

ASUSTEK COMPUTER INC.

Parent Company Only Financial Statements

With Independent Auditors' Report Thereon

December 31, 2017 and 2016

(Stock Code: 2357)

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For the convenience of readers and for information purpose only, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. In the event of any discrepancy between the English version and the original Chinese version or any differences in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.

Opinion

We have audited the accompanying separate balance sheets of ASUSTEK COMPUTER INC. as of December 31, 2017 and 2016, and the related separate statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2017 and 2016, and notes to the separate financial statements, including a summary of significant accounting policies.

In our opinion, based on our audits and the reports of the other independent auditors, as described in the Other matters section of our report, the separate financial statements present fairly, in all material respects, the separate financial position of ASUSTEK COMPUTER INC. as of December 31, 2017 and 2016, and its separate financial performance and its separate cash flows for the years ended December 31, 2017 and 2016, in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”.

Basis for opinion

We conducted our audits in accordance with the “Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants” and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the Independent Auditor’s Responsibilities for the Audit of the Separate Financial Statements section of our report. We are independent of ASUSTEK COMPUTER INC. in accordance with the Code of Professional Ethics for Certified Public Accountants in the Republic of China (the “Code”), and we have fulfilled our other ethical responsibilities in accordance with the Code. Based on our audits and the reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

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

Key audit matters for the separate financial statements in the current period are stated as follows:

Evaluation of inventoriesDescription

Refer to Note 4(12) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(7) for the details of allowance for inventory valuation loss.

ASUSTEK COMPUTER INC. is primarily engaged in the design, R&D, and sales of 3C products. Due to the rapid technological innovations and competition within the industry, frequent releases of new products result in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realisable values of inventories.

In response to changing markets and its development strategies, ASUSTEK COMPUTER INC. adjusts its inventory levels. The primary product line of ASUSTEK COMPUTER INC. is notebook computer. Smartphone has also become a main focus product in the last few years. As a result, the related inventory levels for both product lines are significant. Management evaluates inventories stated at the lower of cost and net realisable value. Since the evaluation of inventories is subject to management's judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed in ASUSTEK COMPUTER INC. and its subsidiaries (recognized in investments accounted for under equity method) for the above matter as follows:

1. Assessed the policy on allowance for inventory valuation loss, based on our understanding of the operations and industry of ASUSTEK COMPUTER INC.
2. Inspected the management's individually identified out-of-date inventory list and checked the related supporting documents.
3. Tested the basis of market value used in calculating the net realisable value of inventory and validated the accuracy of net realisable value calculation of selected samples.

Provision for sales returns and discounts

Description

The subsidiaries of ASUSTEK COMPUTER INC. periodically estimates sales returns and discounts based on each product line's actual sales returns and discounts, and considers if there are special factors which will affect the original estimations. Since the provision for sales returns and discounts is subject to management's judgment and the market of 3C products changes rapidly, management's use of historical experience to accrue provision for future sales returns and discounts will cause uncertainty of accounting estimations and affect the balance of investments accounted for under equity method of ASUSTEK COMPUTER INC. Thus, provision for sales returns and discounts has been identified a key audit matter.

How our audit addressed the matter

Our audit procedures performed in the subsidiaries of ASUSTEK COMPUTER INC. (recognized in investments accounted for under equity method) for provision for sales returns and discounts as follows:

1. Assessed the reasonableness of policies used in estimating provision for sales returns and discounts, taking into consideration actual sales returns and discounts. Performed sample testing to verify whether the accrual rates have been approved appropriately.
2. Selected samples and tested the calculation logic used in the provision for sales returns and discounts statements, including accrual and reversal statements of provision for sales returns and discounts.
3. Selected samples and confirmed the accrual amounts based on the accrual statements of provision for sales returns and discounts have been properly recognised in the financial statements.
4. Selected samples and confirmed the reversal amounts based on the reversal statements of provision for sales returns and discounts have been properly recognised in the financial statements and checked against the original vouchers.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain investments accounted for under the equity method. These investments accounted for under the equity method amounted to \$1,067,029 thousand and \$841,672 thousand, constituting 0.41% and 0.30% of total assets as of December 31, 2017 and 2016, respectively, and other comprehensive income of subsidiaries, associates, and joint ventures accounted for under equity method amounted to \$278,424 thousand and \$333,738 thousand, constituting 4.79% and 1.34% of total comprehensive income for the years ended December 31, 2017 and 2016, respectively. The financial statements of these investments accounted for under the equity method were audited by other independent auditors whose reports thereon have been furnished to us and our opinion expressed herein, insofar as it relates to the amounts included in the separate financial statements and information disclosed relative to these investments, is based solely on the reports of other independent auditors.

Responsibilities of management and those charged with governance for the separate financial statements

Management is responsible for the preparation and fair presentation of the separate financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers”, and for such internal control as management determines is necessary to enable the preparation of separate financial statements that are free from material misstatement, whether due to fraud or error. In preparing the separate financial statements, management is responsible for assessing the ability of ASUSTEK COMPUTER INC. to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate ASUSTEK COMPUTER INC. or to cease operations, or has no realistic alternative but to do so.

Those charged with governance, including Audit Committee, are responsible for overseeing the financial reporting process of ASUSTEK COMPUTER INC.

Independent auditor’s responsibilities for the audit of the separate financial statements

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

As part of an audit in accordance with ROC GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the separate financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of internal control of ASUSTEK COMPUTER INC.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of ASUSTEK COMPUTER INC. to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the separate financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause ASUSTEK COMPUTER INC. to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the separate financial statements, including the disclosures, and whether the separate financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within ASUSTEK COMPUTER INC. to express an opinion on the separate financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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

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


Chou, Chien-Hung
Chang, Ming-Hui

for and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2018

The accompanying parent company only financial statements are not intended to present the financial position and results of operations and cash flows in accordance with accounting principles generally accepted in countries and jurisdictions other than the Republic of China. The standards, procedures and practices in the Republic of China governing the audit of such financial statements may differ from those generally accepted in countries and jurisdictions other than the Republic of China. Accordingly, the accompanying separate financial statements and report of independent auditors are not intended for use by those who are not informed about the accounting principles or auditing standards generally accepted in the Republic of China, and their applications in practice. As the separate financial statements are the responsibility of the management, PricewaterhouseCoopers cannot accept any liability for the use of, or reliance on, the English translation or for any errors or misunderstandings that may derive from the translation.

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	DECEMBER 31, 2017		DECEMBER 31, 2016	
		AMOUNT	%	AMOUNT	%
<u>Current assets</u>					
Cash and cash equivalents	6(1)	\$ 335,235	-	\$ 2,016,862	1
Financial assets at fair value through profit or loss - current	6(2)	6,368,076	2	4,578,671	2
Available-for-sale financial assets - current	6(3)	788,889	-	298,640	-
Notes and trade receivables	6(5) (6)	6,532,941	3	7,965,978	3
Trade receivables - related parties	6(5) and 7	66,488,284	26	88,730,813	31
Other receivables		25,626	-	4,247	-
Inventories	6(7)	29,902,995	12	31,382,545	11
Prepayments	9	3,790,303	1	2,335,285	1
Other current assets		26,684	-	15,343	-
Total current assets		114,259,033	44	137,328,384	49
<u>Non-current assets</u>					
Available-for-sale financial assets – non-current	6(3)	53,577,492	21	57,960,039	21
Financial assets carried at cost – non-current	6(4)	89,610	-	88,577	-
Investments accounted for under equity method	6(8)	76,242,389	29	73,089,367	26
Property, plant and equipment	6(9)	7,431,227	3	7,008,339	2
Investment property		4,009,177	2	4,010,563	1
Intangible assets		115,992	-	191,765	-
Deferred income tax assets	6(21)	2,674,959	1	2,278,673	1
Other non-current assets	8	898,628	-	461,146	-
Total non-current assets		145,039,474	56	145,088,469	51
<u>TOTAL ASSETS</u>		\$ 259,298,507	100	\$ 282,416,853	100

(Continued)

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	DECEMBER 31, 2017		DECEMBER 31, 2016	
		AMOUNT	%	AMOUNT	%
<u>Current liabilities</u>					
Financial liabilities at fair value	6(2)	\$ 34,226	-	\$ 50,962	-
through profit or loss - current					
Notes and trade payables	6(6) and 7	46,449,308	18	63,718,140	23
Other payables – accrued expenses	7	20,494,142	8	20,113,998	7
Current income tax liabilities		1,287,704	1	1,184,335	-
Provisions for liabilities - current	6(11) and 9	3,851,382	1	4,252,783	2
Other current liabilities	7	393,885	-	485,121	-
Total current liabilities		72,510,647	28	89,805,339	32
<u>Non-current liabilities</u>					
Deferred income tax liabilities	6(21)	10,533,849	4	10,263,335	4
Other non-current liabilities		1,109,826	-	862,696	-
Total non-current liabilities		11,643,675	4	11,126,031	4
<u>Total liabilities</u>		84,154,322	32	100,931,370	36
<u>Equity</u>					
Share capital - common shares	6(12)	7,427,603	3	7,427,603	3
Capital surplus	6(13)	5,554,197	2	5,079,722	2
Retained earnings	6(14)(21)				
Legal reserve		33,429,055	13	31,508,782	11
Special reserve		693,941	-	693,941	-
Unappropriated retained earnings		102,790,860	40	101,793,153	36
Other equity	6(3)(15)(21)	25,248,529	10	34,982,282	12
<u>Total equity</u>		175,144,185	68	181,485,483	64
<u>TOTAL LIABILITIES AND EQUITY</u>		\$ 259,298,507	100	\$ 282,416,853	100

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

ITEMS	Notes	FOR THE YEARS ENDED DECEMBER 31,			
		2017		2016	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(16) and 7	\$ 335,875,563	100	\$ 360,595,685	100
Operating costs	6(7)(10)(19)(20) and 7	(315,785,594)	(94)	(337,844,298)	(94)
Gross profit		20,089,969	6	22,751,387	6
Unrealized loss (profit) from sales		1,361,343	1	(88,754)	-
Realized gross profit		21,451,312	7	22,662,633	6
Operating expenses	6(10)(19)(20), 7 and 9				
Selling expenses		(3,572,664)	(1)	(3,214,082)	(1)
General and administrative expenses		(2,253,439)	(1)	(1,955,233)	(1)
Research and development expenses		(9,837,363)	(3)	(8,412,498)	(2)
Total operating expenses		(15,663,466)	(5)	(13,581,813)	(4)
Operating profit		5,787,846	2	9,080,820	2
Non-operating income and expenses					
Other income	6(17)	2,813,266	1	2,848,216	1
Other gains (losses)	6(2)(3)(18)	473,095	-	1,386,853	-
Finance costs		(230)	-	(111)	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		8,478,943	2	9,185,786	3
Total non-operating income and expenses		11,765,074	3	13,420,744	4
Profit before income tax		17,552,920	5	22,501,564	6
Income tax expenses	6(21)	(2,008,015)	-	(3,298,827)	(1)
Profit for the year		\$ 15,544,905	5	\$ 19,202,737	5
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Share of other comprehensive loss of subsidiaries, associates and joint ventures accounted for under equity method		(\$ 19,274)	-	(\$ 19,365)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(15)	(5,109,986)	(2)	(979,560)	-
Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(15)	(3,887,043)	(1)	6,150,310	2
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(8)(15)	(1,524,919)	-	466,181	-
Income tax relating to the components of other comprehensive income	6(15)(21)	807,469	-	94,576	-
Other comprehensive income (loss) for the year		(\$ 9,733,753)	(3)	\$ 5,712,142	2
Total comprehensive income for the year		\$ 5,811,152	2	\$ 24,914,879	7
Earnings per share (In dollars)	6(22)				
Basic earnings per share		\$ 20.93		\$ 25.85	
Diluted earnings per share		\$ 20.79		\$ 25.60	

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Capital surplus			Retained earnings			Other equity				Total equity
	Common shares	Share premium	Others	Legal reserve	Special reserve	Unappropriated retained earnings	Financial statements translation differences of foreign operations	Unrealized gain on valuation of available-for-sale financial assets	Gain (loss) on effective portion of cash flow hedges	Remeasurements of defined benefit plan	
<u>For the year ended December 31, 2016</u>											
Balance at January 1, 2016	\$ 7,427,603	\$ 4,227,966	\$ 491,687	\$ 29,799,035	\$ 699,231	\$ 95,436,277	\$ 2,927,648	\$ 25,514,835	\$ 887,285	(\$ 59,628)	\$ 167,351,939
Appropriations of 2015 earnings (Note 6(14))											
Legal reserve	-	-	-	1,709,747	-	(1,709,747)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(11,141,404)	-	-	-	-	(11,141,404)
Profit for the year	-	-	-	-	-	19,202,737	-	-	-	-	19,202,737
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(777,898)	6,113,856	395,549	(19,365)	5,712,142
Reversal of special reserve	-	-	-	-	(5,290)	5,290	-	-	-	-	-
Change in associates and joint ventures accounted for under equity method	-	-	1,630	-	-	-	-	-	-	-	1,630
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	358,439	-	-	-	-	-	-	-	358,439
Balance at December 31, 2016	<u>\$ 7,427,603</u>	<u>\$ 4,227,966</u>	<u>\$ 851,756</u>	<u>\$ 31,508,782</u>	<u>\$ 693,941</u>	<u>\$ 101,793,153</u>	<u>\$ 2,149,750</u>	<u>\$ 31,628,691</u>	<u>\$ 1,282,834</u>	<u>(\$ 78,993)</u>	<u>\$ 181,485,483</u>
<u>For the year ended December 31, 2017</u>											
Balance at January 1, 2017	\$ 7,427,603	\$ 4,227,966	\$ 851,756	\$ 31,508,782	\$ 693,941	\$ 101,793,153	\$ 2,149,750	\$ 31,628,691	\$ 1,282,834	(\$ 78,993)	\$ 181,485,483
Appropriations of 2016 earnings (Note 6(14))											
Legal reserve	-	-	-	1,920,273	-	(1,920,273)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(12,626,925)	-	-	-	-	(12,626,925)
Profit for the year	-	-	-	-	-	15,544,905	-	-	-	-	15,544,905
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(4,025,708)	(3,734,883)	(1,953,888)	(19,274)	(9,733,753)
Change in associates and joint ventures accounted for under equity method	-	-	476	-	-	-	-	-	-	-	476
Difference between consideration and carrying amount of subsidiaries acquired or disposed	-	-	51,471	-	-	-	-	-	-	-	51,471
Recognition of changes in ownership interest in subsidiaries	-	-	422,528	-	-	-	-	-	-	-	422,528
Balance at December 31, 2017	<u>\$ 7,427,603</u>	<u>\$ 4,227,966</u>	<u>\$ 1,326,231</u>	<u>\$ 33,429,055</u>	<u>\$ 693,941</u>	<u>\$ 102,790,860</u>	<u>(\$ 1,875,958)</u>	<u>\$ 27,893,808</u>	<u>(\$ 671,054)</u>	<u>(\$ 98,267)</u>	<u>\$ 175,144,185</u>

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
SEPARATE STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016
<u>Cash flows from operating activities</u>		
Profit before income tax for the year	\$ 17,552,920	\$ 22,501,564
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities		
Income and expenses that results in non-cash flows		
Depreciation (including investment property)	211,320	225,378
Amortisation	219,428	178,923
Reversal of allowance for doubtful account	(16,962)	(93,956)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(82,870)	28,138
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(8,478,943)	(9,185,786)
Interest income	(14,026)	(23,890)
Dividend income	(2,799,240)	(2,824,326)
Unrealized profit (loss) from sales	(1,361,343)	88,754
Others	(54,058)	8,387
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	(1,636,110)	(780,889)
Notes and trade receivables	1,449,999	184,476
Trade receivables - related parties	22,242,529	(14,702,314)
Other receivables	(21,542)	31
Inventories	1,479,550	10,059,488
Prepayments	(152,768)	(73,606)
Other current assets	(11,341)	(5,976)
Financial liabilities at fair value through profit or loss	(87,161)	(61,820)
Notes and trade payables	(17,268,832)	14,656,834
Other payables - accrued expenses	(848,346)	(5,262,722)
Provisions for liabilities	(401,401)	(98,171)
Other current liabilities	(114,882)	(292,013)
Receipt of interest	14,189	25,398
Payment of interest	(230)	(111)
Payment of income tax	(1,222,949)	(2,366,715)
Net cash flows provided by (used in) operating activities	8,596,931	12,185,076
<u>Cash flows from investing activities</u>		
Acquisition of investments accounted for under equity method	(331,882)	(100,000)
Proceeds from disposal of investments accounted for under equity method	-	149,056
Acquisition of property, plant and equipment	(561,757)	(4,078,685)
Acquisition of investment property	-	(3,921,506)
Acquisition of intangible assets	(110,408)	(68,607)
Increase in prepayment for investments	(599,900)	-
Changes in other non-current assets	1,313	(177,393)
Receipt of dividends	3,888,956	3,408,711
Others	65,190	4,458
Net cash flows provided by (used in) investing activities	2,351,512	(4,783,966)
<u>Cash flows from financing activities</u>		
Payment of cash dividends	(12,626,925)	(11,141,404)
Others	(3,145)	25,991
Net cash flows provided by (used in) financing activities	(12,630,070)	(11,115,413)
Decrease in cash and cash equivalents	(1,681,627)	(3,714,303)
Cash and cash equivalents at beginning of year	2,016,862	5,731,165
Cash and cash equivalents at end of year	\$ 335,235	\$ 2,016,862

The accompanying notes are an integral part of these separate financial statements.

