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ASUSTeK Computer Inc.

2016 ANNUAL REPORT

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I. Letter to Shareholders

Dear Shareholders:

Thank you for your long-term support.

In 2016 the world experienced significant changes due to shifts in major economies and political conflicts. In this climate, large international organizations also faced changes that were the result of evolving economic, monetary and trade policies. Despite these challenges, ASUS remained focused on maintaining steady operations and committed to improving efficiency and expanding our product portfolio. In terms of operational management, we continued to enhance internal communication and collaboration between departments, to create a more flexible and agile response mechanism for adapting to sudden market changes. In terms of product management, we pursued evolutionary innovation across existing product lines, to answer demands of the market. While maintaining a focus on providing the best user experiences, we also emphasized product planning and worked to further develop our product portfolio and brand value.

In developing new products, ASUS has continued to strive to achieve revolutionary innovation. Our five- and 10-year plans include a focus on *Design Thinking* to guide development of a variety of consumer-centric hardware and software solutions. Establishing new services and ecosystems will require long-term effort. As we identify exciting new opportunities and assess risks, we will continue to strengthen core competencies and steadily implement strategic growth initiatives.

This past year, ASUS ranked No. 1 in the Ministry of Economic Affairs' 2016 Taiwan Global Brands Value Survey. This was the fourth consecutive year that ASUS was named the most valuable international brand in Taiwan. Our leadership in the development of innovative motherboards and new form factor laptops, as well as the 10-year anniversary of our successful Republic of Gamers (ROG) sub-brand, are the result of continuous efforts made by our employees. We are also truly grateful for the loyalty and support we continue to receive from ASUS users around the globe. Going forward, our goal is to continue to develop innovative smartphones, robots and other products that deliver the best user experiences.

Operating results for 2016, and the business outlook for 2017, are summarized as follows:

Financial Performance

The 2016 ASUS Group consolidated revenue totaled NT$466.8 billion, a one percent decrease compared to 2015; the net profit after tax was NT$19.6 billion, of which the net profit attributable to owners of the parent company was NT$19.2 billion, an increase of 12% compared to 2015; EPS was NT$25.85. In terms of brand operation, the combined revenue of ASUS brands in 2016 was NT$428.7 billion (unaudited); the operating income was NT$17.4 billion (unaudited). Mobile computing products were in the adjustment period in 2016 in response to market changes. Due to changes in the industry, sales of tablet products weakened, while sales of motherboard and computer products were slightly better than 2015 or remained stable; however, our position in the industry remains positive and stable.

Awards

ASUS was honored with 4,385 international awards in 2016. These awards acknowledge our forward-looking design, brand image, customer experience and satisfaction, corporate social responsibility and environmental sustainability.

In 2016, ASUS was once again ranked No. 1 in the Ministry of Affairs' Taiwan Global Brands Value Survey, acknowledging the Company as the most valuable international brand in Taiwan for the fourth consecutive year, with a brand value of US$1.75 billion.

ASUS won the Innovation Luminary Award at the Luminary Awards 2016, which were held by Channel

NewsAsia (CNA) in Singapore. ASUS also won the 2016 National Sustainable Development Award in the Enterprise category, as presented by the Executive Yuan. The award recognized our commitment to energy conservation and environmental protection, green innovation, socially responsible supply chain management, employee care, and corporate social participation in relation to the economy, environment, society and all other aspects of sustainable development.

Product Innovation

Innovation is part of the ASUS DNA. Based on people-oriented *Design Thinking* and inspired by our *In Search of Incredible* brand spirit, our innovative products have won Taiwan Excellence Awards for several consecutive years, as well as four Best Choice Awards, 12 Computex d&i Awards, eight CES Innovation Awards, 15 iF Product Design Awards, and nine Good Design Awards. Our excellence in innovation and design is internationally recognized.

In diverse product areas, ASUS innovation continues to impress. In 2016, ASUS launched the ultimate ZenFone 3 series, which includes ZenFone 3 and ZenFone 3 Deluxe, with an invisible antenna and an all-metal body; ZenBook 3, an ultra-slim, high-performance laptop; and Transformer 3 and Transformer 3 Pro, 2-in-1 convertible devices. We also introduced ZenFone AR, the first smartphone with both Tango AR and Daydream VR support; ZenFone 3 Zoom, an innovative smartphone with dual cameras and TriTech autofocus; the fastest and most complete motherboard lineup in the industry; ROG Matrix, a flagship gaming graphics card; ROG Avalon, an innovative gaming prototype; ROG GX800, the world's first liquid-cooled gaming laptop; Designo Curve MX34VQ, an innovative curved display; and the revolutionary Zenbo, the first ASUS robot for the home, which is a learning companion, a household helper and smart butler for every family.

Business Outlook

Looking ahead, we see a range of economic variables that will continue to shape markets in 2017. Monetary easing policies, potential inflation, and competition and collaboration between large economies will be carefully monitored. As demand for PC products in developed countries seems to be gradually stabilizing, there are still a number of variables at work in emerging markets. For example, new PC products such as gaming laptops and ultrabooks continue to create new demand. With these factors in mind, ASUS will set appropriate business goals and manage resource allocation to suit various markets and product segments. To compete in a stagnating mobile computing market, we will focus on delivering high-quality products that answer the demands of consumers. With our industry-leading product lines, such as motherboards and gaming solutions, we will strive to build on our competitive advantages. In addition to maintaining and improving our comprehensive product portfolio, we will focus on long-term goals. We will also continue to invest in new product lines such as Zenbo, to create a growth blueprint for the next five to 10 years. Our vision is to achieve the ultimate goal of becoming the most admired leading enterprise in the new digital era.

Again, I want to thank each of you for your ongoing support.

Sincerely yours,

Jonney Shih

Chairman

II. Introduction of the Company

I. Establishment date: April 2, 1990

II. Development history

April 1990	ASUS was incorporated at 2F, 14-2, Sec. 2, Chung-Young S. Road, Beitou District, Taipei City and collected a paid-in capital of NT$30 million.
April 1990	Became a direct customer of Intel (U.S.A.)
May 1990	Cache 386/33 and 486/25 personal computer motherboards were popular. 486/25 was market launched with IBM and ALR synchronously and it was the milestone of computer development in Taiwan.
May 1990	Expanded the facilities (instruments and equipment) of R&D department and , as the facilities expanded, recruited R&D talent for the development of EISA 486 motherboard.
July 1990	ASUS completed the registration of the manufacturing facility and initiated production. The quality products made in-house were successful.
October 1990	The head office and manufacturing facilities were relocated to 4F, 10, Alley 25, Lane 425, Sec. 4, Chung-Young N. Road (changed name to “Li-Te Road” by Taipei City Government in 1993) with an area of 602 pings due to business expansion.
November 1990	EISA 486 motherboard, officially market-launched and shown at the COMDEX exhibition in early November, became a market-leading product.
December 1990	Increased the paid-in capital to NT$80 million by cash capitalization for an amount of NT$50 million.
December 1990	Generated sales revenue of NT$230 million in the first year of incorporation with 16.01% net income for an amount of NT$36.82 million.

January 1991	The 286 and 386SX models were popular in 1990 while the 486-mother board technology was difficult and expensive. ASUS was in control of advanced product technology and marketing. The market demand for advanced motherboard was growing this year.
March 1991	The profit of 486 in this month exceeded the profit of 386 for the first time, meaning that the 486 advanced products had become the major product of the company.
April 1991	Depth was added to the management team with multiple marketing and sales talents recruited by the company to reinforce marketing capability.
August 1991	The sales of high-unit-price EISA 486 product were satisfactory and this product helped the company generate millions of dollars of profit.
December 1991	INTEL (USA) provided the company with O/A credit five times over the original quota.
December 1991	Increased the paid-in capital to NT$150 million with retained earnings for an amount of NT$30 million and with cash for an amount of NT$40 million.
December 1991	The sales revenue of this year amounted to NT$1.399 billion and net income amounted to NT$116 million.

January 1992	Monthly production exceeded 30,000 units.
March 1992	Attended an exhibition in Hanover Germany to present the 32-bit SCSI interface EISA-SC100. The product was well received by customers as well as tech media

	reviewers, with the IC developed in-house by ASIC, the self-developed software, and the driver software.
April 1992	Signed an agreement with AWARD for software authorization.
April 1992	The business development of the company was reported by the electronic industry section of Economic Daily News.
June 1992	Sales had gone up dramatically in the year before ASUS ranked in the 372nd place of the Top 500 Industries in Taiwan by China Credit Information Service Ltd., ranked in the 193rd place by manufacturing index, and ranked in the 92nd place of information electronics by Excellence Monthly.
June 1992	Management Magazine ranked the company's Return of Net Worth in the 6th place, the company's Return of Assets in the 2nd place, the Employee's Average Earnings in the 19th place, and the Earnings per Dollar in the 10th place.
December 1992	Monthly production of motherboard and interface card exceeded 75,000 units, representing 132% growth from the same month of the prior year.
December 1992	Sales revenue for the year amounted to NT$2.18 billion representing 55.8% growth from the year before and the net income amounted to NT$205 million.

