 31, 2018		For the Three Months Ended March 31, 2017	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NT\$		\$ 980,789		\$ 3,103,133

(Continued)

Foreign Currencies	For the Three Months Ended March 31, 2018		For the Three Months Ended March 31, 2017	
	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
US\$	US\$1=NT\$29.105	\$ (133,939)	US\$1=NT\$30.33	\$ (186,460)
CNY	CNY1=NT\$4.6286	<u>(324,837)</u>	CNY1=NT\$4.3961	<u>(17,222)</u>
		<u>\$ 522,013</u>		<u>\$ 2,899,451</u> (Concluded)

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 HoldCo and HoldCo acquired all issued and outstanding shares of both ASE and SPIL in the way of share exchange. The share exchange is conducted at an exchange ratio of 1 ordinary share of the Company for 0.5 ordinary share of HoldCo, and at NT\$51.2 in cash per SPIL’s ordinary share (after adjustment for SPIL’s appropriation of earnings). The share exchange transaction has been approved both at the Company and SPIL’s special shareholders’ meeting on February 12, 2018 and both of the Company and SPIL’s ordinary shares have been delisted on April 30, 2018 while the ordinary shares of HoldCo listed starting from the same date. HoldCo is categorized to “semiconductor industry” under TSE’s categories of industries of listed companies and under the symbol “3711”. Due to the aforementioned joint share exchange agreement, the employee share option plans granted by the Company were dealt with as disclosed in Note 29.

41. ADDITIONAL DISCLOSURES

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

- a. Financial provided: Please see Table 1 attached;
- b. Endorsement/guarantee provided: None;
- c. Marketable securities held (excluding investments in subsidiaries, associates and joint venture): Please see Table 2 attached;
- d. Marketable securities acquired and disposed of at costs or prices of at least NT\$300 million or 20% of the paid-in capital: Please see Table 3 attached;

- e. Acquisition of individual real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: None;
- f. Disposal of individual real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None;
- g. Total purchase from or sales to related parties of at least NT\$100 million or 20% of the paid-in capital: Please see Table 4 attached;
- h. Receivables from related parties amounting to at least NT\$100 million or 20% of the paid-in capital: Please see Table 5 attached;
- i. Information about the derivative financial instruments transaction: Please see Note 7;
- j. Others: The business relationship between the parent and the subsidiaries and significant transactions between them: Please see Table 8 attached;
- k. Names, locations, and related information of investees over which ASE Inc. exercises significant influence (excluding information on investment in Mainland China): Please see Table 6 attached;
- l. Information on investment in Mainland China
 - 1) The name of the investee in Mainland China, the main businesses and products, its issued capital, method of investment, information on inflow or outflow of capital, percentage of ownership, income (losses) of the investee, share of profits/losses of investee, ending balance, amount received as dividends from the investee, and the limitation on investee: Please see Table 7 attached;
 - 2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses:
 - a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period: Please see Table 4 attached;
 - b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period: None;
 - c) The amount of property transactions and the amount of the resultant gains or losses: No significant transactions;
 - d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes: None;
 - e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds: Please see Table 1 attached;
 - f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receiving of services: None.

42. OPERATING SEGMENTS INFORMATION

The Group has the following reportable segments: Packaging, Testing and EMS. The Group packages bare semiconductors into finished semiconductors with enhanced electrical and thermal characteristics; provides testing services, including front-end engineering testing, wafer probing and final testing services; engages in the designing, assembling, manufacturing and sale of electronic components and

telecommunications equipment motherboards. Information about other business activities and operating segments that are not reportable are combined and disclosed in "Others." The Group engages in other activities such as substrate production as well as sale and leasing of real estate properties.

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

Segment information for the three months ended March 31, 2018 and 2017 was as follows:

Segment revenues and results

	<u>Packaging</u> NT\$	<u>Testing</u> NT\$	<u>EMS</u> NT\$	<u>Others</u> NT\$	<u>Adjustment and Elimination</u> NT\$	<u>Total</u> NT\$
<u>For the three months ended March 31, 2018</u>						
Revenue from external customers	\$ 29,368,030	\$ 5,678,631	\$ 28,686,172	\$ 1,233,019	\$ -	\$ 64,965,852
Inter-segment revenues (Note)	\$ 987,928	\$ 55,983	\$ 12,577,945	\$ 1,924,191	\$ (15,546,047)	\$ -
Segment profit before income tax	\$ 1,840,200	\$ 974,930	\$ 996,940	\$ (36,321)	\$ -	\$ 3,775,749
<u>For the three months ended March 31, 2017</u>						
Revenue from external customers	\$ 29,806,277	\$ 6,365,015	\$ 29,354,513	\$ 1,024,879	\$ -	\$ 66,550,684
Inter-segment revenues (Note)	\$ 1,305,112	\$ 43,200	\$ 10,427,687	\$ 2,050,197	\$ (13,826,196)	\$ -
Segment profit before income tax	\$ 751,735	\$ 1,592,414	\$ 1,438,314	\$ 62,699	\$ -	\$ 3,845,162

Note 1: Inter-segment revenues were eliminated upon consolidation.

Note 2: Refer to the table above for information about disaggregation of revenue.

Segment assets

	<u>Packaging</u> NT\$	<u>Testing</u> NT\$	<u>EMS</u> NT\$	<u>Others</u> NT\$	<u>Adjustment and Elimination</u> NT\$	<u>Total</u> NT\$
As of March 31, 2018	\$ 190,348,959	\$ 43,219,686	\$ 78,833,946	\$ 44,477,823	\$ -	\$ 356,880,414
As of December 31, 2017	\$ 195,439,403	\$ 43,383,691	\$ 81,588,691	\$ 43,446,001	\$ -	\$ 363,857,786
As of March 31, 2017	\$ 202,096,003	\$ 42,168,821	\$ 65,026,089	\$ 38,226,330	\$ -	\$ 347,517,243

Contract assets - current

	<u>Packaging</u> NT\$	<u>Testing</u> NT\$	<u>EMS</u> NT\$	<u>Others</u> NT\$	<u>Adjustment and Elimination</u> NT\$	<u>Total</u> NT\$
As of March 31, 2018	\$ 1,759,476	\$ 334,053	\$ -	\$ -	\$ -	\$ 2,093,529