ASUSTEK COMPUTER INC.
NOTES TO SEPARATE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANISATION

- (1) ASUSTEK COMPUTER INC. (ASUS or the Company) was established in the Republic of China (R.O.C.). The Company is primarily engaged in the design, R&D and sales of 3C products (including PCs, main boards, other boards and cards, tablet PCs, smart phones and other handheld devices, etc.).
- (2) The Company resolved to spin-off its OEM businesses on January 1, 2008. Pursuant to the Company's resolution, the Company transferred its computer OEM, design and manufacture of computer cases and molds and non-computer OEM businesses to its spun-off subsidiaries, PEGATRON CORPORATION (PEGA) and UNIHAN CORPORATION, respectively. On June 1, 2010, however, the Company transferred further its OEM assets and business (the Company's investments accounted for under equity method in PEGA) to the Company's another investee, PEGATRON INTERNATIONAL INVESTMENT CO, LTD. (PII). PII issued new shares to the Company and its shareholders as consideration. On April 29, 2013, the Company disposed the partial shares of PEGA and reduced the ownership percentage to less than 20%.

2. THE DATE OF AUTHORISATION FOR ISSUANCE OF THE SEPARATE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORISATION

These separate financial statements were authorized for issuance by the Board of Directors on March 16, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

- (1) Effect of the adoption of new issuances of or amendments to International Financial Reporting Standards ("IFRSs") as endorsed by the Financial Supervisory Commission ("FSC")

New standards, interpretations and amendments in the IFRSs as endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 10, IFRS 12 and IAS 28, "Investment entities: applying the consolidation exception"	January 1, 2016
Amendments to IFRS 11, "Accounting for acquisition of interests in joint operations"	January 1, 2016
IFRS 14, "Regulatory deferral accounts"	January 1, 2016
Amendments to IAS 1, "Disclosure initiative"	January 1, 2016
Amendments to IAS 16 and IAS 38, "Clarification of acceptable methods of depreciation and amortisation"	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16 and IAS 41, "Agriculture: bearer plants"	January 1, 2016
Amendments to IAS 19, "Defined benefit plans: employee contributions"	July 1, 2014
Amendments to IAS 27, "Equity method in separate financial statements"	January 1, 2016
Amendments to IAS 36, "Recoverable amount disclosures for non-financial assets"	January 1, 2014
Amendments to IAS 39, "Novation of derivatives and continuation of hedge accounting"	January 1, 2014
IFRIC 21, "Levies"	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016

The above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessments.

(2) Effect of new issuances of or amendments to International Financial Reporting Standards as endorsed by the FSC but not yet adopted by the Company

New standards, interpretations and amendments in the IFRSs as endorsed by the FSC effective from 2018 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 2, "Classification and measurement of share-based payment transactions"	January 1, 2018
Amendments to IFRS 4, "Applying IFRS 9 Financial instruments with IFRS 4 Insurance contracts"	January 1, 2018
IFRS 9, "Financial instruments"	January 1, 2018
IFRS 15, "Revenue from contracts with customers"	January 1, 2018
Amendments to IFRS 15, "Clarifications to IFRS 15 Revenue from contracts with customers"	January 1, 2018
Amendments to IAS 7, "Disclosure initiative"	January 1, 2017
Amendments to IAS 12, "Recognition of deferred tax assets for unrealised losses"	January 1, 2017
Amendments to IAS 40, "Transfers of investment property"	January 1, 2018
IFRIC 22, "Foreign currency transactions and advance consideration"	January 1, 2018
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 1, "First-time adoption of international financial reporting standards"	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IFRS 12, “Disclosure of interests in other entities”	January 1, 2017
Annual improvements to IFRSs 2014-2016 cycle- Amendments to IAS 28, “Investments in associates and joint ventures”	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact to the Company’s financial condition and financial performance based on the Company’s assessments.

IFRS 9, “Financial instruments”

- A. Classification of debt instruments is driven by the entity’s business model and the contractual cash flow characteristics of the financial assets, which would be classified as financial asset at fair value through profit or loss, financial asset measured at fair value through other comprehensive income or financial asset measured at amortised cost. Equity instruments would be classified as financial asset at fair value through profit or loss, unless an entity makes an irrevocable election at inception to recognize the equity instrument not held for trading at fair value in other comprehensive income.
- B. The impairment losses of debt instruments are assessed using an “expected credit loss” approach. An entity assesses at the end of each financial reporting period whether there has been a significant increase in credit risk on that instrument since initial recognition to recognise 12-month expected credit losses or lifetime expected credit losses (interest revenue would be calculated on the gross carrying amount of the asset before impairment losses occurred); or if the instrument that has objective evidence of impairment, interest revenue after the impairment would be calculated on the book value of net carrying amount (i.e. net of credit allowance). The Company shall always measure the loss allowance at an amount equal to lifetime expected credit losses for trade receivables that do not contain a significant financing component.

When adopting the new standards in the IFRS as endorsed by the FSC effective from 2018, summary of carrying amount and significant effects for Company’s financial assets and financial liabilities when retrospectively applying IFRS 9 and IFRS 15 on January 1, 2018 are as following:

Affected accounts of separate balance sheet	Amount under 2017 IFRSs	Effect of adopting new standards	Amount under 2018 IFRSs	Remark
<u>January 1, 2018</u>				
Financial assets at fair value through profit or loss - current	\$ 6,368,076	\$ -	\$ 6,368,076	
Financial assets at fair value through profit or loss - non-current	-	31,483	31,483	B
Available-for-sale financial assets - current	788,889	(788,889)	-	A
Available-for-sale financial assets - non-current	53,577,492	(53,577,492)	-	A, B
Financial assets at fair value through other comprehensive income - current	-	788,889	788,889	A
Financial assets at fair value through other comprehensive income - non-current	-	53,671,141	53,671,141	A
Financial assets carried at cost - non-current	89,610	(89,610)	-	A, B
Investments accounted for equity method	76,242,389	(8,504)	76,233,885	A, B
Total affected assets	<u>\$ 137,066,456</u>	<u>\$ 27,018</u>	<u>\$ 137,093,474</u>	
Unappropriated retained earnings	\$ 102,790,860	\$ 289,922	\$ 103,080,782	A, B
Other equity	25,248,529	(262,904)	24,985,625	A, B
Total affected equity	<u>\$ 128,039,389</u>	<u>\$ 27,018</u>	<u>\$ 128,066,407</u>	

Explanation:

- A. In accordance with IFRS 9, the Company will reclassify available-for-sale financial assets and financial assets carried at cost in the amounts of \$54,358,806 and \$62,859 and makes an irrevocable election on equity instruments not held for dealing or trading purpose. It results in an increase in financial assets at fair value through other comprehensive income of \$54,460,030, an increase in retained earnings of \$101,602 and a decrease in other equity interest of \$63,237. Making the corresponding election for associates accounted for using equity method and results in an increase in investments accounted for equity method of \$2,926, an increase in retained earnings of \$210,012 and a decrease in other equity interest of \$207,086.
- B. In accordance with IFRS 9, the Company will reclassify available-for-sale financial assets and financial assets carried at cost in the amounts of \$7,575 and \$26,751 and makes an irrevocable election on equity instruments not held for dealing or trading purpose. It results in an increase in financial assets at fair value through profit or loss of \$31,483 and a decrease in retained earnings of \$2,843. Making the corresponding election for associates accounted for using equity method

and it results in a decrease in investments accounted for equity method of \$11,430, a decrease in retained earnings of \$18,849 and an increase in other equity interest of \$7,419.

(3) International Financial Reporting Standards issued by International Accounting Standards Board (IASB) but not yet endorsed by the FSC

New standards, interpretations and amendments issued by IASB but not yet included in the IFRSs as endorsed by the FSC are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, "Prepayment features with negative compensation"	January 1, 2019
Amendments to IFRS 10 and IAS 28, "Sale or contribution of assets between an investor and its associate or joint venture"	To be determined by IASB
IFRS 16, "Leases"	January 1, 2019
IFRS 17, "Insurance contracts"	January 1, 2021
Amendments to IAS 19, "Plan amendment, curtailment or settlement"	January 1, 2019
Amendments to IAS 28, "Long-term interests in associates and joint ventures"	January 1, 2019
IFRIC 23, "Uncertainty over income tax treatments"	January 1, 2019
Annual improvements to IFRSs 2015-2017 cycle	January 1, 2019

Except for the following, the above standards and interpretations have no significant impact to the Company's financial condition and financial performance based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

IFRS 16, "Leases"

IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and Standing Interpretations Committee (SICs). The standard requires lessees to recognize a "right-of-use asset" and a lease liability (except for those leases with terms of less than 12 months and leases of low-value assets). Lessor accounting still uses the dual classification approach: operating lease and finance lease, and only increases the related disclosures.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these separate financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These separate financial statements of the Company have been prepared in accordance with the "Regulations Governing the Preparation of Financial Statements by Securities Issuers".

(2) Basis of preparation

A. Except for the following significant items, these separate financial statements have been prepared under the historical cost convention:

- (A) Financial assets and financial liabilities (including derivative instruments) at fair value through profit or loss.
 - (B) Available-for-sale financial assets measured at fair value.
 - (C) Defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation.
- B. The critical accounting estimates and assumptions used in preparation of financial statements and the critical judgments in applying the Company's accounting policies are disclosed in Note 5.

(3) Foreign currency translation

Items included in the financial statements are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The separate financial statements are presented in "New Taiwan Dollars (NTD)", which is the Company's functional and presentation currency.

A. Foreign currency transactions and balances

- (A) Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are remeasured. Foreign exchange gains and losses resulting from the settlement of such transactions are recognized in profit or loss in the period in which they arise.
- (B) Monetary assets and liabilities denominated in foreign currencies are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation are recognized in profit or loss.
- (C) Non-monetary assets and liabilities denominated in foreign currencies at fair value through profit or loss are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in profit or loss as part of the fair value gain or loss. Non-monetary assets and liabilities at fair value through other comprehensive income are re-translated at the exchange rates prevailing at the end of the financial reporting period. The translation differences are recognized in other comprehensive income. However, non-monetary assets and liabilities denominated in foreign currencies that are not measured at fair value are translated using the historical exchange rates at the dates of the initial transactions.
- (D) All other foreign exchange gains and losses based on the nature of those transactions are presented in the statement of comprehensive income within "other gains (losses)".

B. Translation of foreign operations

- (A) The financial performance and financial position of all the subsidiaries and associates that have a functional currency different from the presentation currency are translated into the presentation currency as follows:
 - a. Assets and liabilities for each balance sheets presented are translated at the closing exchange rate at the end of the financial reporting period;

- b. Income and expenses for each statement of comprehensive income are translated at average exchange rates of that period; and
 - c. All resulting exchange differences are recognized in other comprehensive income.
- (B) When the foreign operation partially disposed of or sold is an associate, exchange differences that were recorded in other comprehensive income are proportionately reclassified to profit or loss as part of the gain or loss on sale. In addition, if the Company still retains partial interests in the former foreign associate after losing significant influence over the former foreign associate, such transactions should be accounted for as disposal of all interest in these foreign operations.
- (C) When the foreign operation partially disposed of or sold is a subsidiary, cumulative exchange differences that were recorded in other comprehensive income are proportionately transferred to the non-controlling interest in this foreign operation. In addition, if the Company still retains partial interests in the former foreign subsidiary after losing control of the former foreign subsidiary, such transactions should be accounted for as disposal of all interest in these foreign operations.

(4) Classification of current and non-current items

A. Assets that meet one of the following criteria are classified as current assets:

- (A) Assets arising from operating activities that are expected to be realized, or are intended to be sold or consumed within the normal operating cycle;
- (B) Assets held mainly for trading purposes;
- (C) Assets that are expected to be realized within 12 months from the end of the financial reporting period;
- (D) Cash and cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to settle liabilities more than 12 months after the end of the financial reporting period.

Otherwise they are classified as non-current assets.

B. Liabilities that meet one of the following criteria are classified as current liabilities:

- (A) Liabilities that are expected to be settled within the normal operating cycle;
- (B) Liabilities arising mainly from trading activities;
- (C) Liabilities that are to be settled within 12 months from the end of the financial reporting period;
- (D) Liabilities for which the repayment date cannot be extended unconditionally to more than 12 months after the end of the financial reporting period. Terms of a liability that could, at the option of the counterparty, result in its settlement by the issue of equity instruments do not affect its classification.

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

Cash equivalents refer to short-term highly liquid investments that are readily convertible to known amount of cash and subject to an insignificant risk of changes in value. Time deposits can be

classified as cash equivalents if they meet the criteria mentioned above and are held for short-term cash commitments in operational purpose.

(6) Financial assets at fair value through profit or loss

- A. Financial assets at fair value through profit or loss are financial assets held for trading. Financial assets are classified in this category of held for trading if held principally for the purpose of selling in the short-term. Derivatives are also categorized as financial assets held for trading unless they are designated as hedges.
- B. On a regular way purchase or sale basis, financial assets designated as at fair value through profit or loss are recognized and derecognized using trade date accounting.
- C. Financial assets at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in profit or loss.

(7) Available-for-sale financial assets

- A. Available-for-sale financial assets are non-derivatives that are either designated in this category or not classified in any of the other categories.
- B. On a regular way purchase or sale basis, available-for-sale financial assets are recognized and derecognized using trade date accounting.
- C. Available-for-sale financial assets are initially recognized at fair value plus transaction costs. These financial assets are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial assets are recognized in other comprehensive income. Investments in equity instruments that do not have a quoted market price in an active market and whose fair value cannot be reliably measured or derivatives that are linked to and must be settled by delivery of such unquoted equity instruments are presented in “financial assets measured at cost”.

(8) Loans and receivables

Loans and receivables are created originally by the entity by selling goods or providing services to customers in the ordinary course of business. They are initially recognized at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. Due to the insignificant discount effect on the non-interest-bearing short-term receivables, they are measured at the original invoice amount.

(9) Impairment of financial assets

- A. The Company assesses at end of each financial reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired as a result of one or more events that occurred after the initial recognition of the asset (a “loss event”) and that loss event has an impact on the estimated future cash flows of the financial asset or group of financial assets that can be reliably estimated.

- B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
- (A) Significant financial difficulty of the issuer or debtor;
 - (B) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (C) The Company granted the borrower a concession that a lender would not otherwise consider for economic or legal reasons relating to the borrower's financial difficulty;
 - (D) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
 - (E) The disappearance of an active market for that financial asset because of financial difficulties;
 - (F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local unfavorable economic conditions that correlate with defaults on the assets in the group;
 - (G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
 - (H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- (A) Financial assets measured at amortised cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - (B) Financial assets measured at cost

The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(C) Available-for-sale financial assets

The amount of the impairment loss is measured as the difference between the asset's acquisition cost (less any principal repayment and amortisation) and current fair value, less any impairment loss on that financial asset previously recognized in profit or loss, and is reclassified from "other comprehensive income" to "profit or loss". If, in a subsequent period, the fair value of an investment in a debt instrument increases, and the increase can be related objectively to an event occurring after the impairment loss was recognized, then such impairment loss can be reversed through profit or loss. Impairment loss of an investment in an equity instrument recognized in profit or loss shall not be reversed through profit or loss. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(10) Derecognition of financial assets

The Company derecognizes a financial asset when one of the following conditions is met:

- A. The contractual rights to receive cash flows from the financial asset expire.
- B. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has transferred substantially all risks and rewards of ownership of the financial asset.
- C. The contractual rights to receive cash flows from the financial asset have been transferred and the Company has not retained control of financial asset.

(11) Operating leases (lessor)

An operating lease is a lease that all the risks and rewards incidental to ownership of the leased assets are not transferred to the lessees. Lease income from an operating lease (net of any incentives given to the lessee) is recognized in profit or loss on a straight-line basis over the lease term.

(12) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is determined using the weighted-average method. The cost of finished goods and work in process comprises raw materials and other direct/indirect costs. It excludes borrowing costs. The item by item approach is used in applying the lower of cost and net realizable value. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated cost of completion and applicable variable selling expenses.

(13) Investments accounted for under equity method

- A. Subsidiaries are all entities (including structured entity) controlled by the Company. The Company controls an entity when the Company is exposed, or has rights, to variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity.
- B. Unrealized gains on transactions between the Company and its subsidiaries are eliminated to the extent of the Company's interest in the subsidiaries. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Company.

- C. The Company's share of its subsidiaries' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in a subsidiary equals or exceeds its interest in the subsidiary, the Company should continue to recognize losses in proportion to its ownership.
- D. Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transaction with non-controlling interests) are accounted for as equity transactions, i.e. transactions with owners in their capacity as owners. Any difference between the amount by which the non-controlling interests are adjusted and the fair value of the consideration paid or received is recognized directly in equity.
- E. When the Company loses control of a subsidiary, the Company remeasures any investment retained in the former subsidiary at its fair value. That fair value is regarded as the fair value on initial recognition of a financial asset or the cost on initial recognition of the associate or joint venture. Any difference between fair value and carrying amount is recognized in profit or loss. All amounts previously recognized in other comprehensive income in relation to the subsidiary are reclassified to profit or loss, on the same basis as would be required if all the related assets or liabilities were disposed of. That is, other comprehensive income in relation to the subsidiary should be reclassified to profit or loss.
- F. Associates are all entities over which the Company has significant influence but not control. In general, it is presumed that the investor has significant influence, if an investor holds, directly or indirectly 20 percent or more of the voting power of the investee. Investments in associates are accounted for under equity method and are initially recognized at cost.
- G. The Company's share of its associates' post-acquisition profits or losses is recognized in profit or loss, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income. When the Company's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Company does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.
- H. When changes in an associate's equity do not arise from profit or loss or other comprehensive income of the associate and such changes do not affect the Company's ownership percentage of the associate, the Company recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.
- I. Unrealized gains on transactions between the Company and its associates are eliminated to the extent of the Company's interest in the associates. Unrealized losses are also eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been adjusted where necessary to ensure consistency with the policies adopted by the Company.
- J. In the case that an associate issues new shares or buys treasury stocks (including the Company does not acquire or dispose shares proportionately), which results in a change in the Company's ownership percentage of the associate but maintains significant influence on the associate, then "capital surplus" and "investments accounted for under equity method" shall be adjusted for the increase or decrease of its share of equity interest. If the above condition causes a decrease in the

Company's ownership percentage of the associate, in addition to the above adjustment, the amounts previously recognized in other comprehensive income in relation to the associate are reclassified to profit or loss proportionately on the same basis as would be required if the relevant assets or liabilities were disposed of.