March 1993	Launched the PENTIUM (586) motherboard. ASIAN SOURCES Magazine recognized the company as one of the few manufacturers that was able to deliver this advanced 586-based mother board.
April 1993	Increased the paid-in capital to NT$199 million with cash for an amount of NT$49 million.
May 1993	Invested to set up a SMT production line.
May 1993	China Credit Information Service Ltd. had the company's business performance ranked in the 7th place of the TOP-500 Manufacturers in 1992 and the company's sales revenue ranked in the 263rd place of the TOP-500 Manufacturers.
June 1993	Increased the paid-in capital to NT$308.45 million with retained earnings. Public offering was arranged accordingly.
June 1993	Bureau of Foreign Trade MOEA ranked the company's importing/exporting business in the 168th place in 1992.
July 1993	The Ministry of Finance recognized the company as an honest taxpayer.
October 1993	The mass production of PCI486 was initiated. PCI was the new generation bus structure standard and it was a high-speed and high-tech product.
November 1993	The company and the head engineer, Mr. Ted Hsu, were awarded with the "32-bit Personal Computer Milestone Award" of "Taiwan Personal Computer Ten-year Milestone Award" that was organized by Commonwealth Magazine, co-organized by the Institute for Information Industry, and sponsored by Intel for "having high-speed 486 advanced mother board developed successfully" and for being "the first Taiwanese information business to develop the fastest personal computer synchronized with the world that has helped Taiwan open up a path to the successes and helped define the competition of speed and flexibility in technology development."
November 1993	Mass production of PCI486 and Pentium motherboard was initiated. Pentium was the new generation of CPU and the PC with the highest speed.
December 1993	The first SMT production line was completed with pilot run and put into service. Another set of SMT was acquired in response to the expansion of production.
December 1993	Sales revenue for the year amounted to NT$2.303 billion representing 5.6% growth from the year before and the net income amounted to NT$220.7 million.

January 1994	ASIAN SOURCES Magazine ranked the company's technological innovation in the first place of The TOP-10 mother board manufacturers in Taiwan and ranked the company's quality in the second place.
February 1994	C.T.Mag. (Germany) had the company's PCI rated, and with the capacity and memory of PCI Pentium and 486, the company was awarded an honorary rating.
March 1994	Attended Cebit Show in Hanover, Germany, the only motherboard manufacturer

	demonstrating successful Dual Pentium and was recognized by the industry and Intel accordingly.
May 1994	Bureau of Foreign Trade MOEA ranked the company's importing/exporting business in the 161st place in 1993.
July 1994	ASUS's initial name was Hung-Shuo Computer Inc. In July, the company officially changed the name to ASUSTeK Computer Inc.
August 1994	Increased the paid-in capital to NT$450.337 million with retained earnings.
August 1994	Set up subsidiaries in the United States and Germany for marketing, service, and repair and maintenance.
October 1994	China Development Industrial Bank became the institute shareholder of the company.
November 1994	PCI Pentium and Dual Pentium were popular in market and exceeded NT$300 million in monthly sales for the first time.
December 1994	Taipei Factory was certified with ISO 9002.
December 1994	Purchased Taoyuan Lu-Chu Plant with an area of 2,417 pings and constructed a manufacturing facility area of 1,200 level ground that was went into service in mid-1995.
December 1994	Sales revenue of the year amounted to NT$3.36 billion representing 45.9% growth from the year before, and the net income amounted to NT$756 million.

January 1995	ASIAN SOURCES Magazine had the company's quality ranked in the first place and the company's technological innovation in the first place of the Top-10 mother board manufacturers in 1994, leading ahead of both First International Computer Inc. and Acer.
May 1995	China Credit Information Service, Ltd. had the company's business performance ranked in the 5th place of the TOP-500 Manufacturers in 1994.
May 1995	The Taoyuan Lu-Chu Plant was officially put into service for production.
June 1995	Increased the paid-in capital to NT$600 million with retained earnings.
September 1995	CitiSelect Asia Tilt Growth Portfolio became the institute shareholder of the company.
October 1995	Monthly income exceeded NT$1 billion for the first time.
November 1995	Presented Pentium Pro server, work station, and motherboard.
December 1995	Sales revenue of the year amounted to NT$7.87 billion representing 134% growth from the year before and the net income amounted to NT$1.95 billion.

January 1996	Purchased the head office on Li-Te Road and the building that was rented for Taipei Plant with an area of 3,159 level ground.
April 1996	Chung-Hua Institution for Economic Research awarded the company with "Product of the Year Award" and "Enterprise of the Year Award."
June 1996	China Credit Information Service Ltd. had the company's business performance ranked in the 1st place of "The TOP-500 Manufacturers in 1995".
August 1996	SEC had the company authorized as Class II stock listing company.
August 1996	Increased the paid-in capital to NT$1.2 billion with retained earnings.
November 1996	ASUS officially went public at Taiwan Stock Exchange Corporation.
December 1996	Sales revenue for the year amounted to NT$13.327 billion, representing 69% growth from the year before, and the net income amounted to NT$3.808 billion.

January 1997	Taoyuan Lu-Chu Plant was certified with ISO-9002.
February 1997	Leased Taoyuan Nan-Kan Plant with an area of 4,400 pings ready for production.

February 1997	The ASUS P/I-P65UP5 was awarded with the "5^{th} Symbol of Excellence" award by TAITRA.
April 1997	Established the Nan-Kan Plant, with an area of 4,400 pings, right next to Lu-Chu Plant, for a total monthly production of 800,000 motherboards.
May 1997	Increased the paid-in capital to NT$3.23 billion with retained earnings and cash.
May 1997	Collected funds for US$230 million with cash in the form of overseas depository receipt GDR.
September 1997	Acquired automation SMT for expanding automatic-production scale over three times.
September 1997	Monthly income exceeded NT$2 billion for the first time.
October 1997	Purchased Quay-Sun Plant with an area of 7,900 pings for the production of new NB and CD-ROM.
November 1997	Held new product presentation including NB and CD-ROM.
December 1997	Sales revenue of the year amounted to NT$21.371 billion, representing 60.4% growth from the year before, and the net income amounted to NT$7.038 billion.

February 1998	Asiamoney recognized the company as the "Best Managed Companies in Taiwan."
April 1998	Finance Asia recognized the company as "Asia's Strongest Companies."
June 1998	Increased the paid-in capital to NT$8.115 billion with retained earnings.
June 1998	Monthly income exceeded NT$3 billion for the first time.
October 1998	Increased the paid-in capital to NT$8.135 billion with cash for an amount NT$20 million and with NT$420 million collected.
October 1998	Acquired automation SMT for expanding automatic production scale; production reaches with over one million motherboards manufactured monthly.
October 1998	Presented the lightest all-in-one NB.
November 1998	The company was certified with ISO-14000.
November 1998	Asia Week had the company ranked in the first place of The International Chinese Enterprises 500 & Top-10 Manufacturer in 1998.
November 1998	Asia Week had the company's business performance in the first three quarters of 1998 ranked in the first place of The InfoTech 100.
November 1998	Business Week (U.S.A.) had the company ranked in the 18^{th} place worldwide and the first place in Asia of The InfoTech 100.
December 1998	Completed the construction of Lu-Chu Plant with an area of 3,600 pings ready for use.
December 1998	Sales revenue for the year amounted to NT$35.2 billion representing 64.7% growth from the year before and the net income amounted to NT$11.575 billion.

March 1999	Initiated the construction of Beitou II Plant for an area of 1,453 pings planned for use.
May 1999	Ranked in the 21^{st} place of Top-1000 Manufacturers in the special issue of *Commonwealth* Magazine. Ranked in the 2^{nd} place of Top-50 Enterprises 50 for three consecutive years (2007~2009) in the special issue of *Commonwealth* Magazine. Ranked in the 6^{th} place of Top-1000 Manufacturers as the most profitable operation in the special issue of *Commonwealth* Magazine (hit the mark of NT$10 billion and become the leader of information and telecommunication industry). Ranked as one of the National Top-20 Private Businesses in the special issue of *Commonwealth* Magazine.
June 1999	China Credit Information Service Ltd. recognized the Company with the honorary citation of "1999 Taiwan TOP 500." China Credit Information Service Ltd. ranked the Company in the fourth place as the most profitable business of "1999 Taiwan TOP 500."