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

FINANCINGS PROVIDED
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts In Thousands of New Taiwan Dollars)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the year	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
1	A.S.E. Holding Limited	The Company	Other receivables form related parties	Yes	\$ 2,569,160	\$ 1,979,140	\$ 1,979,140	2.46~2.71	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 3,109,843	\$ 6,219,685
		J & R Holding Limited	Long-term receivables form related parties	Yes	1,985,260	582,100	582,100	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
2	J & R Holding Limited	The Company	Other receivables form related parties	Yes	8,091,190	8,091,190	5,617,265	2.20~2.85	The need for short-term financing	-	Operating capital	-	-	-	11,440,656	22,881,312
		Global Advanced Packaging Technology Limited	Long-term receivables form related parties	Yes	1,080,215	1,076,885	494,785	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE WeiHai Inc.	Other receivables form related parties	Yes	671,485	582,100	582,100	1.88~2.52	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	3,058,650	1,746,300	582,100	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	496,315	-	-	1.89~2.42	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Anstock Limited	Long-term receivables form related parties	Yes	1,107,024	934,977	805,376	3.77~4.48	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Innosource Limited	Long-term receivables form related parties	Yes	731,163	2,911	2,911	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Corporation	Long-term receivables form related parties	Yes	3,065,475	1,891,825	1,891,825	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Labuan Inc.	Long-term receivables form related parties	Yes	582,600	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Investment (Labuan)	Long-term receivables form related parties	Yes	1,167,800	1,164,200	-	-	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
3	ASE Test Limited	The Company	Other receivables form related parties	Yes	5,839,000	4,074,700	4,074,700	2.46~2.69	The need for short-term financing	-	Operating capital	-	-	-	6,612,297	13,224,594
		A.S.E. Holding Limited	Long-term receivables form related parties	Yes	1,021,825	1,018,675	1,018,675	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Omniquest Industrial Limited	Long-term receivables form related parties	Yes	29,195	29,105	29,105	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Investment (Labuan) Inc.	Long-term receivables form related parties	Yes	467,120	29,105	29,105	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		J & R Holding Limited	Long-term receivables form related parties	Yes	6,926,990	6,926,990	6,926,990	1.96~2.15	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
4	ASE Test, Inc.	The Company	Other receivables form related parties	Yes	5,400,000	5,400,000	5,400,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,778,512	11,557,024
		ASE Investment (Labuan)	Other receivables form related parties	Yes	1,164,200	1,164,200	1,140,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,778,512	11,557,024
		Omniquest Industrial Limited	Other receivables form related parties	Yes	1,164,200	1,164,200	1,140,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,778,512	11,557,024
		Global Advanced Packaging Technology Limited	Other receivables form related parties	Yes	582,100	582,100	570,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	5,778,512	11,557,024
		ASE Embedded Electronics Inc.	Other receivables form related parties	Yes	620,000	620,000	-	-	The need for short-term financing	-	Operating capital	-	-	-	5,778,512	11,557,024
5	J&R Industrial Inc.	The Company	Other receivables form related parties	Yes	190,000	190,000	190,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	201,016	402,032
		ASE Electronics Inc.	Other receivables form related parties	Yes	190,000	190,000	190,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	201,016	402,032
6	ISE Labs, Inc.	J & R Holding Limited	Other receivables form related parties Long-term receivables form related parties	Yes	1,342,970	1,338,830	1,338,830	1.99~2.69	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the year	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
7	ASE (Korea) Inc.	The Company	Other receivables form related parties	Yes	\$ 2,627,550	\$ 2,619,450	\$ 2,619,450	3.56~3.67	The need for short-term financing	\$ -	Operating capital	\$ -	-	\$ -	\$ 3,157,584	\$ 6,315,168
8	ASE Japan Co., Ltd.	J & R Holding Limited	Other receivables form related parties	Yes	2,275,030	2,275,030	2,192,800	0.45~0.46	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
9	USI Enterprise Limited	The Company	Other receivables form related parties	Yes	6,568,875	6,548,625	6,548,625	2.46~2.59	The need for short-term financing	-	Operating capital	-	-	-	8,536,477	17,072,954
		USIINC	Other receivables form related parties	Yes	1,985,260	1,979,140	1,746,300	2.46~2.59	The need for short-term financing	-	Operating capital	-	-	-	8,536,477	17,072,954
		J&R Holding Limited	Other receivables form related parties	Yes	4,369,500	2,619,450	2,619,450	1.96~2.18	The need for short-term financing	-	Operating capital	-	-	-	8,536,477	17,072,954
10	Huntington Holdings International Co.Ltd.	The Company	Other receivables form related parties	Yes	875,850	873,150	873,150	2.46~2.76	The need for short-term financing	-	Operating capital	-	-	-	9,220,537	18,441,074
		A.S.E. Holding Limited	Other receivables form related parties	Yes	379,535	378,365	378,365	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	9,220,537	18,441,074
11	Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties Long-term receivables form related parties	Yes	996,322	833,148	833,148	5.20~5.52	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
12	ASE (Kun Shan) Inc.	ASE Investment (Kun Shan) Limited	Other receivables form related parties	Yes	1,990	1,990	1,990	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	462,860	462,860	462,860	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
13	Real Tech Holdings Limited	The Company	Other receivables form related parties	Yes	1,167,800	1,164,200	1,164,200	2.46~2.73	The need for short-term financing	-	Operating capital	-	-	-	8,904,700	17,809,400
		A.S.E. Holding Limited	Other receivables form related parties	Yes	437,925	436,575	436,575	1.96~2.07	The need for short-term financing	-	Operating capital	-	-	-	8,904,700	17,809,400
14	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Other receivables form related parties	Yes	231,430	231,430	231,430	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Shanghai Ding Qi Property Management Co., Ltd.	Other receivables form related parties	Yes	59,964	46,286	46,286	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		Shanghai Ding Wei Real Development Co., Ltd.	Other receivables form related parties	Yes	1,388,580	1,388,580	1,388,580	4.35	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
15	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	3,471,450	3,471,450	1,620,010	1.75	The need for short-term financing	-	Operating capital	-	-	-	8,166,568	16,333,137
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	2,777,160	2,777,160	-	-	The need for short-term financing	-	Operating capital	-	-	-	8,166,568	16,333,137
16	Omniquest Industrial Limited	The Company	Other receivables form related parties	Yes	3,058,650	1,746,300	1,722,100	0.92~2.59	The need for short-term financing	-	Operating capital	-	-	-	3,457,377	6,914,755
17	USI Electronics (Shenzhen) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	1,851,440	1,851,440	1,666,296	1.75	The need for short-term financing	-	Operating capital	-	-	-	2,335,921	4,671,842
		Universal Global Technology Co., Limited	Other receivables form related parties	Yes	1,851,440	1,851,440	1,164,204	1.25	The need for short-term financing	-	Operating capital	-	-	-	2,335,921	4,671,842
18	ASE Investment (Labuan) Inc.	The Company	Other receivables form related parties	Yes	2,715,135	1,164,200	1,140,000	0.92~2.59	The need for short-term financing	-	Operating capital	-	-	-	3,190,825	6,381,650
19	Global Advanced Packaging Technology Limited	The Company	Other receivables form related parties	Yes	583,900	582,100	570,000	0.92	The need for short-term financing	-	Operating capital	-	-	-	2,960,508	5,921,017
20	ASE Corporation	The Company	Other receivables form related parties	Yes	3,065,475	1,891,825	1,891,825	2.45~2.59	The need for short-term financing	-	Operating capital	-	-	-	3,458,654	6,917,308
21	ASE Electronics Inc.	The Company	Other receivables form related parties	Yes	700,000	700,000	700,000	0.74	The need for short-term financing	-	Operating capital	-	-	-	725,471	1,450,942
22	Universal Global Technology(Kunshan) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Other receivables form related parties	Yes	462,860	462,860	-	-	The need for short-term financing	-	Operating capital	-	-	-	737,189	1,474,378

(Continued)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the period	Ending Balance	Amount Actual Drawn	Interest Rate	Nature for Financing	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 1)	Financing Company's Total Financing Amount Limits (Note 2)
													Item	Value		
23	ASE Labuan Inc.	The Company	Other receivables form related parties	Yes	\$ 582,600	\$ -	\$ -	-	The need for short-term financing	\$ -	Operating capital	\$ -	-	-	\$ 728,760	\$ 1,457,519
24	Innosource Limited	The Company	Other receivables form related parties	Yes	728,250	-	-	-	The need for short-term financing	-	Operating capital	-	-	-	936,217	1,872,433
25	Advanced Semiconductor Engineering (China) Ltd.	ASE Assembly & Test (Shanghai) Limited	Other receivables form related parties	Yes	583,900	582,100	407,470	1.89~2.14	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
		ASE WeiHai Inc.	Other receivables form related parties	Yes	350,340	349,260	349,260	2.03	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676
26	ASE Singapore Pte. Ltd.	J & R Holding Limited	Other receivables form related parties	Yes	436,575	436,575	436,575	2.69	The need for short-term financing	-	Operating capital	-	-	-	19,324,451	28,986,676

(Concluded)

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

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

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

**MARKETABLE SECURITIES HELD
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2018				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
The Company	Stock							
	H&D Venture Capital Investment Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	1,613,793	\$ 13,772	13	\$ 13,772	
	MiTAC Information Technology Corp	-	Financial assets at FVTOCI - non current or loss - non-current	4,203	22	-	22	
	Asia Pacific Emerging Industry Venture Capital Co, Ltd.	-	Financial assets at FVTOCI - non current or loss - non-current	6,000,000	39,130	7	39,130	
	StarChips Technology Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	333,334	-	6	-	
	Bond							
	AMPI Third Private of Domestic Unsecured Convertible Bonds	-	Financial assets at fair value through profit or loss - current	1,000	100,496	-	100,496	
The Company	Limited Liability Partnership							
	Ripley Cable Holdings I, L.P.	-	Financial assets at FVTOCI - non current or loss - non current	-	85,162	4	85,162	
ASE Test, Inc.	Stock							
	The Company	Parent Company	Financial assets at FVTOCI - non current or loss - non-current	10,978,776	461,109	-	461,109	
	Powertec Energy Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	97,000,000	268,177	3	268,177	
	MiTAC Information Technology Corp	-	Financial assets at FVTOCI - non current or loss - non-current	1,133,363	6,032	1	6,032	
	HanTech Venture Capital Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	7,725,000	43,804	7	43,804	
	HSBC Holdings Ltd	-	Financial assets at fair value through profit or loss - current	400,000	109,757	-	109,757	
	Tencent Holdings Ltd	-	Financial assets at fair value through profit or loss - current	194,000	294,647	-	294,647	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through profit or loss - current	11,000,000	274,503	-	274,503	
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	1,000,000	295,898	-	295,898	
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	10,402,000	310,879	-	310,879	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	300,000	73,863	-	73,863	
	China Merchants Bank Co., Ltd.	-	Financial assets at fair value through profit or loss - current	2,200,000	262,267	-	262,267	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,000,000	80,093	-	80,093	
	BYD Company Limited	-	Financial assets at fair value through profit or loss - current	162,000	36,763	-	36,763	
	Geely Automobile Holdings Ltd.	-	Financial assets at fair value through profit or loss - current	400,000	33,520	-	33,520	
AAC Technologies Holdings Inc.	-	Financial assets at fair value through profit or loss - current	80,000	42,004	-	42,004		