- K. Upon loss of significant influence over an associate, the Company remeasures any investment retained in the former associate at its fair value. Any difference between fair value and carrying amount is recognized in profit or loss.
- L. Upon loss of significant influence over an associate, the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate, are reclassified to profit or loss, on the same basis as would be required if the relevant assets or liabilities were disposed of. If it still retains significant influence over this associate, then the amounts previously recognized in other comprehensive income and as capital surplus in relation to the associate are reclassified to profit or loss proportionately.
- M. According to "Regulations Governing the Preparation of Financial Reports by Securities Issuers", profit and other comprehensive income in the separate financial statements should be the same as profit and other comprehensive income attributable to shareholders of the parent in the consolidated financial statements, and the equity in the separate financial statements should be the same as the equity attributable to shareholders of the parent in the consolidated financial statements.

(14) Property, plant and equipment

- A. Property, plant and equipment are initially recorded at cost. Borrowing costs incurred during the construction period are capitalized.
- B. Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognized. All other repairs and maintenance are charged to profit or loss during the financial period in which they are incurred.
- C. Except for land which is not depreciated, other property, plant and equipment apply cost model and are depreciated using the straight-line method to allocate their cost over their estimated useful lives. If each component of property, plant and equipment is significant, it should be depreciated separately.
- D. The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted if appropriate, at each end of the financial reporting period. If expectations for the assets' residual values and useful lives differ from previous estimates or the patterns of consumption of the assets' future economic benefits embodied in the assets have changed significantly, any change is accounted for as a change in estimate under IAS 8, "Accounting Policies, Changes in Accounting Estimates and Errors", from the date of the change. The estimated useful lives of the buildings are 10~50 years, machinery and equipment are 3~6 years and miscellaneous equipment are 1~15 years.

(15) Operating leases (lessee)

An operating lease is a lease that the lessor assumes substantially all the risks and rewards incidental to ownership of the leased asset. Payments made under an operating lease (net of any incentives received from the lessor) are recognized in profit or loss on a straight-line basis over the lease term.

(16) Investment property

An investment property is stated initially at its cost and measured subsequently using the cost model. Except for land, investment property is depreciated on a straight-line basis over its estimated useful life of 50 years.

(17) Intangible assets

Computer software is amortised on a straight-line basis over its estimated useful life of 1~5 years.

(18) Impairment of non-financial assets

- A. The Company assesses at each end of the financial reporting period the recoverable amounts of those assets where there is an indication that they are impaired. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or value in use. Except for goodwill, when the circumstances or reasons for recognizing impairment loss for an asset in prior years no longer exist or decrease, the impairment loss shall be reversed to the extent of the loss previously recognized in profit or loss. However, the reversal should not exceed the carrying amount, net of depreciation or amortisation had the impairment not been recognized.
- B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(19) Notes and trade payables

Notes and trade payables are obligations to pay for goods or services that have been acquired from suppliers in the ordinary course of business. They are recognized initially at fair value and subsequently measured at amortised cost using the effective interest method. Due to the insignificant discount effect on the non-interest bearing short-term payables, they are measured at the original invoice amount.

(20) Financial liabilities at fair value through profit or loss

- A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if held principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.
- B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(21) Derecognition of financial liabilities

A financial liability is derecognized when the obligation under the liability specified in the contract is discharged, cancelled or expires.

(22) Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and reported in the net amount in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously.

(23) Derivative financial instruments

Derivatives are initially recognized at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. Any changes in the fair value are recognized in profit or loss.

(24) Provisions for liabilities

Provisions are recognized when the Company has a present legal or constructive obligation as a result of past events, and it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be reliably estimated. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation at the end of the financial reporting period, which is discounted using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the obligation. When discounting is used, the increase in the provision due to passage of time is recognized as interest expense. Provisions are not recognized for future operating losses.

(25) Employee benefits

A. Short-term employee benefits

Short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in respect of service rendered by employees in a period and should be recognized as expenses in that period when the employees render service.

B. Pensions

(A) Defined contribution plan

For defined contribution plan, the contributions are recognized as pension expense when they are due on an accrual basis. Prepaid contributions are recognized as an asset to the extent of a cash refund or a reduction in the future payments.

(B) Defined benefit plan

a. Net obligation under a defined benefit plan is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Company in current period or prior periods. The liability recognized in the balance sheets in respect of defined benefit pension plans is the present value of the defined benefit obligation at the end of the financial reporting period less the fair value of plan assets. The net defined benefit obligation is calculated annually by independent actuaries using the projected unit credit method. The present value of the defined benefit obligation is determined by discounting the estimated future cash flows using interest rates of

government bonds that have terms to maturity approximating to the terms of the related pension liability.

- b. Remeasurements arising on defined benefit plan are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.
- c. Past service costs are recognized immediately in profit or loss.

(C) Termination benefits

Termination benefits are employee benefits provided in exchange for the termination of employment as a result from either the Company's decision to terminate an employee's employment before the normal retirement date, or an employee's decision to accept an offer of redundancy benefits in exchange for the termination of employment. The Company recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring cost, whichever is earlier. Benefits that are expected to be due more than 12 months after financial reporting date shall be discounted to their present value.

(D) Employees' compensation and directors' remuneration

Employees' compensation and directors' remuneration are recognized as expense and liability, provided that such recognition is required under legal or constructive obligation and those amounts can be reliably estimated. Any difference between the resolved amounts and the subsequently actual distributed amounts is accounted for as changes in estimates. If employee compensation is distributed by shares, the Company calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(26) Income tax

- A. The tax expense for the period comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or items recognized directly in equity, in which cases the tax is recognized in other comprehensive income or equity.
- B. The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the end of the financial reporting period in the countries where the Company and its subsidiaries operate and generate taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in accordance with applicable tax regulations. It establishes provisions where appropriate based on the amounts expected to be paid to the tax authorities. An additional 10% tax is levied on the unappropriated retained earnings and is recorded as income tax expense in the year the shareholders resolve to retain the earnings.
- C. Deferred income tax is recognized, using the balance sheets liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the separate financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of goodwill or of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is provided on temporary differences arising on investments in subsidiaries and associates, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in

the foreseeable future. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the end of the financial reporting period and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

- D. Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized. At each end of the financial reporting period, unrecognized and recognized deferred income tax assets are reassessed.
- E. Current income tax assets and liabilities are offset and the net amount is reported in the balance sheets when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are offset on the balance sheets when the entity has the legally enforceable right to offset current tax assets against current tax liabilities and they are levied by the same taxation authority on either the same entity or different entities that intend to settle on a net basis or realize the asset and settle the liability simultaneously.
- F. A deferred tax asset shall be recognized for the carryforward of unused tax credits resulting from research and development expenditures to the extent that it is possible that future taxable profit will be available against which the unused tax credits can be utilized.

(27) Dividends

Dividends are recorded in the Company's financial statements in the period in which they are approved by the Company's shareholders. Cash dividends are recorded as liabilities; stock dividends are recorded as stock dividends to be distributed and are reclassified to ordinary shares on the effective date of new shares issuance.

(28) Revenue recognition

Sales of goods

The Company is primarily engaged in the sales of 3C products. Revenue is measured at the fair value of the consideration received or receivable taking into account value-added tax, returns, rebates and discounts for the sale of goods to customers in the ordinary course of the Company's activities. Revenue arising from the sales of goods is recognized when the Company has delivered the goods to the customer, the amount of sales revenue can be measured reliably and it is probable that the future economic benefits associated with the transaction will flow to the entity. The delivery of goods is completed when the significant risks and rewards of ownership have been transferred to the customer, the Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold, and the customer has accepted the goods based on the sales contract or there is objective evidence showing that all acceptance provisions have been satisfied.

5. **CRITICAL ACCOUNTING JUDGEMENTS, ESTIMATES AND KEY SOURCES OF ASSUMPTION UNCERTAINTY**

The preparation of these separate financial statements requires management to make critical judgements in applying the Company's accounting policies and make critical assumptions at the end of the financial reporting period and estimates concerning future events. The resulting accounting estimates and assumptions might be different from the actual results, and will be continually evaluated and adjusted based on historical experience and other factors; and the related information is addressed below:

Critical accounting estimates and assumptions – Evaluation of inventories

Due to the rapid technology innovation, the Company evaluates the amounts of normal inventory consumption, obsolete inventories or inventories without market selling value at the end of the financial reporting period, and writes down the cost of inventories to the net realizable value. Such an evaluation of inventories is principally based on the demand for the products within the specified period in the future. Therefore, there might be material changes to the evaluation.

As of December 31, 2017, the carrying amount of inventories was \$29,902,995.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	2017/12/31	2016/12/31
Cash on hand and petty cash	\$ 245	\$ 245
Checking accounts and demand deposits	253,448	38,667
Time deposits	81,542	1,977,950
	<u>\$ 335,235</u>	<u>\$ 2,016,862</u>

The Company has no cash and cash equivalents pledged to others.

(2) Financial assets at fair value through profit or loss

	2017/12/31	2016/12/31
Current items:		
Financial assets held for trading		
Open-end funds	\$ 6,314,619	\$ 4,474,948
Listed and OTC stocks	53,457	56,225
Forward exchange contracts	-	47,498
	<u>\$ 6,368,076</u>	<u>\$ 4,578,671</u>
Current items:		
Financial liabilities held for trading		
Forward exchange contracts	\$ 34,226	\$ -
Currency option contracts	-	50,962
	<u>\$ 34,226</u>	<u>\$ 50,962</u>

A. The Company recognized net gain (loss) on derivative financial instruments held for trading amounting to \$74,510 and (\$23,533) and net gain (loss) on non-derivative financial instruments held for trading amounting to \$8,360 and (\$4,605) for the years ended December 31, 2017 and 2016, respectively.

B. The unexpired contracts are as follows:

	2017/12/31			2016/12/31		
	Contract amount (Nominal principal) (in thousands)			Contract amount (Nominal principal) (in thousands)		
			Contract period			Contract period
Derivative financial assets:						
Forward exchange contracts						
-NTD/USD	USD	-	-	USD	155,000	2016/11-2017/02
Derivative financial liabilities:						
Currency option contracts						
-USD/NTD	USD	-	-	USD	174,000	2016/11-2017/03
Forward exchange contracts						
-NTD/USD	USD	145,000	2017/10-2018/01	USD	-	-

(A) Forward exchange contracts

The Company entered into forward exchange contracts to sell various forward foreign currencies to hedge exchange rate risk of import and export proceeds. However, these forward exchange contracts are not accounted for under hedge accounting.

(B) Currency option contracts

The Company entered into currency option contracts to buy or sell various foreign currencies rights at agreed price in the future to hedge exchange rate risk of import and export proceeds.

However, these currency option contracts are not accounted for under hedge accounting.

C. The Company has no financial assets at fair value through profit or loss pledged to others.

(3) Available-for-sale financial assets

	2017/12/31	2016/12/31
Current items:		
Listed and OTC stocks	\$ 296,187	\$ 266,187
Unlisted and non-OTC stocks	-	30,000
	296,187	296,187
Valuation adjustment	557,162	66,867
Accumulated impairment	(64,460)	(64,414)
	<u>\$ 788,889</u>	<u>\$ 298,640</u>
Non-current items:		
Listed and OTC stocks	\$ 26,460,851	\$ 26,460,851
Unlisted and non-OTC stocks	117,730	122,939
Convertible bonds	7,575	7,575
	26,586,156	26,591,365
Valuation adjustment	26,991,336	31,368,674
	<u>\$ 53,577,492</u>	<u>\$ 57,960,039</u>

A. The Company recognized (\$3,887,043) and \$6,150,310 in other comprehensive (loss) income for fair value change and reclassified \$55,805 and (\$1,868) from equity to profit or loss for the years ended December 31, 2017 and 2016, respectively.

B. After evaluating and comparing the carrying amount of available-for-sale financial assets and its recoverable amount, the Company recognized impairment loss amounting to \$46 and \$1,868 for the years ended December 31, 2017 and 2016, respectively.

C. The Company has no available-for-sale financial assets pledged to others.

(4) Financial assets measured at cost

	2017/12/31	2016/12/31
Non-current items:		
Unlisted and non-OTC stocks	\$ 100,000	\$ 100,000
Private fund	26,751	25,718
	126,751	125,718
Accumulated impairment	(37,141)	(37,141)
	<u>\$ 89,610</u>	<u>\$ 88,577</u>

A. In accordance with the Company's intention, its investment in unlisted and non-OTC stocks and private fund should be classified as "available-for-sale financial assets". However, as the investments are not traded in active market, and no sufficient industry, financial information and investment portfolio of the private fund can be obtained, the fair value of the investments cannot be measured reliably. Thus, the Company classified those investments as "financial assets measured at cost".

B. The Company has no financial assets measured at cost pledged to others.

(5) Notes and trade receivables (including related parties)

	2017/12/31	2016/12/31
Notes receivable	\$ 35	\$ -
Trade receivables (including related parties)	73,764,925	99,291,611
Less: Allowance for sales returns and discounts	(716,924)	(2,551,047)
Less: Allowance for doubtful accounts (accumulated impairment)	(26,811)	(43,773)
	<u>\$ 73,021,225</u>	<u>\$ 96,696,791</u>

A. The aging analysis of trade receivables (including related parties) that were past due but not impaired is as follows:

	2017/12/31	2016/12/31
Less than 90 days	\$ 188,669	\$ 880,842
Between 91 and 180 days	11,548	1,887
More than 181 days	675	-
	<u>\$ 200,892</u>	<u>\$ 882,729</u>

The above aging analysis is based on past due date and there was no significant change for the credit quality of the above receivables after the assessment. They were still considered collectible, so the Company had no impairment concern.

B. Individual assessment of impaired trade receivables (including related parties):

(A) Impaired and past due (including related parties)

	2017/12/31	2016/12/31
Gross amount (including related parties)	\$ 26,811	\$ 43,773

(B) Movements for allowance for doubtful accounts (accumulated impairment) of trade receivables (including related parties) are as follows:

	2017			2016		
	Individual provision	Group provision	Total	Individual provision	Group provision	Total
January 1	\$ -	\$ 43,773	\$ 43,773	\$ 106,955	\$ 30,810	\$ 137,765
Recognition (reversal)	-	(16,962)	(16,962)	(106,955)	12,999	(93,956)
Write-offs	-	-	-	-	(36)	(36)
December 31	\$ -	\$ 26,811	\$ 26,811	\$ -	\$ 43,773	\$ 43,773

C. The credit quality of trade receivables (including related parties) that are neither past due nor impaired based on the Company's Credit Quality Control Policy is as follows:

	2017/12/31	2016/12/31
Group 1	\$ 66,487,946	\$ 88,687,661
Group 2	6,332,352	7,126,401
	\$ 72,820,298	\$ 95,814,062

Group 1: Insured, or guaranteed by the third party, or the trading object is subsidiary or associate.

Group 2: Neither insured and guaranteed by the third party, nor the trading object is subsidiary or associate.

D. The Company does not hold any collateral as security.

(6) Offsetting financial assets and financial liabilities

A. The Company has assets (fair value of \$32,856,423 and \$35,020,405 on December 31, 2017 and 2016, respectively) and liabilities (fair value of \$40,618,937 and \$44,446,693 on December 31, 2017 and 2016, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for notes and trade receivables, notes payable and trade payables.

B. Financial assets and financial liabilities subject to master netting arrangements are as follows:

Offsetting notes and trade receivables, notes payable and trade payables					
	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet	Amount of financial liabilities presented in the balance sheet
2017/12/31	\$ 32,856,423	(\$ 40,618,937)	(\$ 32,856,423)	\$ -	(\$ 7,762,514)
2016/12/31	35,020,405	(44,446,693)	(35,020,405)	-	(9,426,288)

(7) Inventories

2017/12/31			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 30,193,166	(\$ 3,994,025)	\$ 26,199,141
Work in progress	940,705	(62,365)	878,340
Finished goods	563,399	(41,120)	522,279
Merchandise inventories	1,864,119	(356,587)	1,507,532
Inventories in transit	795,703	-	795,703
	<u>\$ 34,357,092</u>	<u>(\$ 4,454,097)</u>	<u>\$ 29,902,995</u>
2016/12/31			
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 29,879,731	(\$ 2,701,332)	\$ 27,178,399
Work in progress	1,349,477	(97,032)	1,252,445
Finished goods	658,351	(45,228)	613,123
Merchandise inventories	2,493,507	(533,444)	1,960,063
Inventories in transit	378,515	-	378,515
	<u>\$ 34,759,581</u>	<u>(\$ 3,377,036)</u>	<u>\$ 31,382,545</u>

Except for cost of goods sold, the inventories recognized as operating costs amounted to \$1,211,580 and (\$155,073), of which \$1,077,061 and (\$522,314) pertain to the decline (recovery) in value of inventories for the years ended December 31, 2017 and 2016, respectively. The Company reversed previous inventory write-down which was accounted for as reduction of cost of goods sold because some inventories with allowance for valuation loss had been sold during the year ended December 31, 2016.

(8) Investments accounted for under equity method

	2017/12/31		2016/12/31	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
AIL	\$ 36,050,354	100.00	\$ 37,523,542	100.00
ASGL	26,421,777	100.00	21,445,922	100.00
ASKEY	5,433,871	100.00	6,614,403	100.00
AAEON	3,066,014	40.97	2,735,926	45.58
HCVC	1,687,469	100.00	1,400,290	100.00
HMI	1,032,224	100.00	885,973	100.00
ASMEDIA	699,814	40.88	612,887	41.08
AHL	601,961	100.00	648,236	100.00
Others	1,205,156		1,184,587	
	76,198,640		73,051,766	
Associates:				
Others	43,749		37,601	
	<u>\$ 76,242,389</u>		<u>\$ 73,089,367</u>	

A. Subsidiaries

Information about the Company's subsidiaries is provided in Note 4(3) of the 2017 consolidated financial statements (not presented herein).