	China Credit Information Service Ltd. ranked the Company in the third place as the highest earnings business of "1999 Taiwan TOP 500." China Credit Information Service Ltd. ranked the Company in the third place as the best assets-management business of "1999 Taiwan TOP 500." China Credit Information Service Ltd. ranked the Company in the fourth place as the most productive employees of "1999 Taiwan TOP 500." Increased the paid-in capital to NT$11.449 billion with retained earnings.
July 1999	Presented ASUS super thin NB.
October 1999	Increased the paid-in capital to NT$11.464 billion with cash for an amount NT$15 million and with NT$300 million collected.
December 1999	Sales revenue of the year amounted to NT$49 billion representing 39.2% growth from the year before.

January 2000	Purchased the eight pieces of land of the 4th lot, Fong-Nien Lot, Beitou District, Taipei, adjacent to the head office on Li-Te road, for business expansion with an area of 7,186 level ground. Asiamoney ranked the Company in the second place of "Best Managed Companies in Taiwan."
February 2000	Presented new NB L8400.
May 2000	Completed the construction of Beitou II Plant with an unable area of 1,453 level ground.
June 2000	Increased the paid-in capital to NT$15.671 billion with retained earnings.
August 2000	Ranked in the first place of Tech 200 by Globalviews Magazine.
September 2000	China Credit Information Service Ltd. ranked the Company's business performance in the third place for Top-10 Manufacturers in 1990-1999.
October 2000	Commonwealth Magazine ranked the Company in the first place of Taiwan Electronics and in the seventh place nationwide.
November 2000	Business Week (U.S.A.) had the Company ranked the Company 44th place worldwide of The InfoTech 100.
December 2000	Sales revenue for the year amounted to NT$70.7 billion representing 44.38% growth from the year before.

March 2001	ODC (ODC refers to the certification of environmental protection without using any material hazardous to Ozone layer) was awarded to ASUS.
June 2001	Increased the paid-in capital to NT$19.769 billion with retained earnings.
June 2001	Business Weekly ranked ASUS in the 26th place of World Business 100.
November 2001	Business Week ranked ASUS in the 28th place of The InfoTech 100.
November 2001	Completed the construction of Taipei Plant with a usable area of 9,073 pings.
December 2001	Readers of PC Magazine awarded ASUS with the "Product of the Year Award" for the motherboard, NB, CD-ROM, and VGA in 2001.
December 2001	Far Eastern Economic Review ranked the quality service/product of ASUS in the fourth place.
December 2001	Sales revenue of the year amounted to NT$77.9 billion, representing 10.16% growth from the year before.

January 2002	Seventeen company products were awarded the "Symbol of Excellence" this year; therefore, the Company was the biggest winner of the 10th national "Symbol of Excellence" award.
April 2002	Recognized as the Excellent Health and Safety Institute by Taipei City

	Government.
April 2002	Ranked in the Top-10 of Manufacturers 1000 by Commonwealth Magazine, the Top-3 of computer and elements, and the Top-3 of most profitable businesses.
June 2002	Launched MyPal A600, the first PDA supporting Intel's 400MHz PXA250CPU; also, it was the most light-weight, thin, and functional pocket PC.
July 2002	Increased the paid-in capital to NT$19.988 billion with retained earnings.
October 2002	Recognized as the Excellent Health and Safety institute nationwide.
	Asia Week ranked ASUS in the Top-10 of Chinese Businesses 500.
December 2002	The Company shipped 17 million mother boards this year; therefore, one out of six computers was built with ASUS mother board.
December 2002	The consolidated income of the year amounted to NT$114.7 billion, representing a substantial growth in sales.

January 2003	Constructed Quay-Sun Plant with 16,976.8 level ground available for use.
February 2003	The design of super-thin portable dual CD-R & CD-REW SCB-2408-D was awarded by the International Forum (iF) in Germany.
March 2003	Based on the powerful R&D capability and the excellent cooperation with Intel, ASUS launched Centrino NB to great attention.
May 2003	After receiving the award of "Symbol of Excellence" with 20 citations, more than all other competitors, ASUS was awarded the "11th Branding Taiwan" with three citations, compared with most other companies. This demonstrated the high quality and reputation of ASUS and its ability to compete in the world on behalf of Taiwan.
June 2003	Purchased the assets of Elite Group in Chungli, including land, manufacturing facilities and equipment, and specific raw material through the subsidiary, ASUSALPHA COMPUTER INCORPORATION
August 2003	Increased the paid-in capital to NT$22.817 billion with retained earnings.
September 2003	Presented S200N Centrino NB; it weighed only 905g and was the lightest-weight NB in the world.
October 2003	Presented the first 3G foldable color phone J100.
November 2003	DiGiMatrix was awarded with "Taiwan Outstanding Design Award" in 2003.
December 2003	The consolidated income of the year amounted to NT$195.889 billion representing a substantial growth in sales.

April 2004	Setup TPC product line (thermal conduction, power, and chassis) to provide consumers with comprehensive system solution.
May 2004	ASUS W1 NB with built-in TV card and powerful multimedia software was market launched. The outstanding hair-like pattern design was awarded with multiple global awards.
June 2004	Presented the light-weight, big screen ASUS J101 phone.
June 2004	The industrial design team received eleven G-Mark in Japan, five iF awards and five Red Dot Design Awards in Germany.
December 2004	Awarded with 1,048 global professional media and networking awards, second to none.
December 2004	ASUS was the largest motherboard and VGA manufacturer; worldwide, one out of three computers was made with ASUS motherboards.
December 2004	The Company shipped 42 million motherboards and 7.8 million VGA in 2004.
December 2004	ASUS became the Top-10 NB brands and the Top-5 NB manufacturers.
December 2004	The consolidated income of the year amounted to NT$250.042 billion representing a substantial growth of 26% from the year of 2003.

January 2005	ASUS was the biggest winner of "Symbol of Excellence" award for two consecutive years, with all forty nominated products receiving awards.
March 2005	ASUS W1 NB was awarded by iF (Germany) with the industrial design award that was known as Oscar Award in computer business. This was the first Chinese design awarded with iF. Invested in AzureWave Technologies Inc., which became a subsidiary, to manufacture office machine, electronic components, and computer and peripheral equipment, and to conduct the wholesales and retails sales of precision instrument and camera equipment.
October 2005	ASUS successfully developed the first environment-friendly mother board in Taiwan. Invested in AMA PRECISION INC., the subsidiary, to conduct computer elements R&D.
November 2005	ASUS was awarded with thirteen awards in the 2005 "Channel Award" competition, second to none. Invested in Enertronix, Inc., which also became a subsidiary, to conduct R&D and manufacture radio receiver and wireline communication equipment.
December 2005	The Company issued 59,592,835 stock shares in exchange for 15% stock shares of Advantech Co., Ltd. for of stock exchange and strategic alliance; the Company thus entered the industrial computer field. ASUS entered CES exhibition for the first time, introducing the concept of the "digital home." W5A NB was awarded with CES Innovative Design & Technology Award. The consolidated income of the year amounted to NT$357.8 billion suggesting a substantial growth of 43.11% from the year of 2004.

January 2006	The Company and Advantech Co., Ltd. each acquired 50% shareholding of Advansus Corp. on January 3, 2006 with cash capitalization.
January 2006	The Company's R&D was trusted by the industry; ASUS AS-D770 was crowned as Top-50 Industrial Purchasers.
March 2006	The Company had stock exchanged with Askey Computer Corporation according to Merger Law with 73,662,961 shares issued for merger. Askey Computer Corporation had become a subsidiary of the Company.
March 2006	The Company had organizational structure adjustment in response to business development. Most of the BU was defined as the Business Division for the realization of process-oriented and customer-oriented services.
April 2006	ASUS W3A, W5A, and V600V were awarded with Red Dot Design Award for the outstanding function and fashionable and elegant design.
May 2006	ASUS NB W2, W3, and V6 were nominated for "iF China Design award" Top-10. This was a great achievement for the Company; evidence of ASUS's leading position of in the computer world.
June 2006	Business Weekly awarded ASUS with InfoTech 100 for eight consecutive years.
October 2006	ASUS, known for creating trust and sentiment was awarded the "2005 Top-10 Taiwan Brand Value" by Business Next Magazine.
December 2006	ASUS ATEC was awarded with the "7th Management of Technology Award" by Chinese Society for Management of Technology.
December 2006	The consolidated income for the year amounted to NT$560.235 billion representing a substantial growth of 45.49% from the year of 2005.