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2018				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
	BOC Hong Kong (Holdings) Ltd.	-	Financial assets at fair value through profit or loss - current	1,900,000	\$ 269,127	-	\$ 269,127	
	Sunny Optical Technology (Group) Co. Ltd.	-	Financial assets at fair value through profit or loss - current	300,000	161,187	-	161,187	
	China Overseas Land & Investment Ltd.	-	Financial assets at fair value through profit or loss - current	500,000	50,522	-	50,522	
	China Mobile Ltd.	-	Financial assets at fair value through profit or loss - current	600,000	160,074	-	160,074	
	CK Hutchison Holdings Limited	-	Financial assets at fair value through profit or loss - current	200,000	69,636	-	69,636	
	Agricultural Bank of China Limited	-	Financial assets at fair value through profit or loss - current	16,300,000	269,564	-	269,564	
	Bank of China Ltd.	-	Financial assets at fair value through profit or loss - current	16,700,000	261,318	-	261,318	
	China Vanke Co., Ltd.	-	Financial assets at fair value through profit or loss - current	400,000	53,099	-	53,099	
	CSPC Pharmaceutical Group Limited	-	Financial assets at fair value through profit or loss - current	1,000,000	77,312	-	77,312	
	Country Garden Holdings Co. Ltd.	-	Financial assets at fair value through profit or loss - current	1,400,000	83,890	-	83,890	
	Fund							
	CTBC Global Real Estate Income Fund-A	-	Financial assets at fair value through profit or loss - current	2,500,000	22,625	-	22,625	
	Corporate bond							
	Nan Shan Life Insurance Co., Ltd. 1st Perpetual Unsecured Subordinate Corporate Bond Issue in 2016	-	Financial assets at FVTOCI - non current or loss - non-current	1,000	1,018,476	-	1,018,476	
J&R Industrial Inc.	Fund							
	Taishin Ta Chong Money Market Fund	-	Financial assets at fair value through profit or loss - current	33,664,705	475,935	-	475,935	
	Jih Sun Money Market Fund	-	Financial assets at fair value through profit or loss - current	4,755,144	70,107	-	70,107	
	Hua Nan Kirin Money Market Fund	-	Financial assets at fair value through profit or loss - current	2,616,592	31,185	-	31,185	
Luchu Development Corporation	Stock							
	Powerchip Technology Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	1,727,481	61,890	-	61,890	
A.S.E. Holding Limited	Stock							
	Global Strategic Investment Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	490,000	US\$ 494 thousand	3	US\$ 494 thousand	
	SiPhoton, Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	544,800	-	4	-	
	Global Strategic Investment, Inc. (Samoa)	-	Financial assets at FVTOCI - non current or loss - non-current	869,891	US\$ 400 thousand	2	US\$ 400 thousand	
J & R Holding Limited	Stock							
	The Company	Parent Company	Financial assets at FVTOCI - non current or loss - non-current	46,703,763	US\$ 67,396 thousand	1	US\$ 67,396 thousand	
	Limited Liability Partnership							
	Crimson Velocity Fund, L.P.	-	Financial assets at FVTOCI - non current or loss - non-current	-	US\$ 529 thousand	-	US\$ 529 thousand	
	H&QAP Greater China Growth Fund, L.P.	-	Financial assets at FVTOCI - non current or loss - non-current	-	US\$ 857 thousand	8	US\$ 857 thousand	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2018				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
ASE Test Limited	Stock The Company	Parent Company	Financial assets at FVTOCI - non current or loss - non-current	88,200,472 (Note)	US\$ 127,278 thousand	1	US\$ 127,278 thousand	
Shanghai Ding Hui Real Estate Development Co., Ltd.	Fund 180ETF	-	Financial assets at fair value through profit or loss - current	447,825	CNY 1,482 thousand	-	CNY 1,482 thousand	
	300ETF	-	Financial assets at fair value through profit or loss - current	339,700	CNY 1,323 thousand	-	CNY 1,323 thousand	
	Stock Gree Electric Appliances, Inc. Of Zhuhai	-	Financial assets at fair value through profit or loss - current	28,000	CNY 1,313 thousand	-	CNY 1,313 thousand	
	Saic Motor Corporation Limited	-	Financial assets at fair value through profit or loss - current	19,250	CNY 655 thousand	-	CNY 655 thousand	
USIINC	Stock Universal Venture Capital Investment Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	6,200,000	\$ 38,035	5	\$ 38,035	
	Gapertise Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	275,000	1,231	4	1,231	
	WellySun Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	108,000	1,437	0	1,437	
	Plasmag Technology Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	733,000	-	2	-	
Huntington Holdings International Co. Ltd.	Stock Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	5,548,800	US\$ 269 thousand	-	US\$ 269 thousand	
	Cadence Design SYS Inc.	-	Financial assets at fair value through profit or loss - current	9,633	US\$ 354 thousand	-	US\$ 354 thousand	
	Solid Gain Investments Ltd.	-	Financial assets at FVTOCI - non current or loss - non-current	1,322,833	US\$ 698 thousand	20	US\$ 698 thousand	
	Preferred Stock Techgains I Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	526,732	US\$ 267 thousand	10	US\$ 267 thousand	
	Techgains II Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	669,705	US\$ 182 thousand	4	US\$ 182 thousand	
Unitech Holdings International Co., Ltd.	Stock Superactive Group Company Limited	-	Financial assets at fair value through profit or loss - current	5,613,600	US\$ 272 thousand	-	US\$ 272 thousand	
	WacomCo., Ltd.	-	Financial assets at fair value through profit or loss - non-current	1,200,000	US\$ 6,046 thousand	1	US\$ 6,046 thousand	
	Sequans Communications SA	-	Financial assets at fair value through profit or loss - non-current	370,554	US\$ 623 thousand	-	US\$ 623 thousand	
	Asia Global Venture Co., Ltd.	-	Financial assets at FVTOCI - non current or loss - non-current	1,000,000	US\$ 548 thousand	10	US\$ 548 thousand	
	Preferred Stock MoBagel, Inc.	-	Financial assets at FVTOCI - non current or loss - non-current	54,000	US\$ 4 thousand	1	US\$ 4 thousand	

(Continued)

Held Company Name	Marketable Securities Type and Name	Relationship with the Company	Financial Statement Account	March 31, 2018				Note
				Shares/ Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
USISH	Stock							
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through profit or loss - current	14,000,000	CNY 75,498 thousand	-	CNY 75,498 thousand	
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	8,686,000	CNY 56,098 thousand	-	CNY 56,098 thousand	
Universal Global Technology Co., Limited	Stock							
	China Construction Bank Corporation	-	Financial assets at fair value through profit or loss - current	5,000,000	US\$ 5,135 thousand	-	US\$ 5,135 thousand	
	AIA Group Limited	-	Financial assets at fair value through profit or loss - current	100,000	US\$ 846 thousand	-	US\$ 846 thousand	
	China Merchants Bank Co., Ltd.	-	Financial assets at fair value through profit or loss - current	790,000	US\$ 3,237 thousand	-	US\$ 3,237 thousand	
	China Life Insurance Company Limited	-	Financial assets at fair value through profit or loss - current	1,200,000	US\$ 3,303 thousand	-	US\$ 3,303 thousand	
	Tencent Holdings Ltd.	-	Financial assets at fair value through profit or loss - current	184,000	US\$ 9,604 thousand	-	US\$ 9,604 thousand	
	BOC Hong Kong (Holdings) Limited	-	Financial assets at fair value through profit or loss - current	400,000	US\$ 1,947 thousand	-	US\$ 1,947 thousand	
	Industrial and Commercial Bank of China Limited	-	Financial assets at fair value through profit or loss - current	1,000,000	US\$ 858 thousand	-	US\$ 858 thousand	
	Bank of China Limited	-	Financial assets at fair value through profit or loss - current	4,000,000	US\$ 2,151 thousand	-	US\$ 2,151 thousand	
	Agricultural Bank of China Limited	-	Financial assets at fair value through profit or loss - current	4,000,000	US\$ 2,273 thousand	-	US\$ 2,273 thousand	
	Ping An Insurance (Group) Company of China, Ltd.	-	Financial assets at fair value through profit or loss - current	920,000	US\$ 9,355 thousand	-	US\$ 9,355 thousand	
	CSPC Pharmaceutical Group Limited	-	Financial assets at fair value through profit or loss - current	1,362,000	US\$ 3,619 thousand	-	US\$ 3,619 thousand	
	Country Garden Holdings Co. Ltd.	-	Financial assets at fair value through profit or loss - current	1,000,000	US\$ 2,059 thousand	-	US\$ 2,059 thousand	
	PAX Global Technology Limited	-	Financial assets at fair value through profit or loss - current	1,000	US\$ - thousand	-	US\$ - thousand	
	Hi Sun Technology (China) Limited	-	Financial assets at fair value through profit or loss - current	3,000	US\$ 1 thousand	-	US\$ 1 thousand	
Alibaba Group Holding Ltd.	-	Financial assets at fair value through profit or loss - current	52,000	US\$ 9,544 thousand	-	US\$ 9,544 thousand		
UGTW	Stock							
	TriKnight Capital Corporation	-	Financial assets at FVTOCI - non current or loss - non-current	10,500,000	\$ 108,155	5	\$ 108,155	

(Concluded)

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL FOR THE THREE MONTHS ENDED MARCH 31, 2018

(Amounts In Thousands of New Taiwan Dollars)