B. Associates

The Company's associates are all immaterial, and the summary on financial information of share attributable to the Company is as follows:

	For the years ended December 31,	
	2017	2016
Profit (loss) for the year	\$ 7,915	\$ 1,070
Other comprehensive income (loss) for the year - net of income tax	(39)	(43)
Total comprehensive income (loss) for the year	<u>\$ 7,876</u>	<u>\$ 1,027</u>

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Consturction in progress and equipment under installation	Total
January 1, 2017						
Cost	\$ 4,891,103	\$ 2,312,098	\$ 838,580	\$ 3,872,774	\$ -	\$ 11,914,555
Accumulated depreciation and impairment	- (624,743)	(643,812)	(3,637,661)	-	(4,906,216)	
	<u>\$ 4,891,103</u>	<u>\$ 1,687,355</u>	<u>\$ 194,768</u>	<u>\$ 235,113</u>	<u>\$ -</u>	<u>\$ 7,008,339</u>
January 1, 2017	\$ 4,891,103	\$ 1,687,355	\$ 194,768	\$ 235,113	\$ -	\$ 7,008,339
Acquisitions	-	-	90,245	54,626	440,532	585,403
Disposals	-	-	- (5,152)	-	(5,152)	
Depreciation	- (45,337)	(87,103)	(77,494)	-	(209,934)	
Reclassifications	-	-	-	5,833	46,738	52,571
December 31, 2017	<u>\$ 4,891,103</u>	<u>\$ 1,642,018</u>	<u>\$ 197,910</u>	<u>\$ 212,926</u>	<u>\$ 487,270</u>	<u>\$ 7,431,227</u>
December 31, 2017						
Cost	\$ 4,891,103	\$ 2,312,098	\$ 925,937	\$ 2,550,307	\$ 487,270	\$ 11,166,715
Accumulated depreciation and impairment	- (670,080)	(728,027)	(2,337,381)	-	(3,735,488)	
	<u>\$ 4,891,103</u>	<u>\$ 1,642,018</u>	<u>\$ 197,910</u>	<u>\$ 212,926</u>	<u>\$ 487,270</u>	<u>\$ 7,431,227</u>
	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Consturction in progress and equipment under installation	Total
January 1, 2016						
Cost	\$ 981,191	\$ 2,312,270	\$ 749,244	\$ 4,664,344	\$ -	\$ 8,707,049
Accumulated depreciation and impairment	- (579,006)	(544,920)	(4,427,353)	-	(5,551,279)	
	<u>\$ 981,191</u>	<u>\$ 1,733,264</u>	<u>\$ 204,324</u>	<u>\$ 236,991</u>	<u>\$ -</u>	<u>\$ 3,155,770</u>
January 1, 2016	\$ 981,191	\$ 1,733,264	\$ 204,324	\$ 236,991	\$ -	\$ 3,155,770
Acquisitions	3,909,912	-	93,941	70,829	-	4,074,682
Disposals	-	-	- (1,074)	-	(1,074)	
Depreciation	- (45,909)	(106,450)	(71,633)	-	(223,992)	
Reclassifications	-	-	2,953	-	-	2,953
December 31, 2016	<u>\$ 4,891,103</u>	<u>\$ 1,687,355</u>	<u>\$ 194,768</u>	<u>\$ 235,113</u>	<u>\$ -</u>	<u>\$ 7,008,339</u>
December 31, 2016						
Cost	\$ 4,891,103	\$ 2,312,098	\$ 838,580	\$ 3,872,774	\$ -	\$ 11,914,555
Accumulated depreciation and impairment	- (624,743)	(643,812)	(3,637,661)	-	(4,906,216)	
	<u>\$ 4,891,103</u>	<u>\$ 1,687,355</u>	<u>\$ 194,768</u>	<u>\$ 235,113</u>	<u>\$ -</u>	<u>\$ 7,008,339</u>

The Company has no property, plant and equipment pledged to others.

(10) Pensions

- A. (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. In addition, except for a few foreign employees, the Company had settled its financial obligations to its employees on December 31, 2007.
- (B) The Company contributes 2% of the employees' monthly salaries and wages for a few foreign employees in accordance with R.O.C. Labor Standards Law to an independent retirement trust fund, with the Bank of Taiwan, the trustee. The pension costs under the above pension plan were \$932 and \$1,041 for the years ended December 31, 2017 and 2016, respectively.
- (C) Expected contribution to the defined benefit pension plan of the Company for the year ending December 31, 2018 are \$828.
- B. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan were \$285,526 and \$282,288 for the years ended December 31, 2017 and 2016, respectively.

(11) Provisions for liabilities

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2017	\$ 236,045	\$ 4,016,738	\$ 4,252,783
Recognition (reversal)	137,972 (	52,275)	85,697
Used	(157,575)	- (	157,575)
Net exchange differences	(12,148)	(317,375)	(329,523)
December 31, 2017	<u>\$ 204,294</u>	<u>\$ 3,647,088</u>	<u>\$ 3,851,382</u>

	Provisions for warranty	Provisions for legal claims and royalty	Total
January 1, 2016	\$ -	\$ 4,350,954	\$ 4,350,954
Recognition (reversal)	237,635	(239,720)	(2,085)
Used	(4,541)	-	(4,541)
Net exchange differences	2,951	(94,496)	(91,545)
December 31, 2016	<u>\$ 236,045</u>	<u>\$ 4,016,738</u>	<u>\$ 4,252,783</u>

Analysis of total provisions for liabilities:

	2017/12/31	2016/12/31
Current	<u>\$ 3,851,382</u>	<u>\$ 4,252,783</u>

A. Provisions for warranty

The Company provides warranties on 3C products sold. Provision for warranty is estimated based on these products' historical warranty data. A provision is recognized as current when it is expected to be used in one year.

B. Provisions for legal claims and royalty

The Company recognizes provision for legal claims or royalty fees made by the patentees against the Company. After taking appropriate legal advice, the management evaluates the probable claimable fees accrued as provisions for liabilities. The provision charge is recognized in profit or loss within operating costs and expenses.

(12) Common shares

A. As of December 31, 2017, the Company's authorized capital was \$47,500,000, consisting of 4,750,000,000 shares of common stock (including 50,000,000 shares which were reserved for employee stock options), and the paid-in capital was \$7,427,603 with a par value of \$10 (in dollars) per share. All proceeds from shares issued have been collected.

The number of the Company's ordinary shares outstanding at the beginning and ending for the years ended December 31, 2017 and 2016 are both 742,760,280 shares.

B. As of December 31, 2017, the Company issued Global Depositary Receipts (GDRs), of which 5,005,000 units of the GDRs are now listed on the Luxembourg Stock Exchange. Per unit of GDR represents 5 shares of the Company's common stock and total GDRs represent 25,026,000 shares of the Company's common stock. The terms of GDR are as follows:

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of R.O.C., exercise the voting rights pertaining to the underlying common shares represented by the GDRs.

(B) Dividends, stock warrants and other rights

GDR holders and common shareholders are all entitled to receive dividends. The Depositary may issue new GDRs in proportion to GDRs holding ratios or raise the number of shares of

common stock represented by each unit of GDR or sell stock dividends on behalf of GDR holders and distribute proceeds to them in proportion to their GDRs holding ratios.

(13) Capital surplus

Pursuant to the R.O.C. Company Law, capital surplus arising from paid-in capital in excess of par value on issuance of common stocks and donations can be used to cover accumulated deficit or to issue new stocks or cash to shareholders in proportion to their share ownership, provided that the Company has no accumulated deficit. Further, the R.O.C. Securities and Exchange Law requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

	2017/12/31	2016/12/31
Share premium	\$ 4,227,966	\$ 4,227,966
Difference between consideration and carrying amount of subsidiaries acquired or disposed	897,804	846,333
Recognition of changes in ownership interest in subsidiaries	422,528	-
Changes in associates and joint ventures accounted for under equity method	5,899	5,423
	<u>\$ 5,554,197</u>	<u>\$ 5,079,722</u>

(14) Retained earnings

- A. Under the Company's Articles of Incorporation, the current year's earnings, if any, shall first be used to pay all taxes and offset prior years' operating losses and then 10% of the remaining amount shall be set aside as legal reserve. When such legal reserve amounts to the total authorized capital, the Company shall not be subject to this requirement. The Company may then appropriate or reverse a certain amount as special reserve according to the demand for the business or relevant regulations. After the distribution of earnings, the remaining earnings and prior year's undistributed earnings may be appropriated according to a resolution of the Board of Directors adopted in the shareholders' meeting.
- B. The Company is facing a rapidly changing industrial environment, with the life cycle of the industry in the growth phase. In light of the long-term financial plan of the Company and the demand for cash by the shareholders, the Company should distribute cash dividends of not less than 10% of the total dividends declared.
- C. Except for covering accumulated deficit, increasing capital or payment of cash in proportion to ownership percentage, the legal reserve shall not be used for any other purpose. The amount capitalized or the cash payment shall be limited to the portion of legal reserve which exceeds 25% of the paid-in capital.
- D. (A) In accordance with the regulations, the Company shall set aside special reserve from the debit balance on other equity items at the end of the financial reporting period before distributing earnings. When debit balance on other equity items is reversed subsequently, the reversed amount could be included in the distributable earnings.

- (B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.
- E. As resolved by the shareholders on June 8, 2016, the Company distributed cash dividends to owners amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2015 earnings. On June 7, 2017, the shareholders resolved to distribute cash dividends amounting to \$12,626,925 (\$17 (in dollars) per share) for the appropriation of 2016 earnings.
- F. The appropriations of 2017 earnings had been proposed by the Board of Directors on March 16, 2018. Details are summarized as follows:

	<u>For the year ended December 31, 2017</u>	
	<u>Amount</u>	<u>Dividends per share (in dollars)</u>
Cash dividends	\$ 11,141,404	\$ 15.00

As of March 16, 2018, the appropriations of 2017 earnings stated above had not been resolved by the shareholders.

- G. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(20).

(15) Other equity

	<u>Gain (loss) on effective portion of cash flow hedges</u>	<u>Unrealized gain on valuation of available-for-sale financial assets</u>	<u>Financial statements translation differences of foreign operations</u>	<u>Remeasurement of defined benefit plans</u>	<u>Total</u>
January 1, 2017	\$ 1,282,834	\$ 31,628,691	\$ 2,149,750	(\$ 78,993)	\$ 34,982,282
-The Company	-	(3,887,043)	(4,302,517)	-	(8,189,560)
-Subsidiaries	(1,953,888)	152,167	276,978	(19,274)	(1,544,017)
-Associates	-	(7)	(169)	-	(176)
December 31, 2017	<u>(\$ 671,054)</u>	<u>\$ 27,893,808</u>	<u>(\$ 1,875,958)</u>	<u>(\$ 98,267)</u>	<u>\$ 25,248,529</u>

	<u>Gain (loss) on effective portion of cash flow hedges</u>	<u>Unrealized gain on valuation of available-for-sale financial assets</u>	<u>Financial statements translation differences of foreign operations</u>	<u>Remeasurement of defined benefit plans</u>	<u>Total</u>
January 1, 2016	\$ 887,285	\$ 25,514,835	\$ 2,927,648	(\$ 59,628)	\$ 29,270,140
-The Company	-	6,150,310	(884,984)	-	5,265,326
-Subsidiaries	395,549	(36,459)	107,285	(19,365)	447,010
-Associates	-	5	(199)	-	(194)
December 31, 2016	<u>\$ 1,282,834</u>	<u>\$ 31,628,691</u>	<u>\$ 2,149,750</u>	<u>(\$ 78,993)</u>	<u>\$ 34,982,282</u>

(16) Operating revenue

	For the years ended December 31,	
	2017	2016
Sales revenue	\$ 335,875,563	\$ 360,595,685

(17) Other income

	For the years ended December 31,	
	2017	2016
Interest income	\$ 14,026	\$ 23,890
Dividend income	2,799,240	2,824,326
	<u>\$ 2,813,266</u>	<u>\$ 2,848,216</u>

(18) Other gains (losses)

	For the years ended December 31,	
	2017	2016
Net gains (losses) on non-derivative financial instruments	\$ 8,360	(\$ 4,605)
Net gains (losses) on derivative financial instruments	74,510	(23,533)
Net currency exchange gains (losses)	215,854	1,030,846
Gains (losses) on disposal of investments	55,851	(3)
Other net gains (losses)	118,520	384,148
	<u>\$ 473,095</u>	<u>\$ 1,386,853</u>

(19) Costs and expenses by nature

	For the years ended December 31,					
	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 481,222	\$10,237,915	\$10,719,137	\$ 372,146	\$ 8,647,926	\$ 9,020,072
Depreciation	4,978	204,956	209,934	4,154	219,838	223,992
Amortisation	53	219,375	219,428	44	178,879	178,923

(20) Employee benefit expenses

	For the years ended December 31,	
	2017	2016
Wages and salaries	\$ 9,700,003	\$ 7,991,235
Labor and health insurance	547,814	541,899
Pension (Note)	286,458	283,329
Other personnel expenses	184,862	203,609
	<u>\$ 10,719,137</u>	<u>\$ 9,020,072</u>

The Company's headcount totaled 6,295 and 6,870 employees as of December 31, 2017 and 2016, respectively.

Note: Includes the pension expense under the defined contribution plan and defined benefit plan.

- A. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.
- B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at \$1,064,379 and \$1,364,457, respectively; directors' remuneration was accrued at \$56,020 and \$71,814, respectively. The aforementioned amounts were recognized in salary expenses. The employees' compensation and directors' remuneration were estimated and accrued based on no less than 1% and no more than 1% of profit of current year distributable for the year ended December 31, 2017. The Board of Directors resolved to distribute employees' and directors' compensation amounting to \$1,064,379 and \$56,020, respectively, and employees' compensation will be distributed in cash. Employees' compensation and directors' remuneration for 2016 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2016 financial statements. The employees' compensation mentioned above is distributed in cash. Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors during its meeting is available at the Market Observation Post System website.

(21) Income tax

A. Income tax expenses

(A) Components of income tax expenses:

	For the years ended December 31,	
	2017	2016
Current income tax:		
Current income tax on profits for the year	\$ 1,082,242	\$ 1,535,443
Additional 10% tax on unappropriated earnings	465,554	424,632
Difference between prior year's income tax estimation and assessed results	(221,478)	(11,380)
Total current income tax	1,326,318	1,948,695
Deferred income tax:		
Origination and reversal of temporary differences	681,697	1,350,132
Income tax expenses	<u>\$ 2,008,015</u>	<u>\$ 3,298,827</u>

(B) The income tax relating to components of other comprehensive income is as follows:

	For the years ended December 31,	
	2017	2016
Currency translation differences	<u>(\$ 807,469)</u>	<u>(\$ 94,576)</u>

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2017	2016
Income tax calculated based on profit before tax and statutory tax rate	\$ 2,983,996	\$ 3,825,266
Tax exempt income by tax regulation	(486,968)	(484,072)
Effect from tax exemption on investment (income) loss	(260,473)	(173,329)
Additional 10% tax on unappropriated earnings	465,554	424,632
Difference between prior year's income tax estimation and assessed results	(221,478)	(11,380)
Impact of change in the tax rate on unrealized profit from sales	111,081	(404,722)
Effect from exchange differences	(589,873)	116,034
Others	6,176	6,398
Income tax expenses	<u>\$ 2,008,015</u>	<u>\$ 3,298,827</u>

C. Amounts of deferred income tax assets or liabilities as a result of temporary differences are as follows:

	2017			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	\$ 661,684	(\$ 111,315)	\$ -	\$ 550,369
Unrealized purchase discounts	353,949	(11,144)	-	342,805
Decline in value of inventories	574,096	183,101	-	757,197
Unrealized provisions for legal claims and royalty	651,840	(8,887)	-	642,953
Currency translation differences	-	-	344,856	344,856
Others	37,104	(325)	-	36,779
Subtotal	<u>\$ 2,278,673</u>	<u>\$ 51,430</u>	<u>\$ 344,856</u>	<u>\$ 2,674,959</u>
- Deferred income tax liabilities:				
Investment income from foreign investees	(\$ 9,698,820)	(\$ 761,807)	\$ -	(\$ 10,460,627)
Unrealized exchange gains	(101,902)	28,680	-	(73,222)
Currency translation differences	(462,613)	-	462,613	-
Subtotal	<u>(\$10,263,335)</u>	<u>(\$ 733,127)</u>	<u>\$ 462,613</u>	<u>(\$ 10,533,849)</u>
Total	<u>(\$ 7,984,662)</u>	<u>(\$ 681,697)</u>	<u>\$ 807,469</u>	<u>(\$ 7,858,890)</u>

2016				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	\$ 892,397	(\$ 230,713)	\$ -	\$ 661,684
Unrealized purchase discounts	6,460	347,489	-	353,949
Unrealized exchange losses	9,261	(9,261)	-	-
Decline in value of inventories	662,889	(88,793)	-	574,096
Unrealized provisions for legal claims and royalty	692,592	(40,752)	-	651,840
Others	27,340	9,764	-	37,104
Subtotal	<u>\$ 2,290,939</u>	<u>(\$ 12,266)</u>	<u>\$ -</u>	<u>\$ 2,278,673</u>
- Deferred income tax liabilities:				
Investment income from foreign investees	(\$ 8,462,856)	(\$ 1,235,964)	\$ -	(\$ 9,698,820)
Unrealized exchange gains	-	(101,902)	-	(101,902)
Currency translation differences	(557,189)	-	94,576	(462,613)
Subtotal	<u>(\$ 9,020,045)</u>	<u>(\$ 1,337,866)</u>	<u>\$ 94,576</u>	<u>(\$ 10,263,335)</u>
Total	<u>(\$ 6,729,106)</u>	<u>(\$ 1,350,132)</u>	<u>\$ 94,576</u>	<u>(\$ 7,984,662)</u>

D. The Tax Authority has examined the Company's income tax returns through 2015 except for 2014.

E. Unappropriated retained earnings:

	2017/12/31	2016/12/31
Earnings generated in and after 1998	<u>\$ 102,790,860</u>	<u>\$ 101,793,153</u>

F. As of December 31, 2017 and 2016, the balance of the imputation credit account was \$14,640,235 and \$15,112,733, respectively. The creditable rate was 15.67% for the year ended December 31, 2016.

G. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. Such change will increase the deferred income tax assets and liabilities by 3%. However, the impact of temporary differences on income tax is dependent on the Company's strategy with regard to the amendments and the actual situation in the future. After the Company's assessment of deferred tax assets and liabilities, there is no significant impact on the financial condition.

H. On January 18, 2018, the Legislative Yuan passed third reading and revoked the Integrated Income Tax System. The balance of imputation tax credit account will be cleared on January 1, 2018.

(22) Earnings per share

For the year ended December 31, 2017			
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 15,544,905	742,760	\$ <u>20.93</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	4,795	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 15,544,905	747,555	\$ 20.79
For the year ended December 31, 2016			
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit for the year	\$ 19,202,737	742,760	\$ <u>25.85</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	7,323	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	\$ 19,202,737	750,083	\$ 25.60

(23) Operating leases

The Company leases offices and parking lots under operating lease agreements. The Company recognized rental expenses of \$243,111 and \$249,604 for the years ended December 31, 2017 and 2016, respectively. Information about the future aggregate minimum lease payments under non-cancellable operating leases is provided in Note 9.

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

The Company's shares are widely held, so there is no ultimate parent or controlling party.

(2) Names of related parties and relationship

Names of related parties	Relationship with the Company
ASGL	Subsidiary
Others(related parties with non-significant transactions)	Subsidiary, associate and other related parties

(3) Significant transactions and balances with related parties

A. Sales of goods:

	For the years ended December 31,	
	2017	2016
Sales of goods		
-ASGL	\$ 305,167,421	\$ 328,895,140
-Subsidiaries	22,126,328	22,904,810
	<u>\$ 327,293,749</u>	<u>\$ 351,799,950</u>

The sales prices of transactions with related parties were decided on the basis of the economic environment and market competition in each sales area. The terms of the transactions are due 30 to 180 days after the date of delivery or open account 30 to 60 days. The terms of the above transactions are similar to those for third parties.

B. Purchases of goods and services:

	For the years ended December 31,	
	2017	2016
Purchases of goods		
-Subsidiaries	\$ 1,267,284	\$ 1,437,881
-Associates	31,353	41,568
-Others	34,846	27,585
	<u>1,333,483</u>	<u>1,507,034</u>
Purchases of services		
-Subsidiaries	45,244	80,000
-Associates	10	52
-Others	20,623	15,000
	<u>65,877</u>	<u>95,052</u>
	<u>\$ 1,399,360</u>	<u>\$ 1,602,086</u>

Purchase terms are due 30 to 90 days after the date of acceptance or open account 30 to 60 days, which were similar to those for third parties.

C. Trade receivables:

	2017/12/31	2016/12/31
Trade receivables		
-ASGL	\$ 63,052,049	\$ 86,040,675
-Subsidiaries	3,436,182	2,690,138
-Associates	53	-
	<u>\$ 66,488,284</u>	<u>\$ 88,730,813</u>

The trade receivables arise mainly from sales transactions, and are unsecured in nature and bear no interest.

D. Notes and trade payables and other items of current liabilities:

	2017/12/31	2016/12/31
Notes and trade payables		
-Subsidiaries	\$ 191,739	\$ 403,566
-Associates	10,622	8,306
-Others	8,812	11,140
	<u>211,173</u>	<u>423,012</u>
Other items of current liabilities		
-Subsidiaries	22,958	131,825
	<u>\$ 234,131</u>	<u>\$ 554,837</u>

The trade payables arise mainly from purchase transactions and bear no interest.

(4) Key management compensation

	For the years ended December 31,	
	2017	2016
Salaries and other short-term employee benefits	\$ 562,445	\$ 627,640
Post-employment benefits	5,548	5,720
	<u>\$ 567,993</u>	<u>\$ 633,360</u>

8. **PLEDGED ASSETS**

Pledged assets	Item	Book Value		Purpose
		2017/12/31	2016/12/31	
Other non-current assets	Time deposits	\$ 184,715	\$ 184,311	Lodgment for security decided by court, guarantee for import duties, etc.

9. **SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED CONTRACT COMMITMENTS**

(1) Contingencies

A. Lawsuits for infringement of intellectual property rights

(A) Several patentees filed lawsuits or investigations for patent infringement including the patent of Blu-Ray, Motherboards and Router, User Interface, audio signal encoding and decoding system, Audio stream, products with UMTS, Pad, cellphone and pad supporting OK Google function, products with Google Play Movies and TV function, touchscreen scrolling in accordance with user touch control and product with remote upgrade code function, against the Company. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Delaware court, in a German court, in a French court, in a Netherlands court and in an England court. The Company cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

(B) Several patentees filed lawsuits or investigations for patent infringement including supporting Smart Lock function for Android 5.0, Zhuyin input function, MP3 function for desktop and notebook, ZenFone trademarks, AP and Router products supporting MU-MIMO, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering Camera app for saving information and static imaging processing technique in low power, products using SK hynix Solid State Drive, processors and memories of Samsung and product with Nvidia GPU against the Company. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, United States International Trade Commission, in an India court and in a Taiwan court.

The Company cannot presently determine the ultimate outcome and effect of these lawsuits.

- B. The European Commission has started an investigation into whether the Company has restricted the retail prices of distributors in February, 2017. This case is under investigation, and the Company cannot presently determine the outcome. The Company has always followed the law and regulations and will fully cooperate with the regulators with respect to this investigation.

(2) Commitments

- A. The Company has signed a contract amounting to \$3,541,253 for the construction of new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2017.
- B. The Company leases offices and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2017/12/31	2016/12/31
Between 1 and 2 years	\$ 221,785	\$ 246,344
Between 2 and 3 years	187,167	129,381
Between 3 and 4 years	19,997	105,171
More than 4 years	-	12,617

10. **SIGNIFICANT DISASTER LOSS:** None.

11. **SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL REPORTING PERIOD:**

Please refer to Note 6(21) G.

12. **OTHERS**

(1) Capital management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and to maintain an optimal capital structure to reduce the cost of capital. In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Company monitors capital on the basis of the liability ratio. This ratio is calculated as total liabilities by total assets. Total liabilities is calculated as "current liabilities plus non-current liabilities" as shown in the separate balance sheets.

During 2017, the Company's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2016. The liability ratios are as follows:

	2017/12/31	2016/12/31
Total liabilities	\$ 84,154,322	\$ 100,931,370
Total equity	175,144,185	181,485,483
Total assets	\$ 259,298,507	\$ 282,416,853
Liability ratio	32.45%	35.74%

(2) Financial instruments

A. Fair value information of financial instruments

The carrying values of financial instruments measured at non fair value (including cash and cash equivalents, notes and trade receivables, other receivables, refundable deposits, notes and trade payables, other payables - accrued expenses, other current liabilities and guarantee deposits received) are reasonably approximate to the fair values. Please refer to Note 12(3) for the fair value information of financial instruments measured at fair value.

B. Financial risk management policies

(A) The Company's operating activities expose the Company to a variety of financial risks, including market risk (including foreign exchange risk, price risk and interest rate risk), credit risk and liquidity risk. The Company's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Company's financial position and financial performance. The Company uses variety of derivative financial instruments to hedge certain risk exposures. Please refer to Note 6(2).

(B) The Company's key financial plans are all reviewed by the Board of Directors under the related principles and internal control system. When executing the financial plans, the Company's treasury departments will follow the financial operating procedures in accordance with the overall financial risk management and proper segregation of duties.

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

- The Company operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.
- The management has set up the policy to require the organization to manage the foreign exchange risk against the functional currency. To manage its foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Company uses derivative financial instruments to hedge such as forward exchange contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.
- The Company's businesses involve some non-functional currency operations (the Company's functional currency: NTD). The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	2017/12/31					
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$2,343,502,015	29.76	\$ 69,742,620	1%	\$ 697,426	\$ -
<u>Non-monetary items</u>						
USD:NTD	2,177,292,083	29.76	64,796,212	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,063,820,730	29.76	61,419,305	1%	614,193	-
	2016/12/31					
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$2,950,583,116	32.25	\$ 95,156,305	1%	\$ 951,563	\$ -
<u>Non-monetary items</u>						
USD:NTD	1,940,103,362	32.25	62,568,333	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,477,123,396	32.25	79,887,230	1%	798,872	-

- e. Net currency exchange gains (losses) (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Company for the years ended December 31, 2017 and 2016 amounted to \$215,854 and \$1,030,846, respectively.

Price risk

- a. The Company is exposed to equity securities price risk because of investments held by the Company either as at fair value through profit or loss or available-for-sale on stock investments. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.
- b. The prices of the Company's investments in equity securities would change due to the change of the future value of investee companies. If the prices of these equity securities had increased by 1% with all other variables held constant, non-operating revenue for the

years ended December 31, 2017 and 2016 would have increased by \$535 and \$562, respectively. Other comprehensive income - unrealized gain on valuation of available-for-sale financial assets would have increased by \$543,588 and \$582,511, respectively. The Company is exposed to equity securities price risk because of investments held by the Company and classified on the separate balance sheets either as available-for-sale or at fair value through profit or loss. The Company has no price risk of merchandise inventories. To manage its price risk arising from investments in equity securities, the Company diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Company.

Interest rate risk

The Company analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, renewal of existing positions, alternative financing and hedging. Based on these scenarios, the Company calculates the impact on profit and loss of a defined interest rate shift. For each simulation, the same interest rate shift is used for all currencies. The scenarios are run only for liabilities that represent the major interest-bearing positions. The Company expects no significant interest rate risk.

Credit risk

- a. Credit risk refers to the risk of financial loss to the Company arising from default by the clients or counterparties of financial instruments on the contract obligations. The maximum exposure to credit risk is the carrying amount of all financial instruments. According to the Company's credit policy, each local entity in the Company is responsible for managing and analysing the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. Internal risk control assesses the credit quality of the customers, taking into account their financial position, past experience and other factors. Individual risk limits are set by the board of directors based on internal or external ratings. The utilization of credit limits is regularly monitored. Credit risk arises from cash and cash equivalents, derivative financial instruments and deposits with banks and financial institutions, as well as credit exposures to wholesale, including outstanding receivables. For banks and financial institutions, only those with a rating of "A" class above as evaluated by an independent party are accepted as counterparties.
- b. No credit limits were exceeded during 2017 and 2016, and management does not expect any significant losses from non-performance by these counterparties.
- c. The credit quality information of financial assets that are neither past due nor impaired, the aging analysis of financial assets that were past due but not impaired and the individual analysis of financial assets that had been impaired is provided in the statement for each type of financial assets as described in Note 6.

(B) Liquidity risk

- a. Cash flow forecasting is performed in the operating entities of the Company and aggregated by the Company treasury. The Company treasury monitors rolling forecasts of the Company's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom at all times. Such forecasting takes into consideration the Company's cash flow plans and compliance with internal balance sheets ratio targets.
- b. The Company's treasury invests surplus cash in demand deposits, time deposits and marketable securities, choosing instruments with appropriate maturities or sufficient liquidity to provide sufficient headroom as determined by the abovementioned forecasts. At December 31, 2017 and 2016, the Company held financial assets at fair value through profit or loss of \$6,368,076 and \$4,531,173, respectively, that are expected to readily generate cash inflows for managing liquidity risk.
- c. The table below analyses the Company's non-derivative financial liabilities and derivative financial liabilities into relevant maturity groupings based on the remaining period at the end of the financial reporting period to the contractual maturity date for non-derivative financial liabilities and to the expected maturity date for derivative financial liabilities. The amounts disclosed in the table are the contractual undiscounted cash flows.

2017/12/31					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Notes and trade payables	\$ 46,449,308	\$ -	\$ -	\$ -	\$ 46,449,308
Other payables	20,494,142	-	-	-	20,494,142
- accrued expenses					
<u>Derivative financial</u>					
<u>liabilities:</u>					
Forward exchange contracts	34,226	-	-	-	34,226
2016/12/31					
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
<u>Non-derivative</u>					
<u>financial liabilities:</u>					
Notes and trade payables	\$ 63,718,140	\$ -	\$ -	\$ -	\$ 63,718,140
Other payables	20,113,998	-	-	-	20,113,998
- accrued expenses					
<u>Derivative financial</u>					
<u>liabilities:</u>					
Currency option contracts	50,962	-	-	-	50,962

- d. The Company does not expect the timing of occurrence of the cash flows estimated through the maturity date analysis to be significantly earlier, nor expect the actual cash flow amount to be significantly different.

(3) Fair value information

- A. The different levels that the inputs to valuation techniques are used to measure fair value of financial and non-financial instruments have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. A market is regarded as active where a market in which transactions for the asset or liability take place with sufficient frequency and volume to provide pricing information on an ongoing basis.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.

- B. The related information on financial and non-financial instruments measured at fair value by level on the basis of the nature, characteristics and risks of the assets and liabilities is as follows:

2017/12/31				
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed and OTC stocks	\$ 53,457	\$ -	\$ -	\$ 53,457
Open-end funds	6,314,619	-	-	6,314,619
Available-for-sale financial assets				
Listed and OTC stocks	54,263,733	-	-	54,263,733
Unlisted and non-OTC stocks	-	95,073	-	95,073
Convertible bonds	-	-	7,575	7,575
	<u>\$ 60,631,809</u>	<u>\$ 95,073</u>	<u>\$ 7,575</u>	<u>\$ 60,734,457</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Forward exchange contracts	<u>\$ -</u>	<u>\$ 34,226</u>	<u>\$ -</u>	<u>\$ 34,226</u>

2016/12/31				
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed and OTC stocks	\$ 56,225	\$ -	\$ -	\$ 56,225
Open-end funds	4,474,948	-	-	4,474,948
Forward exchange contracts	-	47,498	-	47,498
Available-for-sale financial assets				
Listed and OTC stocks	58,079,269	-	-	58,079,269
Unlisted and non-OTC stocks	-	171,835	-	171,835
Convertible bonds	-	-	7,575	7,575
	<u>\$ 62,610,442</u>	<u>\$ 219,333</u>	<u>\$ 7,575</u>	<u>\$ 62,837,350</u>

Liabilities:

Recurring fair value measurements

Financial assets at fair value

through profit or loss

Currency option contracts	<u>\$ -</u>	<u>\$ 50,962</u>	<u>\$ -</u>	<u>\$ 50,962</u>
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C. The methods and assumptions the Company used to measure fair value are as follows:

(A) The instruments the Company used market quoted prices as their fair values (that is, Level 1) are listed below by characteristics:

	stocks	Open-end fund	Convertible bond
Market quoted price	Closing price	Net asset value	Closing price

(B) Except for financial instruments with active markets, the fair value of other financial instruments is measured by using valuation techniques or by reference to counterparty quotes. The fair value of financial instruments measured by using valuation techniques can be referred to current fair value of instruments with similar terms and characteristics in substance, discounted cash flow method or other valuation methods, including calculated by applying model using market information available at the financial reporting date.

(C) For high-complexity financial instruments, the fair value is measured by using self-developed valuation model based on the valuation method and technique widely used within the same industry. The valuation model is normally applied to derivative financial instruments, debt instruments with embedded derivatives or securitised instruments. Certain inputs used in the valuation model are not observable at market, and the Company must make reasonable estimates based on its assumptions.

(D) The valuation of derivative financial instruments is based on valuation model widely accepted by market participants, such as present value techniques and option pricing models. Forward exchange contracts are usually valued based on the current forward exchange rate.

- (E) The output of valuation model is an estimated value and the valuation technique may not be able to capture all relevant factors of the Company's financial and non-financial instruments. Therefore, the estimated value derived using valuation model is adjusted accordingly with additional inputs, for example, model risk or liquidity risk. In accordance with the Company's management policies and relevant control procedures relating to the valuation models used for fair value measurement, management believes adjustment to valuation is necessary in order to reasonably represent the fair value of financial and non-financial instruments at the separate balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.
- D. JMC ELECTRONICS CO., LTD. has been listed from January, 2017, therefore, the Company has transferred the fair value from Level 2 to Level 1 at the end of month when the event occurred. For the year ended December 31, 2016, there was no transfer between Level 1 and Level 2.
- E. There was no change in Level 3 during the year ended December 31, 2017 and 2016.
- F. There was no transfer into or out from Level 3 during the years ended December 31, 2017 and 2016.
- G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.
- The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.
- H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	Fair Value at December 31, 2017	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Debt instruments:					
Convertible bonds	\$ 7,575	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the

	Fair Value at December 31, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Debt instruments:					
Convertible bonds	\$ 7,575	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the fair value

I. The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is reasonable. However, use of different valuation models or assumptions may result in a different outcome.

13. **SUPPLEMENTARY DISCLOSURES**

(1) **Significant transactions information**

- A. Financings provided: Please refer to table 1
- B. Endorsements and guarantees provided: Please refer to table 2.
- C. Marketable securities held at the ended of period (excluding investments in subsidiaries, associates and joint ventures): Please refer to table 3.
- D. Marketable securities acquired and disposed of at costs or prices of at least \$300 million or 20% of the paid-in capital: Please refer to table 4.
- E. Acquisition of real estate properties at costs of at least NT\$300 million or 20% of the paid-in capital: Please refer to table 5.
- F. Disposal of real estate properties at prices of at least NT\$300 million or 20% of the paid-in capital: None.
- G. Total purchases from or sales to related parties of at least \$100 million or 20% of the paid-in capital: Please refer to table 6.
- H. Receivables from related parties amounting to at least \$100 million or 20% of the paid-in capital: Please refer to table 7.
- I. Trading in derivative instruments undertaken during the reporting periods: Please refer to 6(2), (5) and 12(2).
- J. Intercompany relationships and significant intercompany transactions (only disclosures transactions amount at least \$100 million or 20% of the paid-in capital): Please refer to table 8.

(2) **Information on investees**

Names, locations, and related information of investees over which the company exercises significant influence (excluding information on investment in mainland China): Please refer to table 9.