January 2007	ASUS worked with Automobili Lamborghini to present the ASUS Lamborghini VX series NB high-speed version.
January 2007	ASUS AS-D770 and NB were crowned as Top-50 Industrial Purchasers in 2005 by the Commercial Times newspaper in Taiwan. ASUS products were the first choice for the industry, professionals; and networking users.
February 2007	ASUS was awarded with three citations in MIS Best Choice by Institute for Information Industry: Barebones and server were ranked in the first place, and advanced NB was ranked in the second place.
March 2007	ASUS presented the first 3.5G NB in Taiwan that led consumers entering new mobile phone era.
June 2007	ASUS was awarded 39 citations in the 15^{th} Taiwanese Excellence Awards for its excellent quality and innovation; that was second to none.
June 2007	ASUS was recognized as an innovative technology company by Mercedes-Benz which co-branded the ASUS P526 "C-Class Mobile Phone" with ASUS.
July 2007	ASUS announced plans to have brand name business and OEM/ODM business divided at the press conference of SEC in July 2007. ASUS was divided into three divisions, where brand name business was the responsibility of ASUS and OEM/ODM was the responsibility of Pegatron Corporation and Unihan Corporation, as of January 1, 2008.
July 2007	ASUS was recognized by Business next Magazine as the "2007 Top-10 Brands Taiwan." with a brand value of US$1.196 billion, representing a growth of 166% from the year of 2003.
October 2007	ASUS Eee PC was launched to the market in Taiwan. ASUS Eee PC was popular worldwide and one Eee PC was sold in every five seconds.
November 2007	The environmental protection effort of ASUS was recognized for the first time; Oekom, an international reputable institute for environmental protection evaluation, ranked ASUS in first place for "2007 Environmental Protection." Also, ASUS was the first Chinese IT industry to have received such an honor in the last fifty years.
December 2007	ASUS was ranked top in the "Sustainability Award" by the Executive Yuan, presented to the Chairman of ASUS by the Minister.
December 2007	Dr. Yahya AJJ Jammeh, President of the Republic of Gambia, and his 32 officers visited the head office of ASUS and showed strong interest in Eee PC.
December 2007	Chunghwa Telecom and ASUS announced a strategic alliance to integrate the resources for the construction of a perfect digital center and get involved in charity activity with 1,000 Eee PCs donated to schools in the remote area of northern, central, southern, and eastern Taiwan to narrow down Taiwan's digital divide.
December 2007	ASUS entered the optical field for the first time through the presentation of BrightCam AF-200 and MF-200.
December 2007	The consolidated annual income amounted to NT$755.361 billion representing a substantial growth of 34.83% compared with 2006.

January 2008	ASUS brand-name business and OEM/ODM business were officially divided. The brand-name business was the responsibility of ASUS while OEM/ODM was the responsibility of Pegatron Corporation and Unihan Corporation with each company focusing on creating their own value.
March 2008	The "Dual Hundred-Million-Plan" of ASUS was to have one hundred million NTD budgeted to win over the heart of one hundred million customers. The goal was to provide professional repair and maintenance and consulting service to more customers of ASUS.
April 2008	ASUS launched the second-generation 8.9' Eee PC 900 to the market.
April 2008	Intel and ASUS held the "Recycling Computer, Project of Hope" press conference to demonstrate collaboration between businesses and their determination and enterprise actions in saving energy and recycling for the good of the earth.
April 2008	ASUS Foundation was set up integrate resources effectively, give feedback society and fulfill social responsibility.

May 2008	ASUS Computer was awarded with the 16th "Symbol of Excellence" this year and ASUS was the biggest winner. The excellent technological R&D, the humanity technology, and the innovation of ASUS resulted in fifty-one ASUS products awarded with the "Product of the year award" at the "Symbol of Excellence" this year. In particular Eee PC and R700t navigator were awarded with the "gold medal" award. Six products of ASUS were awarded with the "silver medal" awards. ASUS is second to none in the industry in the sense of quality and quantity.
June 2008	10" Eee PC1000 was launched to the market officially with great attention received from international and domestic media while attending Computex exhibition in Taipei.
July 2008	Enforced "Reverse Recycling Green Marketing Business Plan"
August 2008	ASUS was the designated hardware brand for Advanced Overlocking Championship (AOCC) in 2008, with the products receiving high praise. The combination of ASUS P5Q3 Deluxe, Striker II Extreme, and ENGTX280 had broken the record by performing successfully at the extreme temperature of 100℃ below.
October 2008	With the Eee PC market launched for one year, sales are growing worldwide; on launch, one unit was sold in every five seconds. The Eee PC has overturned the world's thinking about mobile communication, and has successfully led the minicomputer market. Eee PC is named best seller of 3C products this year by numerous international media. ASUS market-launched the state-of-the-art Eee PC S101 this month, targeting at global business commuters and fashion aficionados.
November 2008	ASUS Eee Family promoted new products including the all-in-one touch-panel screen computer Eee Top ET16 series with 15.6" touch big screen. The computer can be operated with screen touch for an effective interaction and operation with the device that is different from conventional table-top computers.
November 2008	The tough Japanese market was conquered by the easy-to-learn and easy-to-use Eee PC! According to the survey in November by the most creditable 3C survey company, Business Computer News (BCN), Eee PC was the champion in sales of Notebook and named the most popular product of the year by the Japanese lifestyle and fashion magazine DIME.
December 2008	ASUS Eee PC was named the product of the year by Forbes and Stuff Magazine in the U.K. The Japanese lifestyle and fashion magazine Dime honored Eee PC with top product. Sweeping from the west side to the east side of the Atlantic, America's benchmark on-line retailer Amazon also selected Eee PC as the most popular Christmas gift, and it was recommended by 13 different media outlets as the best gift to give. All noted how consumers loved the high mobility of the Eee PC. Spanning Japan, Taiwan, Europe and the U.S., there is no place in the world that has not felt the effect of the Eee PC.

January 2009	ASUS was ranked top by the 24th "consumers' ideal brand" survey by Management Magazine V. 451 and the "businessman's ideal brand" of Today V. 626.
February 2009	ASUS and the world leading GPS brand Garmin announced the establishment of a strategic alliance to launch a joint Garmin-ASU-brand smart phone that combines the leading smart phone and GPS technologies.
March 2009	Eee PC series had been selected the top-three models on the shopping list of the benchmark online mall "AMAZON" for multiple times. The newly launched 1000HE model of Eee PC™ had taken up the top-two spots with successful pre-order as an evidence of the popularity of Eee PC. ASUS owned the heart of American consumers with Eee PC™.
March 2009	Global design prize "Red Dot" was awarded in Germany. ASUS had been awarded "Product Design 2009 Winners" this year for five products including Eee PC S101, Eee Keyboard PC innovative computer, S121 notebook, P30 notebook, and innovative "chocolate keyboard."
April 2009	ASUS was the biggest winner in the 3rd Annual Taiwan Excellence Award

	competition for three consecutive years where a total of 53 products received the Excellence Award, including the Eee PC, which S101 was awarded the "Gold Award" this year while ASUS Bamboo U6V and P552w smart phone were awarded with "Silver Awards."
April 2009	ASUS launched the energy-saving motherboards P5Q PRO Turbo and P5Q Turbo on the Earth Day. P5Q PRO Turbo and P5Q Turbo were designed with unique Xtreme Phase power design and ASUS 2nd generation EPU smart energy-saving chips to save power consumption; They system monitors itself automatically, adjusts the power supply, reduces temperature, and increases power efficiency up to 96%.
April 2009	ASUS was held up to the world the gold standard for green products by CNN and TIME Magazine. Eee PC 1000HE was appraised by CNN in the program of "Your Green World." ASUS Bamboo U6V was awarded" "Green Design 100" by TIME Magazine for the artistic design and environmental protection value.
May 2009	ASUS introduced the thinnest mini notebook, Eee PC 1008HA Seashell! Seamless Eee PC 1008HA Seashell gave a sense of fashion, which was originated from the idea of seashell; weighted only 1.1kgs, presented a sexy, slim body only 18mm thick, and featured a 92% Baby Touch keyboard and a power-saving 10.1" LED display.
May 2009	ASUS was ranked No. 1 for "product and service quality" and "innovation" in the "Asian Business 200" by Wall Street Journal in Asia. ASUS received the highest ranking in the 3C industry under "domestic industry" in the "Asian Business 200."
June 2009	ASUS was the winner in three products including "Game Republic" ASUS G51 Notebook, digital Eee family member EeeNAS PC, and Garmin-Asus nüvifone G60 navigator mobile phone awarded in the "Best Choice of COMPUTEX."
June 2009	ASUS's pioneering motherboard was the first to pass Energy Star 5.0 certification. ASUS was certified for professional energy-saving for the second time since the initial recognition as the gold standard for green products manufacturer by CNN and TIME Magazine.
September 2009	ASUS introduced the brand new ASUS UL Series, demonstrating Turbo 33 duo-core effect, 12-hour long-lasting power, and a super-thin notebook that broke the myth of permanence and efficiency conflict and established a brand new standard for mobile computation.
October 2009	ASUS was recognized for innovation in energy-saving effort. ASUS computer was the first one in the world to receive third party validation of "Environmental Product Declaration (EPD)" and the first to win "carbon footprint (carbon neutrality)" certification. ASUS was the first enterprise in Taiwan to receive the gold environmental protection logo of EPEAT of the United States; the Company is also the first top-ten computer brand in the world to receive the "EU Flower" certification. ASUS has dedicated itself to the principles of green environment, carbon-reduction, and care for the Earth.
December 2009	The consolidated sales revenue for the ASUS Computer brand was NT$248.2 billion from the year of 2009.