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal			Ending Balance		
					Shares/Units	Amount (Note 1)	Shares/Units	Amount	Shares/Units	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units	Amount (Note 1)
Shanghai Ding Hui Real Estate Development Co., Ltd.	Capital Shanghai Ding Wei Real Estate Development Co., Ltd.	Investments accounted for using the equity method	(Note 2)	Subsidiary	-	CNY 1,453,890 thousand	-	CNY 250,000 thousand	-	-	-	-	-	CNY 1,674,021 thousand
USISH	Stock Ping An Insurance (Group) Company of China, Ltd.	Financial assets at fair value through profit or loss - current	-	-	1,700,000	CNY 58,199 thousand	-	-	1,700,000	CNY 125,303 thousand	CNY 58,199 thousand	CNY 67,250 thousand	-	-
	Tencent Holdings Ltd.	Financial assets at fair value through profit or loss - current	-	-	320,000	CNY 60,001 thousand	-	-	320,000	CNY 116,692 thousand	CNY 60,001 thousand	CNY 56,913 thousand	-	-
	AIA Group Limited	Financial assets at fair value through profit or loss - current	-	-	1,440,000	CNY 67,466 thousand	-	-	1,440,000	CNY 78,300 thousand	CNY 67,466 thousand	CNY 10,976 thousand	-	-

TABLE 4

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

**TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts In Thousands of New Taiwan Dollars)**

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
The Company	ASE (Shanghai) Inc.	Subsidiary	Purchases	\$ 339,093	4	Net 60 days from the end of the month of when invoice is issued	\$ -	-	\$ (397,668)	(4)	Note
	ASE Electronics Inc.	Subsidiary	Purchases	510,314	6	Net 60 days from the end of the month of when invoice is issued	-	-	(575,730)	(6)	Note
	Universal Scientific Industrial Co., Ltd.	Subsidiary	Sales	(853,020)	(4)	Net 60 days from the end of the month of when invoice is issued	-	-	928,618	6	Note
Advanced Semiconductor Engineering (HK) Limited	ASE (Shanghai) Inc.	Parent company	Purchases	473,445	100	Net 90 days from the end of the month of when invoice is issued	-	-	(474,669)	(100)	Note
Universal Scientific Industrial Co., Ltd.	The Company	The Ultimate Parent of the Company	Purchases	853,020	14	Net 60 days from the end of the month of when invoice is issued	-	-	(928,618)	(35)	Note
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	Sales	(339,093)	(31)	Net 60 days from the end of the month of when invoice is issued	-	-	398,090	36	Note
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	Sales	(473,445)	(43)	Net 90 days from the end of the month of when invoice is issued	-	-	474,814	43	Note
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	Sales	(510,314)	(52)	Net 60 days from the end of the month of when invoice is issued	-	-	598,341	59	Note
Suzhou ASEN Semiconductors Co., Ltd.	NXP Semiconductors Taiwan Ltd.	Subsidiary of the company has significant influence over Suzhou ASEN Semiconductors Co., Ltd. — Subsidiary of NXP B.V	Sales	(234,737)	(16)	Net 90 days from the end of the month of when invoice is issued	-	-	298,803	22	
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	CNY 179,847 thousand	19	T/T 75 days	-	-	(CNY 147,821 thousand)	(13)	Note
			Sales	(CNY 586,223 thousand)	(55)	T/T 75 days	-	-	CNY 474,826 thousand	53	Note
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Subsidiary	Purchases	CNY 212,120 thousand	13	T/T 75 days	-	-	(CNY 277,927 thousand)	(28)	Note
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	Sales	(US\$ 33,323 thousand)	(52)	T/T 75 days	-	-	US\$ 44,209 thousand	51	Note
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Sales	(US\$ 29,769 thousand)	(47)	T/T 75 days	-	-	US\$ 41,426 thousand	48	Note

(Continued)

Buyer	Related Party	Relationships	Transaction Details				Abnormal Transaction		Notes/Accounts Payable or Receivable		Note
			Purchases/ Sales	Amount	% to Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% to Total	
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	Purchases	US\$ 89,347 thousand	49	T/T 75 days	-	-	(US\$ 75,512 thousand)	(40)	Note
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	Sales	(US\$ 28,084 thousand)	(14)	T/T 75 days	-	-	US\$ 23,517 thousand	12	Note
			Sales	(US\$ 149,245 thousand)	(76)	T/T 75 days	-	-	US\$ 141,431 thousand	73	Note
Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	Purchases	US\$ 64,905 thousand	36	T/T 75 days	-	-	(US\$ 66,660 thousand)	(35)	Note	
Universal Global Scientific Industrial Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	Purchases	\$ 4,372,431	85	T/T 75 days	-	-	\$ (4,116,761)	(78)	Note
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Technology Co., Limited	Consolidated subsidiary	Purchases	CNY 189,237 thousand	26	T/T 75 days	-	-	(CNY 260,494 thousand)	(29)	Note
	Universal Global Industrial Co., Limited	Consolidated subsidiary	Sales	(CNY 488,283 thousand)	(60)	T/T 75 days	-	-	CNY 421,106 thousand	57	Note

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

(Concluded)

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
MARCH 31, 2018

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

Company Name	Related Party	Relationships	Ending Balance (Note 1)	Turnover Rate (Note 2)	Overdue (Note 1)		Amounts Received in Subsequent Period	Allowance for Bad Debts
					Amount	Actions Taken		
The Company	Universal Scientific Industrial Co., Ltd.	Subsidiary	\$ 928,618 (Note5)	3	\$ 32,386	Continued collection	\$ 229,037	\$ -
ASE Electronics Inc.	The Company	The Ultimate Parent of the Company	1,298,426 (Notes 3,5)	4	-	-	235,127	-
Omniquest Industrial Limited	The Company	Parent company	1,722,100 (Notes 3,5)	-	-	-	-	-
ISE Labs, Inc.	J & R Holding Limited	Parent company	1,339,707 (Notes 3,5)	-	-	-	-	-
Anstock Limited	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	834,108 (Notes 3,5)	-	-	-	-	-
A.S.E. Holding Limited	The Company	Parent company	1,979,140 (Notes 3,5)	-	-	-	232,840	-
	J & R Holding Limited	Consolidated subsidiary	592,113 (Notes 3,5)	-	-	-	582,100	-
ASE Test, Inc.	The Company	Parent company	7,147,941 (Notes 3,4,5)	-	-	-	-	-
	ASE Investment (Labuan) Inc.	Consolidated subsidiary	1,140,000 (Notes 3,5)	-	-	-	-	-
	Omniquest Industrial Limited	Consolidated subsidiary	1,140,000 (Notes 3,5)	-	-	-	-	-
	Global Advanced Packaging Technology Limited	Consolidated subsidiary	570,000 (Notes 3,5)	-	-	-	-	-
ASE Test Limited	The Company	The Ultimate Parent of the Company	4,074,700 (Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Parent company	7,009,336 (Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	1,050,713 (Notes 3,5)	-	-	-	-	-
ASE Singapore Pte. Ltd.	J & R Holding Limited	Consolidated subsidiary	436,706 (Notes 3,5)	-	-	-	-	-
ASE (Korea) Inc.	The Company	The Ultimate Parent of the Company	2,619,625 (Notes 3,5)	-	-	-	-	-
J & R Holding Limited	The Company	Parent company	5,617,265 (Notes 3,5)	-	-	-	-	-
	Global Advanced Packaging Technology Limited	Subsidiary	518,906 (Notes 3,5)	-	-	-	-	-
	Anstock Limited	Subsidiary	808,470 (Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Consolidated subsidiary	590,795 (Notes 3,5)	-	-	-	582,100	-
	ASE Corporation	Consolidated subsidiary	1,907,602 (Notes 3,5)	-	-	-	-	-
	Omniquest Industrial Limited	Consolidated subsidiary	585,146 (Notes 3,5)	-	-	-	-	-
J&R Industrial Inc.	The Company	The Ultimate Parent of the Company	190,000 (Notes 3,5)	-	-	-	-	-
	ASE Electronics Inc.	Consolidated subsidiary	190,000 (Notes 3,5)	-	-	-	-	-
ASE Japan Co., Ltd.	J & R Holding Limited	Parent company	2,193,659 (Notes 3,5)	-	-	-	-	-
ASE Investment (Labuan) Inc.	The Company	The Ultimate Parent of the Company	1,140,000 (Notes 3,5)	-	-	-	-	-
ASE Corporation	The Company	The Ultimate Parent of the Company	1,891,825 (Notes 3,5)	-	-	-	-	-
Global Advanced Packaging Technology Limited	The Company	The Ultimate Parent of the Company	570,000 (Notes 3,5)	-	-	-	-	-

(Continued)