(3) **Information on investments in Mainland China**

- A. Basic information: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in the Mainland Area: Please refer to table 8.

14. **OPERATING SEGMENT INFORMATION**

Not applicable.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
FINANCINGS PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 1

(Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Financing Company	Counter-party	Financial Statement Account	Related Party	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Interest Rate (%)	Nature for Financing (Note 1)	Transaction Amounts	Reason for Financing	Allowance for Bad Debt	Collateral		Financing Limits for Each Borrowing Company (Note 2)	Financing Company's Total Financing Amount Limits (Note 2)	Note
													Item	Value			
1	ASTP	ASGL	Other receivables and other non-current assets	Yes	40,176,000 (USD 1,350,000)	26,784,000 (USD 900,000)	26,784,000 (USD 900,000)	0.23320 ~ 1.61331	b	-	Need for operations	-	-	-	40,072,909 (USD 1,346,536)	40,072,909 (USD 1,346,536)	
2	ONYX	ONYXSH	Other receivables	Yes	7,440 (USD 250)	- (USD -)	- (USD -)	3.70000	a	43,425	-	-	-	-	43,425	348,120	
3	ASKEY	SILIGENCE	Other receivables	Yes	135,767 (USD 4,562)	- (USD -)	- (USD -)	1.35000 ~ 1.95000	b	-	Need for operations	-	-	-	815,078	1,086,771	

Note 1 : Nature for Financing : a. Business transaction calls for a loan arrangement.

b. The need for short-term financing.

Note 2 : Limit of total financing amount : According to Procedures for Lending of ASTP, limit of total financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company -ASUS, which are not located in Taiwan, shall not exceed 100% of the net worth of ASTP as of the period.

According to Procedures for Lending of ONYX, limit of total financing amount shall not exceed 40% ONYX's the net worth of the latest audited or reviewed report.

According to Procedures for Lending of ASKEY, limit of total financing amount shall not exceed 20% of the net worth of ASKEY as of the period.

Limit financing amount for individual counter-party : According to Procedures for Lending of ASTP, limit of financing amount to the subsidiaries whose voting shares are 100% owned, directly or indirectly, by publicly traded parent company -ASUS, which are not located in Taiwan, for individual counter-party shall not exceed 100% of the net worth of ASTP as of the period.

According to Procedures for Lending of ONYX, limit of financing amount for individual counter-party shall not exceed 10% of the net worth of ONYX as of the period.

Where funds are loaned for business dealings, limit of financing amount for individual counter-party shall not exceed business dealings amount of latest year.

Business dealings amount here means sales amount or purchase amount of lender and borrower, which is higher.

According to Procedures for Lending of ASKEY, limit of financing amount for individual counter-party shall not exceed 15% of the net worth of ASKEY as of the period.

Note 3 : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
ENDORSEMENTS/GUARANTEES PROVIDED
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 2 (Amounts in thousands of New Taiwan dollars and foreign currencies)

No.	Endorsement/ Guarantee Provider	Guaranteed Party		Limits on Endorsement/ Guarantee Amount Provided to Each Guaranteed Party (Notes 2)	Maximum Balance for the Period	Ending Balance	Amount Actually Drawn	Amount of Endorsement/ Guarantee Collateralized by Properties	Ratio of Accumulated Endorsement/ Guarantee to Net Equity per Latest Financial Statements (%)	Maximum Endorsement / Guarantee Amount Allowable (Note 2)	Guarantee Provided by Parent Company	Guarantee Provided by A Subsidiary	Guarantee Provided to Subsidiaries in Mainland China	Note
		Name	Nature of Relationship (Note 1)											
1	ASKEY	ASKEYJS	c	1,630,156	1,488,000 (USD 50,000)	1,190,400 (USD 40,000)	1,011,840 (USD 34,000)	-	21.91	2,173,542	Y	N	Y	

Note 1 : Nature of relationship of guaranteed Party :

- a. A company that has a business relationship with endorsement/guarantee provider.
- b. A subsidiary in which endorser/guarantor provider holds directly over 50% of equity interest.
- c. An investee in which endorsement/guarantee provider and its subsidiaries hold over 50% of equity interest.
- d. An investor which holds directly or indirectly over 50% of equity interest of endorser/guarantor provider.
- e. A company that has provided guarantees to endorsement/guarantee provider, and vice versa, due to contractual requirements.
- f. An investee in which endorsement/guarantee provider conjunctly invests with other stockholders, and for which endorsement/guarantee provider has provided endorsement/guarantee provider in proportion to its shareholding percentage.

Note 2 : Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.

Limit of the total amount of guarantee for individual counter-party : According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counter-party shall not exceed 30% of the net worth of ASKEY as of the period.

Note 3 : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES HELD
(EXCLUDING INVESTMENTS IN SUBSIDIARIES, ASSOCIATES AND JOINT VENTURES)
DECEMBER 31, 2017

Table 3

(Amounts in thousands of New Taiwan dollars)

Held Company Name	Marketable Securities		Relationship with the Company	Financial Statement Account	December 31, 2017				
	Type	Name			Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	Note
ASUS	Fund	UNION MONEY MARKET	-	Financial assets at fair value through profit or loss	95,139,167	1,249,063	-	1,249,063	
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	-	Financial assets at fair value through profit or loss	41,404,159	671,683	-	671,683	
ASUS	Fund	JIH SUN MONEY MARKET	-	Financial assets at fair value through profit or loss	99,905,228	1,471,354	-	1,471,354	
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	-	Financial assets at fair value through profit or loss	42,501,948	600,238	-	600,238	
ASUS	Fund	YUANTA DE BAO MONEY MARKET	-	Financial assets at fair value through profit or loss	25,104,603	300,000	-	300,000	
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	-	Financial assets at fair value through profit or loss	33,199,429	500,037	-	500,037	
ASUS	Fund	YUANTA DE LI MONEY MARKET	-	Financial assets at fair value through profit or loss	42,760,000	693,050	-	693,050	
ASUS	Fund	FSITC MONEY MARKET	-	Financial assets at fair value through profit or loss	2,453,541	435,194	-	435,194	
ASUS	Fund	SINOPAC TWD MONEY MARKET	-	Financial assets at fair value through profit or loss	28,456,899	394,000	-	394,000	
ASUS	Stock	SPORTON	-	Financial assets at fair value through profit or loss	333,064	53,457	0.36	53,457	
ASUS	Stock	ENE	-	Available-for-sale financial assets - current	917,247	16,877	1.22	16,877	
ASUS	Stock	ALCOR MICRO	-	Available-for-sale financial assets - current	905,879	18,299	1.23	18,299	
ASUS	Stock	AZUREWAVE	-	Available-for-sale financial assets - current	934,745	15,657	0.70	15,657	
ASUS	Stock	LEDLINK	-	Available-for-sale financial assets - current	718,607	30,972	1.38	30,972	
ASUS	Stock	GLOBALWAFERS	-	Available-for-sale financial assets - current	1,626,626	646,584	0.37	646,584	
ASUS	Stock	JMC	-	Available-for-sale financial assets - current	1,000,000	60,500	1.00	60,500	
ASUS	Stock	ADVANTECH	-	Available-for-sale financial assets - non-current	100,628,870	21,182,377	14.44	21,182,377	
ASUS	Stock	APTOS	-	Available-for-sale financial assets - non-current	625,200	10,941	1.10	10,941	
ASUS	Stock	PEGA	-	Available-for-sale financial assets - non-current	448,506,484	32,292,467	17.16	32,292,467	
ASUS	Stock	EOSTEK	-	Available-for-sale financial assets - non-current	1,600,000	38,093	14.94	38,093	
ASUS	Stock	EOSMEM	-	Available-for-sale financial assets - non-current	301,876	4,830	1.83	4,830	
ASUS	Bond	MOBISOCIAL	-	Available-for-sale financial assets - non-current	-	7,575	-	7,575	
ASUS	Stock	EMPASS	-	Available-for-sale financial assets - non-current	497,500	13,681	19.90	13,681	
ASUS	Stock	NANOLUX	-	Available-for-sale financial assets - non-current	536	27,528	14.51	27,528	
ASUS	Stock	AM TRUST	-	Financial assets carried at cost - non-current	10,000,000	62,859	7.81	-	
ASUS	Fund	TNP	-	Financial assets carried at cost - non-current	94	26,751	2.06	-	
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	-	Financial assets at fair value through profit or loss	60,031,084	973,860	-	973,860	
ASMEDIA	Fund	FUH HWA RMB MONEY MARKET	-	Financial assets at fair value through profit or loss	531,862	27,796	-	27,796	
ASKEY	Stock	NETCOMM	-	Available-for-sale financial assets - non-current	1,980,000	55,090	1.35	55,090	
ASKEY	Stock	CIPHERMAX	-	Available-for-sale financial assets - non-current	9,234	-	-	-	
ASKEY	Stock	RETI	-	Available-for-sale financial assets - non-current	80,700	-	3.32	-	
MIC	Stock	BROADCOM	-	Available-for-sale financial assets - non-current	90	688	-	688	
MIC	Stock	ZARLINK SEMI-CONDUCTOR	-	Available-for-sale financial assets - non-current	44,775	-	0.04	-	
HCVC	Fund	YUANTA WAN TAI MONEY MARKET	-	Financial assets at fair value through profit or loss	1,062,402	16,002	-	16,002	
HCVC	Fund	TAISHIN TA CHONG MONEY MARKET	-	Financial assets at fair value through profit or loss	757,861	10,703	-	10,703	
HCVC	Fund	YUANTA DE BAO MONEY MARKET	-	Financial assets at fair value through profit or loss	348,419	4,164	-	4,164	
HCVC	Fund	CAPITAL MONEY MARKET	-	Financial assets at fair value through profit or loss	917,513	14,717	-	14,717	
HCVC	Fund	TAISHIN 1699 MONEY MARKET	-	Financial assets at fair value through profit or loss	74,398	1,000	-	1,000	
HCVC	Stock	PRIMESENSOR TECHNOLOGY	-	Available-for-sale financial assets - non-current	233,286	3,646	0.75	3,646	
HCVC	Stock	APAQ TECHNOLOGY	-	Available-for-sale financial assets - non-current	5,568,012	320,160	7.61	320,160	
HCVC	Stock	EOSMEM	-	Available-for-sale financial assets - non-current	301,876	4,830	1.83	4,830	
HCVC	Stock	LEDLINK	-	Available-for-sale financial assets - current	336,546	14,505	0.65	14,505	
HMI	Fund	TAISHIN 1699 MONEY MARKET	-	Financial assets at fair value through profit or loss	669,578	9,004	-	9,004	
HMI	Stock	APAQ TECHNOLOGY	-	Available-for-sale financial assets - non-current	3,210,015	184,576	4.39	184,576	
HMI	Stock	EOSMEM	-	Available-for-sale financial assets - non-current	174,417	2,791	1.06	2,791	
AAEON	Stock	ADVANTECH	-	Financial assets at fair value through profit or loss	730	154	-	154	
AAEON	Fund	MEGA DIAMOND MONEY MARKET	-	Financial assets at fair value through profit or loss	2,091,070	26,066	-	26,066	
AAEON	Stock	MACHVISION	-	Financial assets at fair value through profit or loss	1,860,020	383,164	4.37	383,164	
AAEON	Stock	ATECH OEM TECHNOLOGY	-	Financial assets at fair value through profit or loss	293	4	-	4	
AAEON	Stock	UNITECH ELECTRONICS	-	Available-for-sale financial assets - non-current	549,600	11,789	1.17	11,789	
AAEON	Stock	LILEE SYSTEMS	-	Available-for-sale financial assets - non-current	468,750	-	-	-	
AAEON	Stock	YAN CHUNG TECHNOLOGY	-	Available-for-sale financial assets - non-current	266,600	-	7.27	-	
AAEON	Stock	ALLIED BIOTECH	-	Available-for-sale financial assets - non-current	300,000	4,893	0.32	4,893	
AAEON	Stock	TELEION WIRELESS	-	Available-for-sale financial assets - non-current	149,700	-	-	-	
AAEONI	Fund	HSBC GLOBAL INCOME BOND	-	Financial assets at fair value through profit or loss	555,078	7,030	-	7,030	

Held Company Name	Marketable Securities		Relationship with the Company	Financial Statement Account	December 31, 2017				Note
	Type	Name			Shares/Units	Carrying Value	Percentage of Ownership (%)	Fair Value	
AAEONI	Stock	ATECH OEM TECHNOLOGY	-	Financial assets at fair value through profit or loss	4,320,000	52,271	5.94	52,271	
AAEONI	Stock	MUTTO OPTRONICS	-	Available-for-sale financial assets - non-current	310,000	5,596	0.68	5,596	
AAEONI	Stock	SUNENGINE	-	Available-for-sale financial assets - non-current	1,313,931	2,229	2.75	2,229	
ONYX	Stock	MELTEN CONNECTED HEALTHCARE	-	Financial assets carried at cost - non-current	4,193,548	39,334	7.70	-	
ASGL	Fund	JIH SUN MONEY MARKET	-	Financial assets at fair value through profit or loss	1,055,711	15,548	-	15,548	
AIL	Fund	PRODIGY STRATEGY INVESTMENT XIV	-	Financial assets at fair value through profit or loss	3,530	125,046	-	125,046	
AIL	Stock	EONEX	-	Financial assets carried at cost - non-current	31,733	-	2.70	-	
AIL	Stock	SPLASHTOP	-	Available-for-sale financial assets - non-current	5,728,003	-	3.41	-	
AIL	Stock	GENESIS VC	-	Financial assets carried at cost - non-current	2,929,240	19,349	18.03	-	
AIL	Stock	ISTAGING	-	Available-for-sale financial assets - non-current	988,889	59,610	2.66	59,610	
DDL	Fund	ASIA PACIFIC GENESIS C	-	Financial assets carried at cost - non-current	-	33,020	9.00	-	
AHL	Stock	9SKY	-	Financial assets carried at cost - non-current	1,000,000	-	5.71	-	
UEI	Fund	NOMURA TAIWAN MONEY MARKET	-	Financial assets at fair value through profit or loss	119,142	1,933	-	1,933	

Note : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
MARKETABLE SECURITIES ACQUIRED AND DISPOSED OF AT COSTS OR PRICES OF AT LEAST NT\$300 MILLION
OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 4 (Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal					Ending Balance	
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	UNION MONEY MARKET	a	-	-	67,187,488	879,007	490,603,780	6,433,000	a	462,652,101	6,065,000	6,063,149	a	1,851	95,139,167	1,249,063
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	-	-	354,066,423	5,733,000	a	312,662,264	5,063,933	5,061,488	a	2,445	41,404,159	671,683
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	-	-	193,037,030	2,838,000	a	93,131,802	1,369,940	1,368,000	a	1,940	99,905,228	1,471,354
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	-	-	42,501,948	600,000	a	-	-	-	-	-	42,501,948	600,238
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	-	-	167,349,356	1,995,000	a	142,244,753	1,695,597	1,695,000	a	597	25,104,603	300,000
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	-	-	49,361,882	800,000	a	6,601,882	107,000	106,991	a	9	42,760,000	693,050
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	76,128,666	1,153,167	32,326,028	490,000	a	108,454,694	1,644,758	1,643,000	a	1,758	-	-
ASUS	Fund	FSITC MONEY MARKET	a	-	-	7,711,599	1,362,717	11,408,826	2,020,000	a	16,666,884	2,948,127	2,947,405	a	722	2,453,541	435,194
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	-	-	64,670,152	894,000	a	36,213,253	500,196	500,000	a	196	28,456,899	394,000
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	71,952,511	1,080,057	33,199,429	500,000	a	71,952,511	1,080,590	1,080,000	a	590	33,199,429	500,037
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	37,750,163	627,000	a	37,750,163	627,042	627,000	a	42	-	-
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	622,092	10,055	59,408,992	961,000	a	-	-	-	-	-	60,031,084	973,860
ASUTC	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	4,611,471	69,221	54,725,279	823,000	a	59,336,750	893,340	891,069	a	2,271	-	-

Note 1 : a. Financial assets at fair value through profit or loss - current

b. Available-for-sale financial assets - current

c. Available-for-sale financial assets - non-current

d. Investments accounted for under equity method

Note 2 : a. Acquired or capital increase/ disposed or capital reduction/liquidation in this period

b. Current-revaluation

c. Recognized investment gain or loss under equity investment

d. Effect of exchange rate changes and recognized cumulative translation adjustment under equity investment

e. Recognized equity adjustment under equity investment

f. Re-classification credit of equity investment

g. Received cash dividends

h. Variance of unrealized profit from sale

Note 3 : Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2017 to December 31, 2017, otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
ACQUISITION OF REAL ESTATE PROPERTIES AT COSTS OF AT LEAST NT\$300 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 5 (Amounts in thousands of New Taiwan dollars)

Company Name	Name of Property	Transaction Date	Transaction Amount	Payment Status	Counter-party	Relationship with the company	If the counterparty is a related party, information as to the last transaction of the real estate is disclosed below:				Price Reference	Purpose of acquisition and situation	Other Commitments
							Former holder of property	Relationship between former holder and acquirer of property	Date of transaction	Transaction Amount			
ACCQ	Land use right (Note 1)	2017.12.11	874,270	Full paid	Chongqing Administration of Land, Resources and Building	-	Not applicable	Not applicable	Not applicable	Not applicable	Bidding	Construction of the new office building (land use right has not yet been transferred to ACCQ as of December 31, 2017.)	-

Note 1 : Land use right has not yet been transferred to ACCQ as of December 31, 2017. ACCQ booked it in other assets - noncurrent.