January 2010	Five ASUS products were awarded with the innovation award of the CES in 2010 including ASUS Videophone Touch AiGuru SV1T Skype, ASUS MATRIX GTX285/HTDI/1GD3 video graphics array, Disney Netpal™ Eee PC MK90H notebook, ASUS MS238H super thin LED display, and ASUS RT-N16 flagship wireless router.
January 2010	ASUS P6X58D Premium was the first USB 3.0 motherboard in the world to receive USB-IF (USB Implementers Forum) certification and led consumers entering USB3.0 high-speed transmission era.
February 2010	The Company held its extraordinary shareholders' meeting on February 9, 2010, and passed a resolution for the spin-off of its ODM business. This resolution required the Company to spin off the ODM assets and business (the Company's 100%-owned long-term equity investment in Pegatron) to the Company's wholly owned existing subsidiary Pegatron International Investment Co., Ltd. Pegatron International

	Investment Co., Ltd. will issue new shares to the Company and the shareholders of the Company as consideration. The Company will have a capital reduction of $36,097,609 or a capital reduction of approximately 85%. It is expected that the Company will acquire approximately 25% of the equity in Pegatron International Investment Co., Ltd. and that the shareholders of the Company will in total acquire approximately 75% of the equity in Pegatron International Investment Co., Ltd. The spin-off date is expected to be June 1, 2010.
February 2010	ASUS introduced the first Smart3 Garmin-Asua M10, the perfect smart phone for navigation, daily life, superpower community function, and a multi-functional Windows smart phone.
February 2010	ASUS introduced the first USB 3.0 ASUS N series mobile video flagship notebook with built-in SonicMaster sound technology. It is the gold standard of mobile video and audio theater.
March 2010	ASUS was awarded with international industrial design prizes again – the chocolate keyboard was awarded with the gold medal of iF design in Germany. ASUS Eee PC™ seashell, excellent superlight US series and UX30 notebook, Eee Keyboard PC, fashionable CG 5290, super thin blue burner SBC-04D1S-U, and professional and compact P30 notebook -- seven in total -- were cited with the iF Awards product design prize. ASUS's quality in design sets the world standard again!
April 2010	Participated in Taiwan Pavilion Shanghai Expo2010 with the high-performance computer BA5190 exhibited for light screen performance, water table lamps, and window on Taiwan. The high-performance machines were used to display the beauty of Taiwan to the guests visiting the Taiwan Pavilion from all over the world.
April 2010	The 18th "Symbol of Excellence" was awarded to ASUS, the biggest winner of the year. Gold Medal was awarded to Eee Keyboard PC including five nominations of Gold Medal and 36 "Symbol of Excellence" Awards. ASUS was the biggest winner of the "Symbol of Excellence" for seven consecutive years and awarded with the "Outstanding Award" of the year.
June 2010	The G51 3D notebook of ASUS was awarded the 2010 Taipei International Computer "Product of the Year Award" and "Display & Digital Entertainment Award." Eee PC™ 1015PE was awarded the Red Dot Design Award in Germany and "Green ICT Award" at COMPUTEX 2010. AP-N53 Mini Dual Band Wireless Router won the recognition of the review panel with its light, compact, portable, and powerful network shareware. AP-N53 Mini Dual Bank Wireless Router is the Best Choice, with four awards awarded consecutively.
August 2010	ASUS marketed the "Own SonicMaster and enjoy the sound of music" SonicMaster notebook. Mr. David Lewis of Bang & Olufsen was the designer. NX90 gave not only extreme video shock but also stylish classic design elements.
August 2010	In recognition of ASUS's dedication to environmental protection, energy saving, and society involvement for years, ASUS was awarded with the 2010 Top-Ten Corporate Citizenship Award by *CommonWealth* Magazine.
September 2010	ASUS was awarded with the Top-Three Brands of the "2010 Top-Ten Taiwan Brands" by the MOEA, Foreign Trade Association, and Interbrand. The overall brand value had increased up by 5% from the year of 2009 for a record high of US$1.285 billion.
September 2010	Twelve products of ASUS were awarded with G-Mark Design Award in Japan including six notebooks, four Eee PC notebooks, and one monitor and motherboard.
October 2010	ASUS constructed "Florabot" technology view for the four chambers of the dream house at "Taipei Expo2010."
December 2010	ASUS was recognized in the category of industrial design and visual communication design for the Eee PC 1008P KR and NX90 screensaver at the 2010 "Golden Pin."
December 2010	Brand sales in 2010 amounted to NT$321.3 billion.

January 2011	ASUS was the largest winner at CES, recognized with eight CES product innovation awards. ASUS outperformed others in the fields of personal electronics, computer hardware, home network, and digital audio, evidence of ASUS's leading role in digital life.

January 2011	ASUS was recognized with eight awards at iF Product Design in Germany, and was the biggest winner of the year. The winning products included Rampage III Extreme motherboard, Eee Note, Eee PC KR, SBW-06C2S-U Burner, RT-N56U wireless router, game notebook G53/G73, N-series audio notebook, and U36 Ultrathin notebook.
March 2011	ASUS introduced the Eee Pad Transformer of Android® 3.0 operating system. The Eee Pad Transformer featured the "deformation" function. Eee three-in-one base and multiple expansions, superior to any other TabletPC in market. Transformer also includes (USB 2.0/SD/micro SD slot) and 16-hour UPS.
March 2011	The first green brands chart was introduced in Taiwan, with a focus on ten industries and 155 brands to encourage the green brands for the good of the society taking as a whole. ASUS outperformed others and was recognized in the category of information industry with the "Super Green" award.
April 2011	ASUS participated in the largest design convention in the world: The design week in Milano Italy with the theme of "Senses Remix" embracing all kinds of sensory experience, directing visitors to explore how technology enrich hearing sense, sense of sight, and sense of touch. The exhibition center was the best ever. ASUS was on the Top-Ten list of the Elita Award.
April 2011	The Gold Medal and Silver Medal of the 19th "Symbol of Excellence" were awarded to the 45 products of ASUS, the biggest winner of the year.
April 2011	The 2011 Energy Star Certification was held in Washington D.C. in the United States. ASUS was awarded with "Excellence in Efficient Product Design". The exclusive ASUS developed Super Hybrid Engine (SHE) with super energy-saving techniques has been appraised by the Environmental Protection Agency (EPA).
May 2011	ASUS Eee Pad Transformer won the 2011 Taipei Computex Best Choice Award in category of the Best Choice of the Year, Best Design Award and the Best Choice in "Computer and Systems." The world's first halogen-free monitor, VW247H-HF and Bamboo series notebooks, U43SD were awarded with the Green ICT Award. The o!Play Gallery high-speed USB 3.0 player was awarded Best Choice in the category of "Display and Digital Entertainment" while the Two-Way HDMI Streaming Media Center WAVI won the Best Choice in the "Telecommunication category." ASUS outperformed the competition with seven awards.
June 2011	ASUS agreed to establish the Shou Yang Digital Technology Co., Ltd with AAEON Technology for M&A, based on the consolidation date of June 1st, 2011. Shou Yang was the surviving corporation after the merger and acquisition, the Company was renamed AAEON Technology on July 4th, 2011. ASUS Group is holding 65% of the integrated ownership.
June 2011	ASUS introduced its new branding vision "In Search of Incredible." which was incorporated in the ASUS N series and debuted with Jay Chou's special version of notebook, exhibiting the cross—boundary interaction of technology and arts.
July 2011	The TAITRA organized the "Top 100 Taiwan Brands" as part of the centennial celebration of the founding of Taiwan. ASUS products were recognized by the judgers and consumers to be selected as one of the top 100 Taiwan products.
September 2011	ASUS was ranked as the top 3 international brands of Taiwan for the 9th consecutive years and the market value of the brand is valued at NT1.637 billion.
October 2011	ASUS released of the latest ZENBOOK™ super-slim notebook in step with the world. Chairman Jonney Shih first released the product in New York, followed by London, Milan and Taipei. The synchronized global disclosure.
November 2011	Famous international composing singer, Jason Mraz visited ASUS headquarters in Guangdu and collaborated with ASUS's "In Search of Incredible".
November 2011	ASUS cooperated with NVIDIA and launched the world's first 10.1-in Android-based TabletPC carrying NVIDIA® Tegra® 3 4-core processor. The product, equipped exclusively with the ASUS Eee keyboard base, inherits the concept and spirit of "transformation" from ASUS, and exhibits exceptional action and battery life.
November 2011	ASUS announced its major deployment in cloud computing by launching the "ASUS Private Clouding" to integrate clouding platform, enterprise application software, and comprehensive solutions for server systems, so that enterprises can quickly build exclusive private clouds with all-in-one convenience and safety.
December 2011	ASUS officially released the worlds' first 4-core processor carrying NVIDIA®

	Tegra® 3 while exhibiting the Google Android 4.0 ICS (Ice Cream Sandwich) based ASUS transformation TabletPC for the first time.
December 2011	Brand sales in 2011 amounted to NT$350.3 billion.