Company Name	Related Party	Relationships	Ending Balance (Note 1)		Turnover Rate (Note 2)	Overdue (Note 1)		Amounts Received in Subsequent Period	Allowance for Bad Debts
						Amount	Actions Taken		
ASE (Shanghai) Inc.	The Company	The Ultimate Parent of the Company	\$ 398,090	(Note 5)	3	\$ 62,213	Continued collection	\$ 63,112	\$ -
	Advanced Semiconductor Engineering (HK) Limited	Subsidiary	474,814	(Note 5)	4	-	-	147,969	-
ASE (Kun Shan) Inc.	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	468,116	(Notes 3,5)	-	-	-	-	-
Advanced Semiconductor Engineering (China) Ltd.	ASE Assembly & Test (Shanghai) Limited	Consolidated subsidiary	408,360	(Notes 3,5)	-	-	-	-	-
	ASE WeiHai Inc.	Consolidated subsidiary	349,368	(Notes 3,5)	-	-	-	-	-
Shanghai Ding Hui Real Estate Development Co., Ltd.	Shanghai Ding Wei Real Estate Development Co., Ltd.	Subsidiary	1,408,210	(Notes 3,5)	-	-	-	-	-
	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary	235,773	(Notes 3,5)	-	-	-	-	-
USI Enterprise Limited	The Company	The Ultimate Parent of the Company	6,548,625	(Notes 3,5)	-	-	-	-	-
	J & R Holding Limited	Consolidated subsidiary	2,625,754	(Notes 3,5)	-	-	-	-	-
	USI Inc.	Parent company	1,758,536	(Notes 3,5)	-	-	-	-	-
Huntington Holdings International Co. Ltd.	The Company	The Ultimate Parent of the Company	873,150	(Notes 3,5)	-	-	-	174,630	-
	A.S.E. Holding Limited	Consolidated subsidiary	378,365	(Notes 3,5)	-	-	-	378,365	-
Real Tech Holdings Limited	The Company	The Ultimate Parent of the Company	1,164,200	(Notes 3,5)	-	-	-	-	-
	A.S.E. Holding Limited	Consolidated subsidiary	436,575	(Notes 3,5)	-	-	-	436,575	-
Suzhou ASEN Semiconductors Co., Ltd.	NXP Semiconductors Taiwan Ltd.	Subsidiary of the company has significant influence over Suzhou ASEN Semiconductors Co., Ltd.	300,027		3	-	-	85,963	-
USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY 474,892 thousand	(Note 5)	5	-	-	CNY 194,894 thousand	-
	Universal Global Technology Co., Limited	Parent company	CNY 252,406 thousand	(Notes 3,5)	-	-	-	-	-
	Universal Global Technology (Shanghai) Co., Ltd.	Consolidated subsidiary	CNY 364,422 thousand	(Notes 3,5)	-	-	-	-	-
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary	CNY 366,294 thousand	(Notes 3,5)	4	-	-	-	-
Universal Global Technology Co., Limited	Universal Scientific Industrial (Shanghai) Co., Ltd.	Parent company	US\$ 44,209 thousand	(Note 5)	3	-	-	US\$ 13,210 thousand	-
	Universal Global Technology (Kunshan) Co., Ltd.	Consolidated subsidiary	US\$ 41,426 thousand	(Note 5)	3	-	-	US\$ 11,509 thousand	-
Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Consolidated subsidiary	US\$ 23,526 thousand	(Note 5)	4	US\$ 1 thousand	Continued collection	US\$ 4,000 thousand	-
	Universal Global Scientific Industrial Co., Ltd.	Consolidated subsidiary	US\$ 141,730 thousand	(Note 5)	4	US\$ 4,977 thousand	Continued collection	US\$ 55,288 thousand	-
Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Industrial Co., Limited	Consolidated subsidiary	CNY 421,106 thousand	(Note 5)	4	\$ -	-	CNY 183,895 thousand	-
Universal Scientific Industrial Co., Ltd.	Universal Global Scientific Industrial Co., Ltd.	Parent company	142,129	(Note 5)	-	-	-	141,520	-

(Concluded)

Note 1: Include Accounts receivables and other receivables

Note 2: Exclude other receivables

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

Note 4: Turnkey transaction.

Note 5: All the transactions had been eliminated when preparing consolidated financial statements.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

**NAMES, LOCATION, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)**

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2018			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
The Company	A.S.E. Holding Limited	Bermuda	Investment activities	US\$ 283,966 thousand	US\$ 283,966 thousand	243,966	100	\$ 15,171,733	\$ 180,530	\$ 180,530	Subsidiary
	J & R Holding Limited	Bermuda	Investment activities	US\$ 479,693 thousand	US\$ 479,693 thousand	435,128	100	53,043,873	529,810	527,016	Subsidiary
	ASE Marketing & Service Japan Co., Ltd.	Japan	Engaged in marketing and sales services	JPY 60,000 thousand	JPY 60,000 thousand	1,200	100	33,542	645	645	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 250,504 thousand	US\$ 250,504 thousand	250,504,067	71	12,099,475	(9,242)	(4,373)	Subsidiary
	Innosource Limited	British Virgin Islands	Investment activities	US\$ 86,000 thousand	US\$ 86,000 thousand	86,000,000	100	4,693,502	(3,254)	(2,617)	Subsidiary
	HCK	Taiwan	Engaged in the leasing of real estate properties	\$ 390,470	\$ 390,470	35,497,273	27	306,387	(11,878)	(3,244)	Associate
	HC	Taiwan	Engaged in the development, construction and leasing of real estate properties	2,845,913	2,845,913	68,629,782	26	1,306,448	(49,037)	(30,791)	Associate
	ASE Test, Inc.	Taiwan	Engaged in the testing of semiconductors	20,698,867	20,698,867	1,131,452,502	100	29,330,574	280,017	212,377	Subsidiary
	USI Inc.	Taiwan	Investment activities	20,836,477	20,836,477	1,364,736,682	99	45,146,211	638,391	633,468	Subsidiary
	Luchu Development Corporation	Taiwan	Engaged in the development of real estate properties	1,366,238	1,366,238	131,961,457	67	1,347,450	(719)	(482)	Subsidiary
	ASEEE	Taiwan	Engaged in the production of embedded substrate	765,000	765,000	76,500,000	51	418,937	(132,587)	(67,619)	Associate
	SPIL	Taiwan	Engaged in assembly, testing and turnkey services of integrated circuits	48,790,498	48,790,498	1,037,300,000	33	45,222,329	240,115	(282,025)	Associate
	Deca Technologies Inc.	British Cayman Islands	Holding company and the group engaged in manufacturing, development and marketing of wafer level packaging and interconnect technology	US\$ 59,882 thousand	US\$ 59,882 thousand	98,489,803	22	1,519,732	(216,144)	(51,652)	Associate
	AMPI	Taiwan	Engaged in integrated circuit	\$ 178,861	\$ 178,861	33,308,452	10	26,829	(12,437)	(1,302)	Associate
	ASE Test, Inc.	Alto Enterprises Limited	British Virgin Islands	Investment activities	US\$ 188,000 thousand	US\$ 188,000 thousand	188,000,000	100	4,626,133	38,919	(Note 2)
Super Zone Holdings Limited		Hong Kong	Investment activities	US\$ 100,000 thousand	US\$ 100,000 thousand	100,000,000	100	3,031,695	(44,700)	(Note 2)	Subsidiary
Luchu Development Corporation		Taiwan	Engaged in the development of real estate properties	\$ 372,504	\$ 372,504	37,250,448	19	380,282	(719)	(Note 2)	Subsidiary
TLJ Intertech Inc.		Taiwan	Engaged in information software services	89,998	89,998	2,119,080	60	55,810	(2,496)	(Note 2)	Subsidiary
AMPI		Taiwan	Engaged in integrated circuit	225,000	225,000	90,000,000	28	179,763	(12,437)	(Note 2)	Associate
A.S.E. Holding Limited	ASE Test Limited	Singapore	Investment activities	US\$ 84,889 thousand	US\$ 84,889 thousand	11,148,000	10	US\$ 124,318 thousand	US\$ 13,379 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 168,643 thousand	US\$ 168,643 thousand	168,642,842	70	US\$ 383,710 thousand	US\$ 6,736 thousand	(Note 2)	Subsidiary
J & R Holding Limited	ASE Test Limited	Singapore	Investment activities	US\$ 964,524 thousand	US\$ 964,524 thousand	98,276,087	90	US\$ 1,214,568 thousand	US\$ 13,379 thousand	(Note 2)	Subsidiary
	Omniquest Industrial Limited	British Virgin Islands	Investment activities	US\$ 30,200 thousand	US\$ 30,200 thousand	30,200,000	8	US\$ 50,545 thousand	(US\$ 317 thousand)	(Note 2)	Subsidiary
	J&R Industrial Inc.	Taiwan	Engaged in leasing equipment and investing activity	US\$ 51,344 thousand	US\$ 51,344 thousand	170,000,006	100	US\$ 34,533 thousand	US\$ 33 thousand	(Note 2)	Subsidiary
	ASE Japan Co., Ltd.	Japan	Engaged in the packaging and testing of semiconductors	US\$ 25,606 thousand	US\$ 25,606 thousand	7,200	100	US\$ 84,516 thousand	US\$ 81 thousand	(Note 2)	Subsidiary
	ASE (U.S.) Inc.	U.S.A	After-sales service and sales support	US\$ 4,600 thousand	US\$ 4,600 thousand	1,000	100	US\$ 14,255 thousand	US\$ 349 thousand	(Note 2)	Subsidiary
	Global Advanced Packaging Technology Limited	British Cayman Islands	Investment activities	US\$ 190,000 thousand	US\$ 190,000 thousand	190,000,000	100	US\$ 521,213 thousand	US\$ 4,244 thousand	(Note 2)	Subsidiary
	Anstock Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 970 thousand	US\$ 114 thousand	(Note 2)	Subsidiary
Anstock II Limited	British Cayman Islands	Investment activities	US\$ 10 thousand	US\$ 10 thousand	10,000	100	US\$ 172 thousand	(US\$ 3 thousand)	(Note 2)	Subsidiary	
ASE Investment (Labuan) Inc.	ASE (Korea) Inc.	Korea	Engaged in the packaging and testing of semiconductors	US\$ 160,000 thousand	US\$ 160,000 thousand	20,741,363	100	US\$ 548,219 thousand	US\$ 6,678 thousand	(Note 2)	Subsidiary
ASE Test Limited	ASE Holdings (Singapore) Pte Ltd	Singapore	Investment activities	US\$ 65,520 thousand	US\$ 65,520 thousand	71,428,902	100	US\$ 186,314 thousand	US\$ 3,114 thousand	(Note 2)	Subsidiary
	ASE Test Holdings, Ltd.	British Cayman Islands	Investment activities	US\$ 222,399 thousand	US\$ 222,399 thousand	5	100	US\$ 102,582 thousand	US\$ 291 thousand	(Note 2)	Subsidiary
	ASE Investment (Labuan) Inc.	Malaysia	Investment activities	US\$ 72,304 thousand	US\$ 72,304 thousand	72,304,040	30	US\$ 164,447 thousand	US\$ 6,736 thousand	(Note 2)	Subsidiary
	ASE Singapore Pte. Ltd.	Singapore	Engaged in the testing of semiconductors	US\$ 55,815 thousand	US\$ 55,815 thousand	30,100,000	100	US\$ 132,598 thousand	US\$ 5,905 thousand	(Note 2)	Subsidiary
ASE Test Holdings, Ltd.	ISE Labs, Inc.	U.S.A	Engaged in the testing of semiconductors	US\$ 221,145 thousand	US\$ 221,145 thousand	26,250,000	100	US\$ 102,580 thousand	US\$ 291 thousand	(Note 2)	Subsidiary