Note 2 : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES OF AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 6

(Amounts in thousands of New Taiwan dollars)

(Amounts in thousands of New Taiwan dollars)											
Company Name	Related Party	Nature of Relationship (Note 1)	Transaction Details				Abnormal Transaction		Notes/Trade Payables or Receivables (Note 3)		Note
			Purchases/ (Sales)	Amount	% to Total Purchases/ (Sales) amount	Payment Terms (Note 2)	Unit Price	Payment Terms	Ending Balance	% to Total Notes/Trade payable or Accounts Receivable (Note 3)	
ASUS	ASUTC	b	(Sales)	(21,425,001)	(6.38)	OA 90	-	-	3,276,581	4.49	
ASUS	ASGL	b	(Sales)	(305,167,421)	(90.86)	OA 180	-	-	63,052,049	86.35	
ASUS	AAEON	b	(Sales)	(653,840)	(0.19)	Month-end 30 days	-	-	146,171	0.20	
ASUS	OB	b	Purchases	916,339	0.31	Month-end 60 days	-	-	(187,635)	(0.40)	
ASUS	ASMEDIA	b	Purchases	320,042	0.11	Month-end 30 days	-	-	-	-	
ASGL	ACCQ	b	(Sales)	(9,379,177)	(2.79)	OA 180	-	-	2,238,224	2.36	
ASGL	ACI	b	(Sales)	(59,504,272)	(17.68)	OA 180	-	-	23,475,541	24.80	
ASGL	ACSH	b	(Sales)	(56,393,065)	(16.75)	OA 180	-	-	24,981,898	26.39	
ASGL	ACJP	b	(Sales)	(7,515,200)	(2.23)	OA 120	-	-	1,831,158	1.93	
ASGL	ASIN	b	(Sales)	(2,720,689)	(0.81)	OA 180	-	-	2,421,915	2.56	
ASGL	ACG	b	(Sales)	(572,917)	(0.17)	OA 90	-	-	68,641	0.07	
ASGL	ACMH	b	(Sales)	(1,425,664)	(0.42)	OA 180	-	-	1,228,306	1.30	
ASGL	ACNL	b	(Sales)	(24,977,004)	(7.42)	OA 180	-	-	4,888,718	5.17	
ASGL	ACH	b	(Sales)	(121,051)	(0.04)	OA 90	-	-	25,479	0.03	
ASKEY	LP	b	(Sales)	(9,890,196)	Note 4	Month-end 90 days	-	Payment term is one to two months longer than third parties	540,208	6.24	
ASKEY	LP	b	Purchases	7,749,195	20.54	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	-	-	
ASKEY	UNI	b	Purchases	18,805,978	49.84	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,177,530)	(76.49)	
ASKEY	ASKEY1	b	(Sales)	(152,478)	(0.50)	Month-end 90 days	-	Payment term is one to two months longer than third parties	128,983	1.49	
ASKEY	SILIGENCE	b	(Sales)	(711,779)	(2.34)	Month-end 90 days	-	Payment term is one to two months longer than third parties	80,881	0.93	
LP	ASKEYJS	b	(Sales)	(9,665,546)	(55.47)	Month-end 90 days	-	Payment term is one to two months longer than third parties	2,008,196	100.00	
LP	ASKEYJS	b	Purchases	7,630,007	43.72	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(1,465,398)	(73.07)	
UNI	ASKEYJS	b	Purchases	18,833,623	99.97	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(4,160,937)	(99.87)	
OB	ASKEYJS	b	Purchases	875,346	95.59	Month-end 90 days	Based on cost of finished goods plus related expenditure of related party	-	(127,952)	(82.41)	
ONYX	ONYXHU	b	(Sales)	(269,997)	(27.59)	Month-end 90 days	-	-	74,422	41.66	
AAEON	ONYX	b	(Sales)	(123,336)	(3.24)	Month-end 30 days	-	-	7,400	1.61	
AAEON	ONYXHU	b	(Sales)	(195,506)	(5.13)	Month-end 60 days	-	-	50,338	10.96	
AAEON	AAEONEU	b	(Sales)	(280,378)	(7.36)	Month-end 60 days	-	-	42,762	9.31	
AAEON	AAEONSZ	b	(Sales)	(221,456)	(5.81)	Month-end 60 days	-	-	42,854	9.33	
AAEON	AAEONEI	b	(Sales)	(560,400)	(14.71)	Month-end 60 days	-	-	49,654	10.81	
UPI	MAXCHIP	d	Purchases	322,317	80.22	Month-end 30 days	-	-	(80,558)	(29.14)	
UBIQ	MAXCHIP	d	Purchases	440,237	99.60	Month-end 30 days	-	-	(95,041)	(45.71)	

Note 1 : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

Note 2 : In addition to the original transaction terms, accounts receivable hold between each subsidiaries which 100% owned by ASUS could be extended payment terms and transferred to long-term receivables depend on actual demands of capital, when the transactions continuous.

Note 3 : Including transferred to long-term receivables amount as meeting transaction terms.

Note 4 : Sales of raw materials is not considering sales which is deducted from cost of goods sold.

Note 5 : Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2017 to December 31, 2017, otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

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

DECEMBER 31, 2017

Table 7

(Amounts in thousands of New Taiwan dollars)

Company Name	Related Party	Nature of Relationship (Note 1)	Ending Balance	Turnover	Overdue		Amounts Received in Subsequent Period	Allowance for bad debts
					Amount	Action Taken		
ASUS	ASUTC	b	3,276,581	9.78 times	-	-	3,159,152	-
ASUS	ASGL	b	63,052,049	5.46 times	-	-	50,090,062	-
ASUS	AAEON	b	146,171	3.92 times	-	-	213,132	-
OB	ASUS	a	187,635	3.47 times	-	-	97,012	-
ASGL	ACCQ	b	2,238,224	5.63 times	-	-	1,524,509	-
ASGL	ACI	b	23,475,541	2.46 times	-	-	12,108,177	-
ASGL	ACSH	b	24,981,898	2.47 times	-	-	8,486,721	-
ASGL	ACJP	b	1,831,158	3.39 times	-	-	1,718,098	-
ASGL	ASIN	b	2,421,915	0.98 times	776,937	Keep in reconciliation and dunning monthly	956,321	-
ASGL	ACMH	b	1,228,306	1.03 times	455,421	Keep in reconciliation and dunning monthly	347,800	-
ASGL	ACNL	b	4,888,718	4.42 times	-	-	5,473,475	-
ASKEY	LP	b	540,208	17.86 times	-	-	347,079	-
ASKEY	ASKEYI	b	128,983	2.15 times	-	-	123,217	-
UNI	ASKEY	b	4,177,530	4.33 times	-	-	2,600,830	-
LP	ASKEYJS	b	2,008,196	5.49 times	-	-	1,598,448	-
ASKEYJS	LP	b	1,465,398	6.28 times	-	-	1,255,650	-
ASKEYJS	UNI	b	4,160,937	4.35 times	-	-	2,600,949	-
ASKEYJS	OB	b	127,952	4.19 times	-	-	97,060	-

Note 1 : a. Parent company ; b. Subsidiary ; c. Associate ; d. Other.

Note 2 : Amount denominated in foreign currencies in this table are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY DISCLOSE TRANSACTIONS AMOUNT OF AT LEAST NT\$100 MILLION)
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 8-1 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	ASUS	ASUTC	a	Sales	21,425,001	OA 90	4.94%
0	ASUS	ASGL	a	Sales	305,167,421	OA 180	70.32%
0	ASUS	AAEON	a	Sales	653,840	Month-end 30 days	0.15%
1	OB	ASUS	b	Sales	916,339	Month-end 60 days	0.21%
2	ASMEDIA	ASUS	b	Sales	320,042	Month-end 30 days	0.07%
3	ASGL	ACCQ	c	Sales	9,379,177	OA 180	2.16%
3	ASGL	ACI	c	Sales	59,504,272	OA 180	13.71%
3	ASGL	ACSH	c	Sales	56,393,065	OA 180	12.99%
3	ASGL	ACJP	c	Sales	7,515,200	OA 120	1.73%
3	ASGL	ASIN	c	Sales	2,720,689	OA 180	0.63%
3	ASGL	ACG	c	Sales	572,917	OA 90	0.13%
3	ASGL	ACMH	c	Sales	1,425,664	OA 180	0.33%
3	ASGL	ACNL	c	Sales	24,977,004	OA 180	5.76%
3	ASGL	ACH	c	Sales	121,051	OA 90	0.03%
4	ASKEY	LP	c	Sales	9,890,196	Month-end 90 days	2.28%
4	ASKEY	SILIGENCE	c	Sales	711,779	Month-end 90 days	0.16%
4	ASKEY	ASKEYI	c	Sales	152,478	Month-end 90 days	0.04%
5	UNI	ASKEY	c	Sales	18,805,978	Month-end 90 days	4.33%
6	LP	ASKEY	c	Sales	7,749,195	Month-end 90 days	1.79%
6	LP	ASKEYJS	c	Sales	9,665,546	Month-end 90 days	2.23%
7	ASKEYJS	UNI	c	Sales	18,833,623	Month-end 90 days	4.34%
7	ASKEYJS	LP	c	Sales	7,630,007	Month-end 90 days	1.76%
7	ASKEYJS	OB	c	Sales	875,346	Month-end 90 days	0.20%
8	AAEON	AAEONEU	c	Sales	280,378	Month-end 60 days	0.06%
8	AAEON	ONYX	c	Sales	123,336	Month-end 30 days	0.03%
8	AAEON	AAEONSZ	c	Sales	221,456	Month-end 60 days	0.05%
8	AAEON	AAEONEI	c	Sales	560,400	Month-end 60 days	0.13%
8	AAEON	ONYXHU	c	Sales	195,506	Month-end 60 days	0.05%
9	ONYX	ONYXHU	c	Sales	269,997	Month-end 90 days	0.06%
10	ACSH	ACCQ	c	Maintenance revenue	180,525	Paid within 30 days after receipt of invoice	0.04%
11	ACH	ASGL	c	Maintenance revenue	556,386	Pay on delivery	0.13%
11	ACH	ASGL	c	Marketing support revenue	42	Pay on delivery	0.00%
12	ACCZS	ASGL	c	Maintenance revenue	461,260	Pay on delivery	0.11%
12	ACCZS	ASGL	c	Marketing support revenue	31	Pay on delivery	0.00%
13	ACF	ASGL	c	Marketing support revenue	341,317	Pay on delivery	0.08%
14	ACG	ASGL	c	Marketing support revenue	565,089	Pay on delivery	0.13%
14	ACG	ASGL	c	Maintenance revenue	58	Pay on delivery	0.00%
15	ACHK	ASGL	c	Maintenance revenue	11,764	Pay on delivery	0.00%
15	ACHK	ASGL	c	Marketing support revenue	151,170	Pay on delivery	0.03%
16	ACIN	ASGL	c	Maintenance revenue	203,731	Pay on delivery	0.05%
16	ACIN	ASGL	c	Marketing support revenue	22,675	Pay on delivery	0.01%
17	ACPL	ASGL	c	Marketing support revenue	112,652	Pay on delivery	0.03%
18	ACUK	ASGL	c	Marketing support revenue	215,170	Pay on delivery	0.05%
19	ACVN	ASGL	c	Maintenance revenue	31,011	Pay on delivery	0.01%
19	ACVN	ASGL	c	Marketing support revenue	91,280	Pay on delivery	0.02%
20	ACSZ	ASGL	c	Service revenue	1,991,642	Pay on delivery	0.46%
21	ACAU	ASGL	c	Marketing support revenue	167,000	Pay on delivery	0.04%
22	ACN	ASGL	c	Marketing support revenue	270,295	Pay on delivery	0.06%
23	ACIT	ACNL	c	Marketing support revenue	278,846	Pay on delivery	0.06%
24	ACIB	ACNL	c	Marketing support revenue	156,882	Pay on delivery	0.04%
25	ACS	ASGL	c	Maintenance revenue	201,258	Pay on delivery	0.05%

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY DISCLOSE TRANSACTIONS AMOUNT OF AT LEAST NT\$100 MILLION)
DECEMBER 31, 2017

Table 8-2 (Amounts in thousands of New Taiwan dollars)

No. (Note 1)	Company Name	Related Party	Nature of Relationship (Note 2)	Intercompany Transactions			
				Financial Statements Account	Amount	Terms	Percentage of Consolidated Net Revenue or Total Assets (Note 3)
0	ASUS	ASUTC	a	Trade receivables	3,276,581	OA 90	0.95%
0	ASUS	ASGL	a	Trade receivables	63,052,049	OA 180	18.28%
0	ASUS	AAEON	a	Trade receivables	146,171	Month-end 30 days	0.04%
3	ASGL	ACCQ	c	Trade receivables	2,238,224	OA 180	0.65%
3	ASGL	ACI	c	Trade receivables	23,475,541	OA 180	6.81%
3	ASGL	ACSH	c	Trade receivables	24,981,898	OA 180	7.24%
3	ASGL	ACJP	c	Trade receivables	1,831,158	OA 120	0.53%
3	ASGL	ASIN	c	Trade receivables	2,421,915	OA 180	0.70%
3	ASGL	ACMH	c	Trade receivables	1,228,306	OA 180	0.36%
3	ASGL	ACNL	c	Trade receivables	4,888,718	OA 180	1.42%
4	ASKEY	LP	c	Trade receivables	540,208	Month-end 90 days	0.16%
4	ASKEY	ASKEYI	c	Trade receivables	128,983	Month-end 90 days	0.04%
5	UNI	ASKEY	c	Trade receivables	4,177,530	Month-end 90 days	1.21%
6	LP	ASKEYJS	c	Trade receivables	2,008,196	Month-end 90 days	0.58%
7	ASKEYJS	UNI	c	Trade receivables	4,160,937	Month-end 90 days	1.21%
7	ASKEYJS	LP	c	Trade receivables	1,465,398	Month-end 90 days	0.42%
7	ASKEYJS	OB	c	Trade receivables	127,952	Month-end 90 days	0.04%
1	OB	ASUS	b	Trade receivables	187,635	Month-end 60 days	0.05%
20	ACSZ	ASGL	c	Trade receivables	673,195	Pay on delivery	0.20%

Note 1 : ASUS and its subsidiaries are coded as follows:

- a. ASUS is coded 0.
- b. The subsidiaries are coded consecutively beginning from 1 in the order presented in the table above.

Note 2 : Transactions are categorized as follows:

- a. The parent company to subsidiary.
- b. Subsidiary to parent company.
- c. Subsidiary to subsidiary.

Note 3 : Regarding percentage of transaction amount to consolidated net revenues or total assets, it is computed based on period-end balance of transaction to consolidated total assets for balance sheet accounts and based on accumulated transaction amount for the period to consolidated net revenue for income statement accounts.

Note 4 : Only disclose sales and accounts receivables side information for intercompany relationships and significant intercompany transactions.

Corresponding purchase and accounts payables information was not be elaborated any further.

Note 5 : Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2017 to December 31, 2017, otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period.

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NAMES, LOCATIONS, AND RELATED INFORMATION OF INVESTEEES OVER WHICH THE COMPANY EXERCISES SIGNIFICANT INFLUENCE
(EXCLUDING INFORMATION ON INVESTMENT IN MAINLAND CHINA)
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 9

(Amounts in thousands of New Taiwan dollars)