January 2012	ASUS won six product innovation awards in CES exhibition, in the categories of wireless portable, personal electronic products, audio equipment, computer hardware, and components. PadFone was awarded with the Best of Innovations Award in the category of wireless portable products, demonstrating ASUS's leadership in the field of digital life products.
January 2012	ASUS was the biggest winner for the 9th consecutive year in the 20th Taiwan Boutique Awards; a total of 50 products received awards, while 7 products were finalists for the Golden Quality Award.
January 2012	The National Center for High-Performance Computing adopted ASUS ESC4000 server to complete the establishment of the largest GPU super computer in Taiwan. It was the first time ASUS was listed (in 234th place) in the global Top 500 super computers, and in the 37th place in the Green 500 Super computers category.
February 2012	ASUS released the latest PadFone and multiple TabletPCs with the theme in "Incredible Innovation Endless Possibilities" at the Mobile World Congress in Barcelona.
March 2012	ASUS held a global seminar in Taiwan on the brand-new Z77 motherboard series, by exhibiting multiple exclusive innovation techniques applying the technology of the Intel® 7 motherboards; these innovations brought the full potential of the motherboards into play.
April 2012	ASUS announced the series "Happiness 2.0" with new laptop standards, featuring the five dimensions in Beauty, Sound, Touch, Instant On, Instant Connect, and Cloud, which aim to comprehensively enhance user experience.
May 2012	ASUS was awarded with HSPM certificate (Hazardous Substance Process Management) from IECQ becoming the world's first computer company to receive the prestigious awarded.
June 2012	In the 2012 Best Choice competition, ASUS again won several awards in six categories. ASUS Transformer Pad Infinity and PadFone won the Best Choice Gold Awards in the Computer & System category, and Innovative and Smart Mobile Device categories. Eee Box EB1033 also won the Green ICT Award with recycling rates as high as 90%. The ASUS P1 LED Projectors and O!Play Smart TV were awarded with Best Choice in category of Display & Digital Entertainment. Moreover, EA-N66 Dual-Band Wireless-N900 Ethernet Adapter won Best Choice in category of Computex.
June 2012	ASUS casted the magic of "transformation" again at Computex by launching ASUS TAICHI, Transformer AiO, Transformer Book, and a new member to the transformer Tablet family, Vivo Tab and VivoTab RT, as well as the borderless technical design of screen MX 289H/239H.
June 2012	For the first time, ASUS cooperated with Google to develop the Jelly Bean Nexus 7 Tablet with the latest Android 4.1 Jelly Bean operating system. Nexus 7 combines the robust hardware design power of ASUS and the latest Google software service, integrating the outstanding hardware/software combination to create market-changing advantages.
October 2012	ASUS released the PadFone™ 2 in Milan and Taipei in a synchronized global presentation. The phone is noted for being highly intuitive and convenient for consumers.
October 2012	ASUS released the latest series of products carrying Windows 8 operating system. Chairman Jonney Shih first released the product in New York, followed by CEO Shen Zhen in Taipei, driving new products such as ASUS TAICHI, ASUS Transformer AiO, and ASUS Transformer Book to new peaks.
December 2012	Brand sales in 2012 amounted to NT$413.1 billion.

January 2013	Fifteen ASUS products received Innovation Awards at the CES exhibition. The winning product categories covered innovative design and technological scope, including premium game hardware and accessories, computer hardware and components, computer peripherals and equipment, TabletPC, and e-readers, mobile computing devices, display, and wireless portable products.
February 2013	Eight ASUS products won the iF Design, again demonstrating the international recognition for ASUS's design capability.
February 2013	MWC listed the TabletPC product in its Global Mobile Awards 2013 for the first time and ASUS Nexus 7 was the first Taiwanese TabletPC to win the award from MWC.
March 2013	ASUS won 8 design awards again from the Red Dot Award.
April 2013	ASUS collaborated with Taipei City Government to build Taipei iCloud providing five cloud services, including "Citizen Cloud," "Enterprise Cloud," "Education Cloud," "Health Cloud," and "Open Data Cloud" to offer diverse and convenient cloud applications for Taipei citizens.
April 2013	ASUS collaborated with UniMax Electronics Inc. to develop the "Smart Navigation & Infotainment System." The system was first introduced to Toyota electric vehicle through the "Sun Moon Lake Scenic Area Smart Electronic Vehicle Pilot Project."
April 2013	ASUS was again the biggest winner in the 21st Taiwan Excellence Awards and has received the most awards in 11 consecutive years, with a total of 41 products receiving awards. Of particular note; PadFoneTM2 was awarded with Gold Award and ASUS TAICHITM awarded with Silver Award.
April 2013	ASUS was awarded with the "2013 Young Generation Brand Survey" from the 30s Magazine and outperformed in the category of laptop computer for the fourth year in succession. The brand image of ASUS is again recognized through the first place award in "Most Favorite Brand."
May 2013	ASUS joined Chunghwa Telecom to expand the cloud service market, offering innovative and diverse cloud services to consumers through personal cloud, family cloud, health cloud, and creativity cloud. ASUS also launched multi-monitor and digital content integration to upgrade cloud experience countrywide.
June 2013	ASUS presented "WE TRANSFORM" at Computex, stressing ASUS's continuous innovation in leading digital reform, and conveying its pursuit of unparalleled brand spirit. ASUS launched an epoch-marking innovative transformer product, the ASUS Transformer Book Trio. Carrying Windows 8 and Android dual Operation Systems, it is the first transformer product in the world that integrates laptop, TabletPC and desktop computer in one. Also introduced: the "ASUS Transformer Pad Infinity" which offers ultimate specifications and performance; the "Fonepad Note FHD 6," a light, compact and portable mobile phone tablet PC equipped with entertainment, communication, and handwriting function; the "MeMO Pad™ HD7," which leads in the mainstream of stylish TabletPCs, and the "VivoPC," "VivoMouse" and wireless router RT-AC68U Router." Leading in design and innovation, all were exhibited at the Computex exhibition.
June 2013	ASUS launched motherboards for gaming desktop PC's carrying the latest 4th generation Intel Core processor. The POSEIDON Graphics Card also made its debut featuring a dual fan hybrid cooler.
June 2013	ASUS's digital service was recognized by Digital Times and was awarded the "Digital Service Bench Enterprise."
July 2013	ASUS partnered with the Industrial Development Bureau (IDB) under the Ministry of Economic Affairs to establish the "Taiwan Digital Mega Mall," a new cloud computing services marketplace.
July 2013	ASUS launched a new-generation Nexus 7 with Google, which carries an innovative built-in wireless charging function and comes with 1920x1200 Full HD (323ppi) to become the leader of 7" TabletPC.
July 2013	ASUS ESC4000/FDR G2 Server was adopted by, two super computers, SANAM and Seneca Data Cluster ranked 52th and 364th place respectively in the TOP500 Supercomputer list in 2013, for high-powered performance and ultimate processing speed. At the same time, the two products comply with eco-friendly standards, receiving recognition through the 4th and 194th place on the green500 org list.