(Continued)

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount		Balance as of March 31, 2018			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee (Note 1)	Note
				March 31, 2018	December 31, 2017	Shares	Percentage of Ownership	Carrying Value			
ASE Holdings (Singapore) Pte Ltd.	ASE Electronics (M) Sdn. Bhd.	Malaysia	Engaged in the packaging and testing of semiconductors	US\$ 60,000 thousand	US\$ 60,000 thousand	159,715,000	100	US\$ 186,314 thousand	US\$ 3,114 thousand	(Note 2)	Subsidiary
Omniquiest Industrial Limited	ASE Corporation	British Cayman Islands	Investment activities	US\$ 352,784 thousand	US\$ 352,784 thousand	352,784,067	100	US\$ 594,168 thousand	(US\$ 313 thousand)	(Note 2)	Subsidiary
ASE Corporation	ASE Mauritius Inc.	Mauritius	Investment activities	US\$ 217,800 thousand	US\$ 217,800 thousand	217,800,000	100	US\$ 468,940 thousand	US\$ 79 thousand	(Note 2)	Subsidiary
ASE Labuan Inc.	ASE Labuan Inc.	Malaysia	Investment activities	US\$ 126,184 thousand	US\$ 126,184 thousand	126,184,067	100	US\$ 125,195 thousand	(US\$ 386 thousand)	(Note 2)	Subsidiary
ASE Labuan Inc.	ASE Electronics Inc.	Taiwan	Engaged in the production of substrates	US\$ 125,813 thousand	US\$ 125,813 thousand	398,981,900	100	US\$ 124,630 thousand	(US\$ 385 thousand)	(Note 2)	Subsidiary
Innosource Limited	Omniquiest Industrial Limited	British Virgin Islands	Investment activities	US\$ 74,000 thousand	US\$ 74,000 thousand	74,000,000	21	US\$ 123,898 thousand	(US\$ 317 thousand)	(Note 2)	Subsidiary
ASE (Shanghai) Inc.	Advanced Semiconductor Engineering (HK) Limited	Hong Kong	Engaged in the trading of substrates	US\$ 1,000 thousand	US\$ 1,000 thousand	-	100	US\$ 9,999 thousand	US\$ 30 thousand	(Note 2)	Subsidiary
USI Inc.	Huntington Holdings International Co. Ltd.	British Virgin Islands	Holding company	\$ 8,370,606	\$ 8,370,606	255,856,840	100	\$ 46,102,081	\$ 640,793	(Note 2)	Subsidiary
Huntington Holdings International Co. Ltd.	Unitech Holdings International Co. Ltd.	British Virgin Islands	Holding company	US\$ 3,000 thousand	US\$ 3,000 thousand	3,000,000	100	US\$ 10,076 thousand	(US\$ 566 thousand)	(Note 2)	Subsidiary
	Real Tech Holdings Limited	British Virgin Islands	Holding company	US\$ 149,151 thousand	US\$ 149,151 thousand	149,151,000	100	US\$ 1,529,754 thousand	US\$ 20,707 thousand	(Note 2)	Subsidiary
	Universal ABIT Holding Co., Ltd.	British Cayman Islands	Holding company	US\$ 28,125 thousand	US\$ 28,125 thousand	90,000,000	100	US\$ 13 thousand	US\$ - thousand	(Note 2)	Subsidiary
	Rising Capital Investment Limited	British Virgin Islands	Holding company	US\$ 6,000 thousand	US\$ 6,000 thousand	6,000,000	100	US\$ 1,146 thousand	US\$ 2 thousand	(Note 2)	Subsidiary
	Rise Accord Limited	British Virgin Islands	Holding company	US\$ 2,000 thousand	US\$ 2,000 thousand	20,000	100	US\$ 62 thousand	US\$ - thousand	(Note 2)	Subsidiary
Real Tech Holdings Limited	USI Enterprise Limited	Hong Kong	Engaged in the services of investment advisory and warehousing management	US\$ 210,900 thousand	US\$ 210,900 thousand	210,900,000	99	US\$ 1,457,698 thousand	US\$ 24,363 thousand	(Note 2)	Subsidiary
Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology Co., Limited	Hong Kong	Holding company	CNY 662,390 thousand	CNY 662,390 thousand	777,716,500	100	CNY 2,540,162 thousand	CNY 54,470 thousand	(Note 2)	Subsidiary
Universal Global Technology Co., Limited	Universal Global Industrial Co., Limited	Hong Kong	Engaged in manufacturing, trading and investing activity	US\$ 11,000 thousand	US\$ 11,000 thousand	85,800,000	100	US\$ 21,273 thousand	US\$ 120 thousand	(Note 2)	Subsidiary
	Universal Global Electronics Co., Ltd.	Hong Kong	Engaging in ordering and outsourcing, selling electronic products, and providing technical consulting services	US\$ 1,000 thousand	US\$ - thousand	1,000,000	100	US\$ 1,000 thousand	US\$ - thousand	(Note 2)	Subsidiary
	Universal Global Scientific Industrial Co., Ltd.	Taiwan	Engaged in the manufacturing of components of telecomm and cars and provision of related R&D services	US\$ 62,235 thousand	US\$ 62,235 thousand	198,000,000	100	US\$ 182,265 thousand	US\$ 6,541 thousand	(Note 2)	Subsidiary
	USI Japan Co., Ltd	Japan	Engaged in the manufacturing and sale of computer peripherals, integrated chip and other related accessories	US\$ 885 thousand	US\$ 885 thousand	6,400	100	US\$ 936 thousand	(US\$ 7 thousand)	(Note 2)	Subsidiary
	Universal Scientific Industrial De Mexico S.A. De C.V.	Mexico	Engaged in the assembling of motherboards and computer components	US\$ 23,963 thousand	US\$ 23,963 thousand	281,085,325	100	US\$ 49,550 thousand	US\$ 1,163 thousand	(Note 2)	Subsidiary
	USI America Inc.	U.S.A	Engaged in the manufacturing and processing of motherboards and wireless network communication and provision of related technical service	US\$ 9,500 thousand	US\$ 9,500 thousand	250,000	100	US\$ 6,263 thousand	US\$ 88 thousand	(Note 2)	Subsidiary
Universal Global Industrial Co., Limited	Universal Scientific Industrial De Mexico S.A. De C.V.	Mexico	Engaged in the assembling of motherboards and computer components	US\$ - thousand	US\$ - thousand	1	-	US\$ - thousand	US\$ 1,163 thousand	(Note 2)	Subsidiary
Universal Global Scientific Industrial Co., Ltd.	Universal Scientific Industrial Co., Ltd.	Taiwan	Engaged in the manufacturing, processing and sale of computers, computer peripherals and related accessories	\$ 1,791,208	\$ 1,791,208	139,517,546	99	\$ 2,316,030	\$ 72,473	(Note 2)	Subsidiary

(Concluded)

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

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

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INFORMATION ON INVESTMENT IN MAINLAND CHINA
FOR THE THREE MONTHS ENDED MARCH 31, 2018