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
ASUS	ACI	U.S.A	Selling of 3C products in North America	13,320	13,320	50,000	100.00	-	(431,645)	(431,645)	Note 2 and 4
ASUS	ASUTC	Taiwan	Selling of 3C products in Taiwan	204,244	204,244	19,000,000	100.00	137,732	251,815	251,815	Note 1 and 2
ASUS	ACH	Netherlands	Repairing of 3C products	37,821	37,821	3,000,000	100.00	194,000	10,452	10,452	Note 2
ASUS	AIL	Cayman Islands	Investing in 3C and computer peripheral business	3,281,057	3,281,057	89,730,042	100.00	36,050,354	826,321	826,321	Note 1 and 2
ASUS	AHL	Cayman Islands	Investing in computer peripherals business	662,434	662,434	20,452,104	100.00	601,961	(46,132)	(46,132)	Note 2
ASUS	ASKEY	Taiwan	Designing, manufacturing, repairing and selling of communication products and computer peripheral spare parts	5,021,108	5,021,108	480,000,000	100.00	5,433,871	(1,055,389)	(1,051,298)	Note 2
ASUS	HCVC	Taiwan	Investing in computer peripherals business	1,100,000	1,100,000	114,500,000	100.00	1,687,469	104,858	104,858	Note 2
ASUS	HMI	Taiwan	Investing in computer peripherals business	680,000	680,000	68,000,000	100.00	1,032,224	85,060	85,060	Note 2
ASUS	AGA	Taiwan	Designing and selling of computer peripheral and smart vacuums	140,000	140,000	14,000,000	100.00	25,407	(5,291)	(5,291)	Note 2
ASUS	ASGL	Singapore	Selling of 3C products	838,070	838,070	28,000,000	100.00	26,421,777	7,527,729	8,367,543	Note 2
ASUS	ADI	Singapore	Investing in computer peripherals business	25,290	25,290	830,001	100.00	6,149	(1,213)	(1,213)	Note 2
ASUS	ACJK	Indonesia	Selling of 3C products in Indonesia	60,840	-	2,000	100.00	52,318	(6,389)	(6,389)	Note 2
ASUS	ASUSCLOUD	Taiwan	Selling and consulting of internet service	450,278	450,278	45,027,789	90.06	49,484	(76,593)	(68,976)	Note 2
ASUS and HCVC	ASINT	Taiwan	Selling, designing and manufacturing of memory module which apply to low-end, mid-end and high-end segmentation	87,500	87,500	7,875,000	24.83	-	-	-	Note 2
ASUS and HCVC	SWI	Taiwan	Developing, selling and consulting of information system software	72,146	72,146	5,469,750	51.00	84,437	(8,875)	(4,526)	Note 2
ASUS and HCVC	IUT	Taiwan	Developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	123,227	123,227	11,402,092	56.73	57,515	(31,617)	(17,936)	Note 2
ASUS and HCVC	ACBT	Indonesia	Selling of 3C products in Indonesia	273,775	-	1,000,000	100.00	257,619	(1,291)	(1,291)	Note 2
ASUS · HCVC and HMI	ASMEDIA	Taiwan	Designing, developing and manufacturing of high-speed analog circuit	342,673	342,673	31,775,315	53.11	909,273	432,098	176,740	Note 2
ASUS · HCVC and HMI	EMC	Taiwan	Designing, manufacturing and selling of computer peripheral spare parts	82,297	82,297	6,429,548	20.69	115,372	120,716	9,009	Note 2
ASUS · HCVC and HMI	AAEON	Taiwan	Manufacturing and selling of industrial computers and computer peripherals	3,357,568	3,357,568	60,474,000	56.63	4,238,679	560,197	239,210	Note 2
ASUS · HCVC and HMI	JPX	Taiwan	Designing and selling of computer peripheral spare parts	20,000	20,000	2,000,000	28.57	4,145	(7,362)	(1,094)	Note 2
ASUS · HCVC and HMI	UPI	Taiwan	Designing, developing and selling of integrated circuits	637,128	637,128	35,561,053	52.03	408,652	99,833	37,237	Note 2
ASUS · HMI and AAEON	ONYX	Taiwan	Designing, manufacturing and selling of medical computers	117,680	118,580	11,176,168	55.86	476,343	115,911	6,489	Note 2 and 5
ASKEY	ASKEYI	U.S.A	Selling and servicing of communication products	307,607	307,607	10,000,000	100.00	206,443	(44,433)	-	Note 3
ASKEY	DIC	British Virgin Islands	Investing in communication business	271,695	271,695	8,160,172	100.00	1,656	20,388	-	Note 3
ASKEY	MIC	British Virgin Islands	Investing in computer peripherals business	3,832,534	3,832,534	117,525,738	100.00	3,913,186	(27,329)	-	Note 3
ASKEY	ECOLAND	Taiwan	Green energy industry	21,840	21,840	780,000	33.91	11,260	(20,316)	-	Note 3
DIC	ASKEYVN	Vietnam	Manufacturing and selling of communication products	170,660	184,939	2,883,359	100.00	75,727	1	-	Note 3
DIC	WISE	Hong Kong	Investing in communication and computer peripherals business	40,221	43,586	1,600,000	100.00	-	20,329	-	Note 3 and 4
MIC	MAGICOM	Cayman Islands	Investing in communication business	2,709,053	2,935,718	91,030,000	100.00	3,899,097	8,541	-	Note 3
MIC	OB	British Virgin Islands	Selling of communication products and computer peripherals	1,488	1,613	50,000	100.00	32,806	-	-	Note 3
MIC	LP	Mauritius	Selling of communication products and computer peripherals	1,489,488	1,614,113	50,050,000	100.00	-	(22,570)	-	Note 3 and 4
MIC	UNI	Mauritius	Selling of communication products and computer peripherals	1,488	1,613	50,000	100.00	19,308	-	-	Note 3
MIC	ASKEYCG	Germany	Selling and servicing of communication products	3,894	4,220	100,000	100.00	3,402	15	-	Note 3
MIC	ASKEYTH	Thailand	Intelligent energy-savings service	1,866	-	20,000	100.00	1,538	(293)	-	Note 3
MIC and OB	ASKEYBR	Brazil	Servicing of communication products	13,385	14,505	1,500,000	100.00	4,356	(6,969)	-	Note 3
ASKEY and WISE	SILIGENCE	France	Selling and servicing of communication products	176,873	43,452	4,623,090	95.95	138,605	27,298	-	Note 3
IUT	IUTS	Samoa Islands	Investing in ink-jet print heads and ink-jet digital image output technology business	-	-	-	100.00	-	-	-	Note 3
AGA	AGAHK	Hong Kong	Investing in computer peripherals business	-	71,794	18,820,000	100.00	-	(2)	-	Note 3

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
AAEON	AAEONEI	U.S.A	Selling of industrial computers and computer peripherals	145,824	158,025	490,000	100.00	160,704	(21,414)	-	Note 3
AAEON	AAEONDI	British Virgin Islands	Investing in industrial computers and computer peripherals business	19,636	18,375	50,000	100.00	42,459	(4,288)	-	Note 3
AAEON	AAEONTCL	British Virgin Islands	Investing in industrial computers and interface cards business	262,099	291,468	8,807,097	100.00	272,394	4,496	-	Note 3
AAEON	AAEONEU	Netherlands	Selling of industrial computers and computer peripherals	3,557	3,390	-	100.00	47,162	6,746	-	Note 3
AAEON	AAEONI	Taiwan	Investing in industrial computers and computer peripherals business	150,000	150,000	15,000,000	100.00	119,774	369	-	Note 3
AAEON	LITEMAX	Taiwan	Selling of computer peripherals	70,218	70,218	5,015,050	14.58	85,772	90,259	-	Note 3
AAEONDI	AAEONSG	Singapore	Selling of industrial computers and computer peripherals	12,986	9,782	465,840	100.00	42,399	(1,579)	-	Note 3
AAEONEU	AAEONG	Germany	Selling industrial computers and computer peripherals	10,671	10,170	-	100.00	15,985	1,950	-	Note 3
ONYX	ONYXHU	U.S.A	Selling of medical computers and peripherals	59,520	64,500	200,000	100.00	62,457	9,011	-	Note 3
ONYX	ONYXHE	Netherlands	Marketing support and repairing of medical computers and peripherals	3,557	3,390	100,000	100.00	9,849	1,455	-	Note 3
UPI	UBIQ	Taiwan	Designing, developing and selling of integrated circuits	190,784	190,784	20,000,000	100.00	191,304	(12,494)	-	Note 3
UPI	UPIHK	Hong Kong	Investing in integrated circuits technical support consulting service business	133,561	97,088	4,350,000	100.00	8,721	(30,772)	-	Note 3
UBIQ	JPDJP	Japan	Designing and developing of integrated circuits	18,005	18,005	1,400	100.00	23,878	2,185	-	Note 3
ASUSCLOUD	ASUSCLOUDSG	Singapore	Investing in internet service business	19,935	19,935	-	100.00	308	(418)	-	Note 3
ASUSCLOUD	ASUSCLOUDLB	Luxembourg	Providing maintenance and operating service for information hardware	18,065	18,065	-	100.00	2,739	403	-	Note 3
ASUSCLOUD	ASUSLC	Taiwan	Selling of internet information service	5,000	5,000	500,000	50.00	2,989	(1,738)	-	Note 3
AIL	DDL	British Virgin Islands	Investing in computer peripherals business	339,919	368,360	11,422,000	100.00	343,473	3,525	-	Note 3
AIL	CHANNEL	British Virgin Islands	Investing in 3C business	893,782	968,564	30,033,000	100.00	35,683,707	785,291	-	Note 3
AIL	UHL	Cayman Islands	Investing in automotive electronics and computer peripherals business	193,440	209,625	6,500,000	100.00	76,872	(2,029)	-	Note 3
AIL	POTIXC	Cayman Islands	Designing and training of WEB application software	29,760	32,250	5,000,000	22.22	24,376	13,840	-	Note 3
CHANNEL	ASTP	Singapore	Investing in 3C business	892,874	967,581	44,419,424	100.00	40,072,909	(265,712)	-	Note 3
CHANNEL and ASTP	ACAE	United Arab Emirates	Marketing support and repairing of 3C productsin Middle East	4,104	4,448	5	100.00	12,265	1,925	-	Note 3
CHANNEL and ASTP	ACEG	Egypt	Marketing support of 3C productsin Egypt	744	807	-	100.00	1,708	(93)	-	Note 3
CHANNEL and ASTP	ASID	Indonesia	Repairing of 3C products in Asia-pacific and America	44,640	48,375	1,500,000	100.00	38,024	548	-	Note 3
CHANNEL 、ASTP and ACNL	ACTH	Thailand	Marketing support of 3C products in Thailand	14,059	15,235	20,000	100.00	16,619	2,216	-	Note 3
ASTP	ACG	Germany	Selling and marketing support of 3C products in Germany	2,819	3,055	-	100.00	138,021	12,708	-	Note 3
ASTP	ACF	France	Marketing support of 3C products in France	1,484	1,608	5,300	100.00	42,380	9,199	-	Note 3
ASTP	ACUK	U.K.	Marketing support of 3C products in United Kingdom	2,685	2,910	50,000	100.00	36,927	4,321	-	Note 3
ASTP	ACHK	Hong Kong	Marketing support and repairing of 3C products in Hong Kong	1,915	2,075	500,000	100.00	8,167	1,047	-	Note 3
ASTP	ACKR	South Korea	Marketing support and repairing of 3C products in South Korea	10,295	40,432	158,433	100.00	48,028	10,347	-	Note 3
ASTP	ACSG	Singapore	Repairing of 3C products in Singapore	377	409	20,002	100.00	8,473	6,656	-	Note 3
ASTP	ACPL	Poland	Marketing support of 3C products in Poland	482	523	1,000	100.00	51,282	2,612	-	Note 3
ASTP	ACIN	India	Marketing support and repairing of 3C products in India	246,040	266,626	20,134,400	100.00	291,333	69,709	-	Note 3
ASTP	ACNL	Netherlands	Selling of 3C products	17,325	18,775	375,000	100.00	675,569	235,116	-	Note 3
ASTP	ACVN	Vietnam	Repairing of 3C products in Vietnam	2,381	2,580	-	100.00	12,993	1,947	-	Note 3
ASTP	ACIT	Italy	Marketing support of 3C products in Italy	545,988	591,671	-	100.00	20,956	4,010	-	Note 3
ASTP	ACIB	Spain	Marketing support of 3C products in Spain	18	19	3,000	100.00	34,798	2,161	-	Note 3
ASTP	ACJP	Japan	Selling of 3C products in Japan	72,841	78,936	20,500	100.00	173,890	94,445	-	Note 3
ASTP	ACCZ	Czech Republic	Marketing support of 3C products in Czech Republic	2,466	2,672	-	100.00	14,333	492	-	Note 3
ASTP	ASAU	Australia	Repairing of 3C products in Australia	28,727	31,131	950,000	100.00	33,154	(12,994)	-	Note 3
ASTP	ACAU	Australia	Marketing support of 3C products in Australia	10,738	11,636	350,000	100.00	46,512	10,124	-	Note 3
ASTP	ACIL	Israel	Marketing support of 3C products in Israel	387	419	50,000	100.00	2,371	1,136	-	Note 3
ASTP	ACCO	Colombia	Marketing support of 3C products in Colombia	893	968	74,489	100.00	99	(584)	-	Note 3
ASTP	ACZA	South Africa	Marketing support and repairing of 3C products in Africa	2	-	1,000	100.00	3,763	2,381	-	Note 3
ASTP	ACMY	Malaysia	Marketing support and repairing of 3C products in Malaysia	3,478	-	500,000	100.00	16,775	1,849	-	Note 3
ASTP and ACH	ACCZS	Czech Republic	Repairing of 3C products in Europe	8,532	9,242	-	100.00	83,396	4,814	-	Note 3
ASTP and ACNL	ACPE	Peru	Marketing support of 3C products in Peru	12	13	1,000	100.00	2,045	822	-	Note 3

Investor Company	Investee Company	Location	Main Businesses	Original Investment Amount		Balance as of December 31, 2017			Net Income (Losses) of the Investee	Share of Profits/Losses of Investee	Note
				December 31, 2017	December 31, 2016	Shares	Percentage of Ownership	Carrying Value			
ASTP and ACNL	ACMH	Mexico	Selling of 3C products in Mexico	113,075	122,395	51,120	100.00	-	1,109	-	Note 3 and 4
ASTP and ACNL	ACBZ	Brazil	Selling of 3C products in Brazil	5,866,044	6,356,810	549,469,000	100.00	4,852,293	469,753	-	Note 3
ASTP and ACNL	ASIN	India	Selling of 3C products in India	201,698	218,574	33,500,000	100.00	-	(56,888)	-	Note 3 and 4
ASTP and ACMH	ACMX	Mexico	Marketing support of 3C products in Mexico	302	328	132	100.00	4,055	747	-	Note 3
ACNL	ACHU	Hungary	Marketing support and repairing of 3C products in Hungary	1,778	1,695	-	100.00	8,162	843	-	Note 3
ACNL	ACPT	Portugal	Marketing support of 3C products in Portugal	1,067	1,017	30,000	100.00	9,838	826	-	Note 3
ACNL	ACCH	Switzerland	Marketing support of 3C products in Switzerland	8,128	7,747	3,400	100.00	21,806	1,355	-	Note 3
ACNL	ACN	Sweden	Marketing support of 3C products in North Europe	1,133	1,080	3,000	100.00	54,654	5,665	-	Note 3
UHL	UEI	Taiwan	Manufacturing and selling of automotive electronics and computer peripherals	191,884	207,939	21,300,000	100.00	76,830	(2,010)	-	Note 3
AHL	NEXTS	Cayman Islands	Investing in cloud computing service business	87,886	87,886	8,560,974	43.48	76,949	(19,176)	-	Note 3

Note 1 : Original investment amount excludes other interest oriented from shareholders' stock trust which distributes to employees.

Note 2 : Only disclose the share of profits/losses of investee recognized by ASUS.

Note 3 : According to regulation, the share of profits/losses of the investee company is not reflected herein.

Note 4 : Credit balance of investments accounted for under equity method is transferred to other liabilities - non-current.

Note 5 : Percentage of ownership represents controlling ratio not consolidated shareholding percentage.

Note 6 : Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2017 to December 31, 2017,

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INFORMATION ON INVESTMENTS IN MAINLAND CHINA
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 10

(Amounts in thousands of New Taiwan dollars and foreign currencies)

Investee Company	Main Businesses	Total Amount of Paid-in Capital	Method of Investment (Note 1)	Beginning Balance of Accumulated Outflow of Investment from Taiwan	Investment Flows		Ending Balance Accumulated Outflow of Investment from Taiwan	Net Income (Losses) of the Investee Company	Percentage of Ownership	Investment Income (Loss) Recognized in Current Period (Note 2 b 、 c)	Carrying Amount as of December 31, 2017 (Note 2 b 、 c and 3)	Ending Balance of Accumulated Inward Remittance of Earnings	Note (Note 1 b)
					Outflow	Inflow							
ACSH	Selling of 3C products in China	241,056	b	241,056	-	-	241,056	(495,806)	100.00	(495,806)	-	-	ASTP Invested
ACS	Repairing support of 3C products	59,520	b	59,520	-	-	59,520	3,046	100.00	3,046	66,519	-	ASTP Invested
ACSZ	Researching and developing of 3C products	1,458,240	b	1,458,240	-	-	1,458,240	288,758	100.00	288,758	2,830,053	-	ASTP Invested
ACCQ	Selling of 3C products in China	2,053,440	b	2,053,440	-	-	2,053,440	472,997	100.00	472,997	4,925,987	-	ASTP Invested
ACISZ	Leasing real estate	488,508	c	-	-	-	-	(2,650)	100.00	(2,650)	463,885	-	-
ASKEYSH	Developing and selling of communication products	89,280	b	89,280	-	-	89,280	(6,122)	100.00	(6,122)	6,223	-	MIC Invested
ASKEYJS	Manufacturing and selling of communication products	2,678,400	b	2,678,400	-	-	2,678,400	7,179	100.00	7,179	3,769,597	-	MAGICOM Invested
ASKEYMWJ	Manufacturing and selling of communication products	89,280	b	89,280	-	-	89,280	1,123	100.00	1,123	93,412	-	MAGICOM Invested
AAEONSZ	Manufacturing and selling of industrial computers and interface cards	258,622	b	258,622	-	-	258,622	4,786	100.00	4,786	276,116	-	AAEONTCL Invested
ONYXSH	Selling of medical computers and peripherals	44,640	a	20,832	23,808	-	44,640	(10,141)	100.00	(10,141)	10,366	-	-
EMES	Selling and consulting of information system software	8,928	a	8,928	-	-	8,928	718	100.00	718	10,266	-	-
UPISZ	Marketing support and technical service of integrated circuits	8,184	b	8,184	9,130	-	17,314	(2,999)	100.00	(2,999)	7,890	-	UPIHK Invested
9SKY HANGZHOU	Manufacturing and serving of data storage media	89,280	c	5,102	-	-	5,102	-	5.71	-	-	-	-
9SKY SHANGHAI	Manufacturing and serving of data storage media	29,760	c	1,358	-	-	1,358	-	5.71	-	-	-	-
EOSTEK SHENZHEN	Smart TV and projector platform service	208,320	c	53,330	-	-	53,330	-	14.95	-	-	-	-

Company Name	Ending Balance of Accumulated Investment in Mainland China	Investment Amounts Authorized by Investment Commission, MOEA	Upper Limit on Investment Authorized by Investment Commission, MOEA
ASUS	4,425,384 USD 148,702	5,806,248 USD 195,102	105,086,511
ASKEY	3,243,840 USD 109,000	3,243,840 USD 109,000	3,260,313
AAEON	258,622 USD 8,690	258,622 USD 8,690	2,799,146
SWI	8,928 USD 300	10,118 USD 340	98,138
UPI	17,112 USD 575	17,112 USD 575	471,242
ONYX	44,640 USD 1,500	44,640 USD 1,500	522,180

Note 1 : The methods for engaging in investment in Mainland China include the following:

- Direct investment in Mainland China.
- Indirectly investment in Mainland China through companies registered in a third region (Please specify the name of the company in third region).
- Other methods.

Note 2 : The investment income (loss) recognized in current period:

Please specify no investment income (loss) has been recognized due to the investment is still during development stage.

The investment income (loss) were determined based on the following basis:

- The financial report was audited and certified by an international accounting firm in cooperation with an R.O.C. accounting firm.
- The financial statements was audited and certificated by independent auditors of the parent company in Taiwan.
- Others.

Note 3 : Credit balance of investments accounted for under equity method of ACSH is transferred to other liabilities - non-current.

Note 4 : AGASZ completed the liquidation procedures and cancelled business registration in the first quarter of 2017.

Note 5 : ASUSCLOUDTJ completed the liquidation procedures and cancelled business registration in the fourth quarter of 2017.

Note 6 : Amount denominated in foreign currencies related to income and expenses in this table are re-translated at average exchange rates from January 1, 2017 to December 31, 2017, otherwise are re-translated at the exchange rates prevailing at the end of the financial reporting period.