August 2013	At the opening of new-generation "Action @ Pavilion of Dreams," ASUS's PadFone Infinity transformed into the "Dream Time Machine," integrating six elements, namely interactive technology, art, aesthetics, design, literacy, and social care with smart mobile device to connect all visitors during the course of situations inside the pavilion.
August 2013	Leading in the motherboard brand, ASUS re-established a new milestone by adopting Z870C motherboard with Intel Z87 chipset to become the world's first certified motherboard for WINDOWS 8.1 WHQL.
September 2013	ASUS Transformer Book Trio was introduced during the Intel Developer Forum by Chairman Jonney Shih. The brand-new mainstream ASUS Transformer Book T100 is the first world's first device integrating laptop, TabletPC and desktop PC all-in-one. The ASUS Transformer Book Trio was simultaneously introduced in San Francisco, USA.
September 2013	ASUS Foundation donated 2,000 TabletPC to digitally disadvantaged areas and families in Taiwan and overseas via the Ministry of Foreign Affairs, Ministry of Education and Tzu Chi Culture and Communication Foundation. All levels of education, libraries, residents in remote areas and children of low household income will benefit in nine allied countries from this donation.
September 2013	ASUS officially launched the new PadFone™ Infinity in Taiwan, a prestigious new flagship transformer mobile phone for the high-end smart mobile telecommunication market.
September 2013	ASUS ROG launched the first mini-ITX based gaming computer mother board – MAXIMUS VI Impact. Unlimited by PCB size, ASUS builds the Impact Power with 8+2 digital power supply design with vertical erection to provide the most superior over-lock control.
September 2013	ASUS participated in the 2013 Taiwan Designers' Week, with the ASUS Design Center featuring "Capture – In Search of the Moment" to explore surprising and touching beautiful moments in life through the pursuit of aesthetics whose context is hidden in both tangible and intangible things. Through a dynamic vision of technology progress, ASUS builds an imaginary blueprint of literacy and design, accomplishing ASUS's brand spirit "In Search of Incredible."
October 2013	ASUS released the new 4K Monitor PQ321 in Taiwan. The product comes with a surprising 3840 x 2160 extreme resolution (140 ppi), equivalent to 4 times Full HD (1920 x 1080). The display screen features a wide-screen ratio of 16:9 that even supports 1-bit RGB Color Depth, offering bright and exquisite images while the color performance is natural and lifelike.
October 2013	ASUS was awarded with First Place for 2013 as the "Most Prestigious Benchmark Company in Taiwan" in the category of Appliances and Information Service Industry from *CommonWealth* Magazine. ASUS demonstrated outstanding performance in 10 competency indicators including forward-looking and innovation, talent fostering, customer experience, business performance, and citizen responsibility.
November 2013	ASUS ranked top in the "Ideal Brands for Business Elites" in category of laptop computer awarded by Business Today for the sixth consecutive year.
November 2013	When the list of winners for 2014 CES Innovation and Engineering Awards was announced, ASUS again broke all records by taking over 16 Product Innovation Awards in hardware, software, handheld, network communication, and peripherals, demonstrating the innovation superiority of ASUS.
November 2013	ASUS was awarded the top 3 international brands in Taiwan for the 11th year in a row. In 2013, ASUS brand value again hit a record high, reaching $1.711 billion US, establishing a new milestone for ASUS's corporate philosophy of "In Search of Incredible."
December 2013	ASUS has remained on top three Innovative Companies in the Taiwan survey conducted by Digital Times for three consecutive years, demonstrating the continuous development of ASUS's "*Search of Incredible*" that focuses corporate attention on innovative performance.
December 2013	In the 22th Taiwan Excellence Awards revealed in 2013, ASUS received the greatest number of awards for the 11th consecutive year. Among the 50 products awarded, six products received the Gold Award, including: PadFone mini 4.3" that can be held in one hand, Fonepad 7, a mobile tablet combining entertainment and communication,

	perfect Transformer AiO Computer P1081 series, ET2221I/ET2020I All-in-One computers, portable LED P2 Projector, and VN279Q LED Monitor featuring narrow bezel.
December 2013	Brand sales in 2012 amounted to NT$421.4 billion.

January 2014	At the 2014 CES, ASUS released the smart ZenFone with exceptional product personality; new transformer PadFone mini; the transformer PadFone X in joint cooperation with AT&T; the Transformer Book Duet (TD 300), and ROG Swift PG278Q WQHD monitors exclusively designed for computer gamers. This broad array of products reinforces the depth of ASUS's design powers and commitment to innovation and the brand spirit of "Pursuit of Unparalleled."
February 2014	ASUS presented two major applications at the 2014 Mobile World Congress (WMC): the user interface of ASUS ZenUI smart mobile device and PixelMaster image processing technology. The intuitive ZenUI brings to consumers a brand-new system interface for user experience, while the PixelMaster image processing technology provides more exquisite and lively images.
March 2014	ASUS outperformed in the 2014 iF Awards, receiving awards for 11 products among the 4,352 products from 51 participating countries. ASUS also received highest honors in design for three major project categories. The Computer Category products that were recognized include: MeMO Pad HD 7 TabletPC; Transformer Book Trio; ZENBOOK / ZENBOOK NX laptop; ASUS PRO PU Business Laptop; G10 Desktop PC; PA Professional Display; VivoMouse, and ASUS ROG MAXIMUS VI FORMULA Motherboard. The Telecommunication Category of products includes PadFone mini. The Multimedia Audio/Video Category included the ASUS S1 portable mobile power LED projector.
March 2014	The list of 2014 Red Dot Design Awards showed that ZenFone and the ROG Maximus VI Formula motherboard outperformed 4,815 participating design works from 53 participating countries based on ASUS' innovative design concept that encompasses 'humanity', 'aesthetics' and 'performance'. These products were recognized by international experts with the Red Dot Award in the category of consumer electronic product design.
April 2014	ASUS held the global launch of the ZenFone series, including the ZenFone5, ZenFone 6 and PadFone mini, in National Taiwan University Sports Center, inviting over thousands of ZenFans to participate.
April 2014	The 22nd Taiwan Excellence Award of 2014 was announced, and it was the 12th consecutive year that ASUS won the most awards. Among the 50 awarded ASUS products, PadFone mini 4.3 received a Gold Award. Fonepad 7, ASUS Transformer AiO P1801 series, ET2221I/ET2020I AiO PC Series, portable LED Projector P2B, and VN279Q narrow-bezel monitor were awarded Silver Awards.
May 2014	ASUS held a Sports Day on its 25th anniversary, with over 6,000 employees and their families taking part in the event. ASUS Chairman Jonney Shih, Vice Chairman and President Jonathan Tsang, and CEO Jerry Shen jointly lit the opening fire, symbolizing hope, teamwork and sportsmanship, which drive ASUS towards becoming the world's most admired company in the new digital era.
May 2014	ASUS held an ASUS Cloud Day and announced the ASUS Cloud strategy, establishing a common industry platform that integrates interdisciplinary resources and collaborates to expand local synergy to international market.
May 2014	ASUS, Show Chwan Health Care System, and Chung Hwa Telecom jointly promoted the release of Palau Health Cloud Service by providing local health care services to Palau residents, using the professional advantages afforded by integrating Taiwanese cloud technology, IT and healthcare. This resulted in the creation of the first transnational health cloud services.
June 2014	Three ASUS products received the Best Choice Award from Computex 2014, including the ROG G20 compact gaming desktop, S1 mobile LED projector and PadFone S smartphone and tablet device. ASUS also received 17 Computex Design & Innovation Awards.
August 2014	Unimax, an ASUS subsidiary, and Hotai Motor jointly released the world's first

	'Toyota smart driving system', which seamlessly integrates an ASUS tablet with a vehicle to offer a smart driving experience.
September 2014	In cooperation with Google, ASUS released ZenWatch, the Company's first smartwatch using Android Wear at the 2014 IFA in Berlin, Germany. The exquisitely-crafted smartwatch features superior aesthetics, smart applications and wellness management to provide users with a sophisticated timepiece. ZenWatch marked the Company's official entrance into the wearable market.
October 2014	ZenFone 6 and the S1 mobile LED projector were awarded the top 100 Innovative Products of 2014 IT Month, the "Innovation Gold Quality Award." The 4G LTE flagship PadFone S, ZenBook UX301LA, ASUS Miracast Dongle, and the PW200F wireless charger were awarded the "Top 100 Innovative Products Award." ASUS won 6 awards and tops the industry in terms of the number of awards won.
October 2014	ASUS was recognized for being one of the best enterprises in the Home Appliance and Information Service Industry category by CommonWealth Magazine.
November 2014	ASUS design innovations were recongized with 17 Good Design Awards 2014 from the Japan Institute of Design Promotion (JDP). Awarded products included 7 laptop computers, 2 tablets, 3 desktop computers, plus motherboards, projectors, LED monitor, All-in-One PCs and a tablet cover. ZenBook UX305 laptop and the S1 mobile LED projector were further honored with inclusion in the annual Good Design Best 100 list.
December 2014	ZenFone 6 and the S1 projector were awarded with the highest prestige in IT monthly top 100 innovative products with recognition in "Innovation Gold Quality Award."
December 2014	An ASUS-powered supercomputer was awarded top position in the prestigious Green500 list of the world's most power-efficient supercomputers. The L-CSC computing cluster used 160 ASUS ESC4000 G2S servers, opening up a brand-new milestone for ASUS's In Search of Incredible brand benchmarking.
December 2014	11 ASUS products were selected as the "Gold Pin Design Award," including: 5 models of laptop computers, 2 gaming desktop computers, and motherboards, projectors, LED monitors, portable USB charge ease respectively, In particular ASUS ZenBook UX301 laptop was awarded the prestigious Best Design of the Year Award.
December 2014	ASUS was recognized for the second consecutive year as the number-one Taiwanese brand in the Best Taiwan Global Brands Awards 2014, with a new record high for estimated brand value of US$1,723 million.
December 2014	ASUS entered the wearable device market with ZenWatch, which was officially launched in the Taiwanese market.
December 2014	Brand sales in 2014 amounted to NT$436.3 billion.