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

Investee Company	Main Business Activities	Paid-in Capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended March 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	Net income of investee for the year ended March 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended March 31, 2018	Book value of investments in Mainland China as of March 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2018
					Remitted to Mainland China	Remitted back to Taiwan						
ASE (Shanghai) Inc.	Engaged in the production of substrates	\$ 4,349,312 (US\$ 148,496 thousand) (Note 9)	Note 1 (1)	\$ 4,782,216 (US\$ 149,800 thousand) (Note 9)	\$ -	\$ -	\$ 4,782,216 (US\$ 149,800 thousand)	\$ (15,510) (US\$ -526 thousand) (Note 5)	100	\$ (15,510) (US\$ -526 thousand) (Note 5)	\$ 12,712,230 (US\$ 436,771 thousand)	None
ASE (Kun Shan) Inc.	Engaged in the packaging and testing of semiconductors	8,945,404 (US\$ 288,000 thousand) (Note 12)	Note 1 (2)	8,350,204 (US\$ 268,000 thousand) (Note 10)	-	-	8,350,204 (US\$ 268,000 thousand)	59,699 (US\$ 2,034 thousand) (Note 4)	100	59,699 (US\$ 2,034 thousand) (Note 4)	7,089,182 (US\$ 243,573 thousand)	None
ASE Assembly & Test (Shanghai) Limited	Engaged in the packaging and testing of semiconductors	6,501,336 (US\$ 203,580 thousand)	Note 1 (3)	5,792,530 (US\$ 180,000 thousand)	-	-	5,792,530 (US\$ 180,000 thousand)	127,210 (US\$ 4,340 thousand) (Note 4)	100	127,210 (US\$ 4,340 thousand) (Note 4)	15,285,698 (US\$ 525,191 thousand)	None
Suzhou ASEN Semiconductors Co., Ltd.	Engaged in the packaging and testing of semiconductors	1,568,467 (US\$ 48,672 thousand)	Note 1 (4)	711,180 (US\$ 21,600 thousand)	-	-	711,180 (US\$ 21,600 thousand)	142,379 (US\$ 4,855 thousand) (Note 5)	60	85,427 (US\$ 2,913 thousand) (Note 5)	2,983,206 (US\$ 102,498 thousand)	None
ASE WeiHai Inc.	Engaged in the packaging and testing of semiconductors	5,115,481 (US\$ 172,200 thousand)	Note 1 (5)	1,295,307 (US\$ 40,000 thousand)	-	-	1,295,307 (US\$ 40,000 thousand)	148,921 (US\$ 5,065 thousand) (Note 5)	100	148,921 (US\$ 5,065 thousand) (Note 5)	2,947,868 (US\$ 101,284 thousand)	None
Shanghai Ding Hui Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	16,345,070 (CNY 3,600,000 thousand)	Note 2	- (Note 2)	-	-	- (Note 2)	(155,864) (CNY -33,796 thousand) (Note 5)	100	(156,026) (CNY -33,831 thousand) (Note 5)	22,926,245 (CNY 4,953,187 thousand)	None
Shanghai Ding Wei Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	8,061,489 (CNY 1,798,000 thousand)	Note 2	- (Note 2)	-	-	- (Note 2)	(137,765) (CNY -29,869 thousand) (Note 5)	100	(137,765) (CNY -29,869 thousand) (Note 5)	7,748,348 (CNY 1,674,021 thousand)	None
Shanghai Ding Yu Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	4,936,538 (CNY 1,100,000 thousand)	Note 2	- (Note 2)	-	-	- (Note 2)	(5,119) (CNY -1,110 thousand) (Note 5)	100	(5,119) (CNY -1,110 thousand) (Note 5)	5,057,497 (CNY 1,092,666 thousand)	None
Kun Shan Ding Hong Real Estate Development Co., Ltd.	Engaged in the development, construction and sale of real estate properties	3,139,662 (CNY 670,000 thousand)	Note 2	- (Note 2)	-	-	- (Note 2)	(1,951) (CNY -423 thousand) (Note 5)	100	(1,951) (CNY -423 thousand) (Note 5)	3,206,463 (CNY 692,752 thousand)	None
Advanced Semiconductor Engineering (China) Ltd.	Engage in the packaging and testing of semiconductors	3,149,000 (US\$ 100,000 thousand)	Note 1 (6)	3,149,000 (US\$ 100,000 thousand)	-	-	3,149,000 (US\$ 100,000 thousand)	(44,700) (US\$ -1,512 thousand) (Note 4)	100	(44,700) (US\$ -1,512 thousand) (Note 4)	3,031,584 (US\$ 104,160 thousand)	None
ASE Investment (Kun Shan) Limited	Holding company	4,312,518 (US\$ 142,000 thousand) (Note 12)	Note 1 (7)	3,717,318 (US\$ 122,000 thousand) (Note 10)	-	-	3,717,318 (US\$ 122,000 thousand)	29,372 (US\$ 1,001 thousand) (Note 4)	100	29,372 (US\$ 1,001 thousand) (Note 4)	3,493,125 (US\$ 120,018 thousand)	None
Wuxi Tongzhi Microelectronics Co., Ltd.	Engage in the packaging and testing of semiconductors	\$ 356,682 (CNY 73,461 thousand)	(Note 2)	\$ - (Note 2)	-	-	- (Note 2)	4,993 (CNY 1,083 thousand) (Note 4)	100	4,993 (CNY 1,083 thousand) (Note 4)	466,647 (CNY 100,819 thousand)	None

(Continued)

Investee Company	Main Business Activities	Paid-in Capital	Investment Method	Accumulated amount of remittance from Taiwan to Mainland China as of January 1, 2018	Amount remitted from Taiwan to Mainland China/Amount remitted back to Taiwan for the year ended March 31, 2018		Accumulated amount of remittance from Taiwan to Mainland China as of March 31, 2018	Net income of investee for the year ended March 31, 2018	Ownership held by the Company (direct or indirect)	Investment income (loss) recognised by the Company for the year ended March 31, 2018	Book value of investments in Mainland China as of March 31, 2018	Accumulated amount of investment income remitted back to Taiwan as of March 31, 2018
					Remitted to Mainland China	Remitted back to Taiwan						
ASE Trading (Shanghai) Ltd.	Engaged in trading activity	2,566 (CNY 500 thousand)	(Note 2)	- (Note 2)	\$ -	\$ -	\$ - (Note 2)	\$ (7) (CNY -1 thousand) (Note 4)	100	\$ (7) (CNY -1 thousand) (Note 4)	\$ 1,994 (CNY 431 thousand)	None
Shanghai Ding Qi Property Management Co., Ltd.	Engaged in the management of real estate properties	5,078 (CNY 1,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(9,877) (CNY -2,142 thousand) (Note 5)	100	(9,877) (CNY -2,142 thousand) (Note 5)	(51,201) (CNY -11,062 thousand)	None
Shanghai Ding Fan Department Store Co., Ltd.	Engaged in selling General merchandise	7,199 (CNY 1,500 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(645) (CNY -140 thousand) (Note 5)	100	(645) (CNY -140 thousand) (Note 5)	6,321 (CNY 1,366 thousand)	None
Shanghai Ding Xu Property Management Co., Ltd.	Engaged in the management of real estate properties	22,860 (CNY 5,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	(396) (CNY -86 thousand) (Note 5)	100	(396) (CNY -86 thousand) (Note 5)	22,907 (CNY 4,949 thousand)	None
USI Electronics (Shenzhen) Co., Ltd	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	2,270,625 (US\$ 75,000 thousand)	Note 1 (8)	1,180,746	-	-	1,180,746	299,741 (CNY 64,980 thousand) (Note 6)	77	230,379 (US\$ 7,855 thousand) (Note 6)	9,004,111 (US\$ 309,366 thousand)	\$ 1,406,326 (US\$ 48,243 thousand)
Universal Scientific Industrial (Shanghai) Co., Ltd.	Engaged in the designing, manufacturing and sale of electronic components	10,649,110 (CNY 2,175,924 thousand)	Note 1 (8)	1,668,233	-	-	1,668,233	860,232 (US\$ 29,331 thousand) (Note 6)	77	655,732 (US\$ 22,358 thousand) (Note 6)	31,485,110 (US\$ 1,081,777 thousand)	349,290 (US\$ 10,955 thousand)
Universal Scientific Industrial (Kunshan) Co., Ltd.	Engaged in the manufacturing and sale of computer assistance system and related peripherals	383,201 (US\$ 12,000 thousand)	Note 1 (8)	383,201	-	-	383,201	(6,104) (US\$ -208 thousand) (Note 6)	99	(6,053) (US\$ -206 thousand) (Note 6)	313,562 (US\$ 10,773 thousand)	None
e-Cloud Corporation	Engaged in the sale of electronic components and telecommunications equipment	147,450 (US\$ 5,000 thousand)	Note 1 (9)	147,450	-	-	147,450	-	-	-	- (Note 11)	None
Siargo (SH), Ltd.	Engaged in manufacturing and sale of MEMS mass flow sensors	227,063 (US\$ 7,500 thousand)	(Note 3)	3,035	-	-	3,035	-	-	-	-	None
Universal Global Technology (Kunshan) Co., Ltd.	Engaged in the designing and manufacturing of electronic components	1,202,223 (CNY 250,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	143,021 (CNY 31,005 thousand) (Note 6)	77	109,086 (CNY 23,649 thousand) (Note 6)	2,841,174 (CNY 613,832 thousand)	None
Universal Global Technology (Shanghai) Co., Ltd.	Engaged in the processing and sales of computer and communication peripherals as well as business in import and export of goods and technology	6,652,140 (CNY 1,330,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	114,613 (CNY 24,847 thousand) (Note 6)	77	87,367 (CNY 18,940 thousand) (Note 6)	3,145,992 (CNY 679,688 thousand)	None
Universal Global Electronics (Shanghai) Co., Ltd.	Engaged in the sale of electronic components and telecommunications equipment	240,850 (CNY 50,000 thousand)	(Note 2)	- (Note 2)	-	-	- (Note 2)	2,006 (CNY 435 thousand) (Note 6)	77	1,529 (CNY 332 thousand) (Note 6)	199,348 (CNY 43,069 thousand)	None

(Continued)

Investee Company	Accumulated Investment in Mainland China as of March 31, 2018	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment
The Company	\$ 15,203,097 (US\$ 471,400 thousand)	\$ 19,307,090 (US\$ 603,884thousand)(Note 9)	\$ - (Note 7)
ASE Test, Inc.	8,878,838 (US\$ 288,000 thousand)	8,878,838 (US\$ 288,000 thousand)	17,935,536 (Note 8)
USI Inc.	3,382,665	32,402,340 (US\$1,027,236 thousand)	- (Note 7)

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

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

Note 2: Invested by companies in Mainland China.

Note 3: The Company was invested by Asia Global Venture Co. Ltd which is invested by UHI as available-for-sale. Asia Global Venture Co. Ltd disposed all of the company's shares in October, 2013, therefore as of March 31, 2018 UHI does not invest to any company in Mainland China.

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

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

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

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

Note 8: The upper limit on investment of ASET, Inc. is calculated as follow: $\$29,892,560 \times 60\% = 17,935,536$.

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

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

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

Note 12: ASE Assembly & Test (Shanghai) Limited invested US\$20,000 thousand to ASE Investment (KS) and then re-invested to ASE (KunShan) Inc.

ADVANCED SEMICONDUCTOR ENGINEERING, INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE THREE MONTHS ENDED MARCH 31, 2018
(Amounts In Thousands of New Taiwan Dollars, Unless Specified Otherwise)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions					
				Financial Statement Account	Amount (Note)	Percentage of Consolidated Net Revenue or Total Assets			
0	The Company	ASE Test, Inc.	Parent company to subsidiary	Other payables	\$ 7,147,712	The transaction has the same terms with other companies The transaction has the same terms with other companies It is calculated by fixed ratio based on actual expenses. There is an upper limit to the expenses.	2		
		Universal Scientific Industrial Co., Ltd.	Parent company to subsidiary	Trade receivables	928,618		-		
		ASE (Shanghai) Inc.	Parent company to subsidiary	Operating revenues	853,020		1		
		ASE (U.S.) Inc.	Parent company to subsidiary	Trade payables	397,668		-		
		ASE Electronics Inc.	Parent company to subsidiary	Operating costs	339,093		1		
		J & R Holding Limited	Parent company to subsidiary	Operating expenses	225,184		-		
		Omniquest Industrial Limited	Parent company to subsidiary	Trade payables	575,730		-		
		ASE Test Limited	Parent company to subsidiary	Other payables	722,696		-		
		Global Advanced Packaging Technology Limited	Parent company to subsidiary	Operating costs	510,314		1		
		ASE Investment (Labuan) Inc.	Parent company to subsidiary	Other payables	5,617,265		2		
		J&R Industrial Inc.	Parent company to subsidiary	Other payables	1,722,100		-		
		ASE (Korea) Inc.	Parent company to subsidiary	Other payables	4,074,700		1		
		Huntington Holdings International Co. Ltd.	Parent company to subsidiary	Other payables	570,000		-		
		USI Enterprise Limited	Parent company to subsidiary	Other payables	1,140,000		-		
		Real Tech Holdings Limited	Parent company to subsidiary	Other payables	190,000		-		
		ASE Corporation	Parent company to subsidiary	Other payables	2,619,625		1		
		A.S.E. Holding Limited	Parent company to subsidiary	Other payables	873,150		-		
		1	ASE Test, Inc.	Global Advanced Packaging Technology Limited	Subsidiary to subsidiary		Other receivables	570,000	-
				Omniquest Industrial Limited	Subsidiary to subsidiary		Other receivables	1,140,000	-
				ASE Investment (Labuan) Inc.	Subsidiary to subsidiary		Other receivables	1,140,000	-
2	ASE (Shanghai) Inc.	Advanced Semiconductor Engineering (HK) Limited	Subsidiary to subsidiary	Trade receivables	474,814	-			
		Shanghai Ding Hui Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Operating revenues	473,445	1			
3	Shanghai Ding Hui Real Estate Development Co., Ltd.	Kun Shan Ding Hong Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	235,773	-			
		Shanghai Ding Wei Real Estate Development Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,408,210	-			
4	A.S.E. Holding Limited	ASE Test Limited	Subsidiary to subsidiary	Other liabilities	1,050,713	-			
		Huntington Holdings International Co. Ltd.	Subsidiary to subsidiary	Other payables	378,365	-			
		Real Tech Holdings Limited	Subsidiary to subsidiary	Other payables	436,575	-			

(Continued)

No.	Company Name	Related Party	Nature of Relationships	Intercompany Transactions			Percentage of Consolidated Net Revenue or Total Assets
				Financial Statement Account	Amount (Note)	Terms	
5	J & R Holding Limited	Global Advanced Packaging Technology Limited	Subsidiary to subsidiary	Other assets	\$ 518,906		-
		Omniquest Industrial Limited	Subsidiary to subsidiary	Other assets	585,146		-
		Anstock Limited	Subsidiary to subsidiary	Other assets	808,470		-
		ASE Test Limited	Subsidiary to subsidiary	Other liabilities	7,009,336		2
		ISE Labs, Inc.	Subsidiary to subsidiary	Other payables	466,101		-
			Subsidiary to subsidiary	Other liabilities	873,606		-
		ASE Japan Co., Ltd.	Subsidiary to subsidiary	Other payables	2,193,659		1
		ASE WeiHai Inc.	Subsidiary to subsidiary	Other receivables	590,795		-
		USI Enterprise Limited	Subsidiary to subsidiary	Other payables	2,625,754		1
		ASE Corporation	Subsidiary to subsidiary	Other assets	1,907,602		1
		ASE Singapore Pte.Ltd.	Subsidiary to subsidiary	Other liabilities	436,706		-
		A.S.E. Holding Limited	Subsidiary to subsidiary	Other liabilities	592,113		-
		6	ASE WeiHai Inc.	Advanced Semiconductor Engineering (China) Ltd.	Subsidiary to subsidiary	Other payables	349,368
7	ASE Electronics Inc.	J&R Industrial Inc.	Subsidiary to subsidiary	Other payables	190,000		-
8	ASE Assembly & Test (Shanghai) Limited	Anstock Limited	Subsidiary to subsidiary	Other payables	667,479		-
			Subsidiary to subsidiary	Other liabilities	166,629		-
		Advanced Semiconductor Engineering (China) Ltd.	Subsidiary to subsidiary	Other payables	408,360		-
		ASE (KunShan) Inc.	Subsidiary to subsidiary	Other payables	468,116		-
9	USI Inc.	USI Enterprise Limited	Subsidiary to subsidiary	Other payables	1,746,300		-
10	Universal Scientific Industrial (Shanghai) Co., Ltd.	Universal Global Technology (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Other receivables	1,629,736		-
							-
11	Universal Global Industrial Co., Limited	USI Electronics (Shenzhen) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	824,036	The transaction has the same terms with other companies	1
			Subsidiary to subsidiary	Trade receivables	684,469		-
			Subsidiary to subsidiary	Trade payables	2,197,770		1
		Universal Global Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Operating revenues	4,376,177	The transaction has the same terms with other companies	7
		Subsidiary to subsidiary	Trade receivables	4,116,356		1	
12	Universal Global Technology Co., Limited	Universal Global Technology (Kunshan) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	872,935	The transaction has the same terms with other companies	1
			Subsidiary to subsidiary	Trade receivables	1,205,717		-
		USI Electronics (Shenzhen) Co., Ltd.	Subsidiary to subsidiary	Other payables	1,164,200		-
		Universal Scientific Industrial (Shanghai) Co., Ltd.	Subsidiary to subsidiary	Operating revenues	978,224	The transaction has the same terms with other companies	2
		Subsidiary to subsidiary	Trade receivables	1,286,699		-	
13	USI Electronics (Shenzhen) Co., Ltd.	Universal Global Industrial Co., Limited	Subsidiary to subsidiary	Operating revenues	2,704,329	The transaction has the same terms with other companies	4
14	Universal Global Technology (Kunshan) Co., Ltd.	Universal Global Industrial Co., Limited	Subsidiary to subsidiary	Operating revenues	2,252,388	The transaction has the same terms with other companies	3
				Trade receivables	1,949,124		1
15	Universal Global Technology (Shanghai) Co., Ltd.	USI Electronics (Shenzhen) Co., Ltd.	Subsidiary to subsidiary	Other payables	1,666,290		-
16	Universal Scientific Industrial Co., Ltd.	Universal Global Scientific Industrial Co., Ltd.	Subsidiary to subsidiary	Other receivables	142,129		-

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

(Concluded)