January 2015	The ASUS 'Experience 2Morrow' event was held at the 2015 International CES press conference, with three breakthrough designs announced that combine performance, power and design aesthetics: Transformer Book Chi, ZenFone 2 and ZenFone Zoom.
January 2015	ASUS has sold over 500 million motherboards worldwide since its foundation in 1989; Placing side-by-side, these motherboards could circle the earth nearly four times.
January 2015	ASUS strengthened its comprehensive customer service program by launching the first 'one-hour mobile phone quick repair' service. This innovation helps create unrivaled customer satisfaction with fast, convenient customer-oriented services.
February 2015	ASUS was awarded the Medal of Diplomatic Contribution Award from the Ministry of Foreign Affairs, recognizing ASUS Foundation's commitment to reducing the digital gap in Asia Pacific and Central/South America.
February 2015	Transformer Book Chi T100/T300 are the latest compact, thin and light two-in-one laptops, which can transform instantly into powerful tablets. T100/T300 Chi went on sale in Taiwan, and exhibited the classic and innovative design craft of ASUS. The new ultraportable ZenBook UX305, which redefines the mobile philosophy through power, aesthetics and style, was also launched.
February 2015	ASUS was awarded the Service Model Brand Award from the biggest 3C digital

	marketplace in Taiwan, Guang Hua 3C Purchase Magazine. Both laptop and motherboard products received Channel Model Brand Awards.
February 2015	ASUS released the world's fastest and most complete SuperSpeed+ USB 3.1 motherboard and expansion card.
February 2015	U.S. Forbes Magazine announced the 2014 World's Most Admired Company List and ASUS was ranked 6th in the computer industry category.
February 2015	The German iF product design awards honored 10 ASUS products, competing against 4,783 products from 53 participating countries. Awarded products included: Transformer Book Chi, ZenBook UX305 laptop, Chromebook C laptop, ROG GX500 gaming laptop, ROG G20 gaming desktop, ZenFone 2 smartphone, ZenWatch, ROG Swift PG278Q gaming monitor, MX27A monitor, and ASUS Smart Home System.
March 2015	ASUS held a celebration for thousands of people to experience the next-generation ZenFone. Chairman Jonney Shih hosted the event in person and announced the release of ZenFone 2.
March 2015	ASUS desktop computers rank no.1 in Taiwan sales for the 4th consecutive year.
March 2015	ASUS is named 2nd place in the 3C category of the Power Brand survey conducted by Manager Today magazine in Taiwan.
April 2015	ASUS introduces the AiCam, a smart cloud-based camera.
April 2015	ASUS graphics cards sales reach 125 million and celebrate an industry-leading 8,000+ global awards since 1996.
April 2015	ZenFone 2 is launched in Jakarta, Indonesia; subsequent launch events are held in Malaysia, Philippines, Vietnam, and Thailand.
April 2015	ASUS is the most recognized company at the Taiwan Excellence Awards for the 13th consecutive year. More than 40 ASUS products receive Taiwan Excellence certification: ROG G20 gaming desktop receives the Golden Award and the PA328Q monitor receives the Silver award.
April 2015	ASUS is named the most-used laptop brand in the 2015 Young Generation Brand Survey conducted by 30s Magazine.
April 2015	ASUS VivoWatch, the first ASUS wearable, designed with a focus on fitness and wellness, debuts at Milan Design Week.
May 2015	ASUS opens its first experiential shop in Syntrend Space in Taipei, with Zensation as its design theme.
June 2015	ASUS presents *Zensation* at the Computex press event and launches Zen-inspired products, including ZenPad, ZenFone Selfie, and Zen Aio, along with ROG gaming products.
June 2015	ASUS receives more Computex awards than competitors, including 6 Best Choice awards and 8 Computex d&i awards.
June 2015	ASUS releases multiple products designed for use with Windows 10, including Transformer Book T100HA, Transformer Book TP200 Flip, Transformer Book Chi, and Windows 10 certified Z97-A Trooper B85 series motherboards.
August 2015	ASUS introduces the Z170 motherboard series, with Intel 6th gen CoreTM processors.
August 2015	ASUS holds the *Incredible Comes to Latin America* press event in San Paulo, launching the ZenFone in Latin America.
October 2015	ASUS Design Center presents ROG: Break the Rules exhibition, showcasing the ROG brand during Taiwan Designers' Week 2015.
October 2015	ASUS Chairman Jonney Shih joins the Asian Leader Summit and is awarded Outstanding Leader by Future Magazine in Taiwan.
October 2015	ASUS achieves 2nd place in the 2015 Taiwan Innovative Enterprises survey, organized by the Ministry of Economic Affairs.
October 2015	UniMax, an ASUS subsidiary, receives the National Yushan Awards for its Intelligent Navigation System.
November 2015	ASUS introduces Chromebit, the world's smallest Chrome OS device; which transforms any HDMI-compatible TV or monitor into a Chrome OS desktop.
December 2015	ASUS introduces the world's slimmest 3x optical zoom smartphone, ASUS ZenFone Zoom, in Taiwan.
December 2015	From Q4 of 2008 to Q3 of 2015, ASUS LCD monitors remain the No.1 seller in Taiwan.
December 2015	ASUS introduces the world's fastest tri-band router, RT-AC5300.

December 2015	ASUS ranks No. 1 in notebook sales in Taiwan, with 54% of market share; the ASUS GTX graphics series reaches 35% of global market share.
December 2015	ASUS is recognized as the No. 1 Taiwanese brand for the 3rd consecutive year during the Best Taiwan Global Brands Awards, with estimated brand value of US$1.78 billion.
December 2015	Consolidated operating income for the year is NT$436.5 billion (unaudited corporate number).

January 2016	ASUS wins five 2016 CES Innovation Awards. Awarded products include ASUS Chromebit CS10, ROG G752 gaming laptop, ROG GT51 gaming desktop, PG348Q LCD monitor, and the RT-AC5300 tri-band wireless router.
January 2016	At CES, ASUS announces a partnership with Google for creating innovative computing solutions for next-generation consumer IoT smart home products.
January 2016	ASUS ROG GX700, the first liquid-cooled gaming laptop, is launched in Taiwan.
February 2016	For the 2nd consecutive year, ASUSTeK is named among the World's Most Admired Companies by Fortune magazine. The Company ranks 4th in the computer industry, two steps higher than its 2015 ranking.
February 2016	ASUS introduces the 970 PRO GAMING/AURA, the world's first 970 AMD gaming board with official NVIDIA® certification.
February 2016	ASUS introduces the world's first USB Type-C™ powered portable display, MB169C+.
February 2016	ASUS wins 13 iF Product Design awards, setting a new company record for wins during an iF Design event.
March 2016	In collaboration with Taipei City, Academia Sinica, and Realtek, ASUS Cloud introduces the first smart city air pollution monitoring project: Air Box PM2.5.
March 2016	ASUS wins the Channel NewsAsia Innovation Luminary award.
April 2016	ASUS wins 15 Red Dot Product Design awards, setting a new company record for wins during a Red Dot Design event.
April 2016	ASUS Design Center presents the Glow of Life exhibition during Milan Design Week in Italy. The exhibition features a forest of illuminated tree sculptures that visitors interact with using their smartphones to create mesmerizing displays of light and color.
April 2016	ASUS wins Taiwan Excellence Awards for the 14th consecutive year. A total of 47 products are awarded. ZenFone 2 Deluxe and ROG Swift PG348Q curved monitor win Gold, and the RT-AC5300 3G wireless router wins a Silver award.
May 2016	For the 7th consecutive year, the Young Generation Brand Survey of 30 magazine names ASUS The Most-Used Laptop Brand.
May 2016	ASUS initiates the Beyond VR Ready program, leveraging advanced engineering, research and cutting-edge technologies to create the best VR experiences. ASUS works closely with leading industry partners to ensure that all components and devices are compatible with the latest VR technology.
May 2016	ASUS hosts the Zenvolution press event at Computex 2016 to unveil Zenbo, the first ASUS robot, along with an advanced portfolio of third-generation mobile products designed to provide users with revolutionary functionality for pursuing their passions. The lineup includes the all-new ZenFone 3 Series, featuring ZenFone 3 Deluxe, ZenFone 3, and ZenFone 3 Ultra; ZenBook 3, an ultrasleek and lightweight notebook with a premium aluminum design; and ASUS Transformer 3 and ASUS Transformer 3 Pro, the world's most versatile PCs that feature an unrivalled combination of mobility, convenience and expandability.
May 2016	ROG hosts the Join the Republic press event at Computex 2016, celebrating its first decade of premium gaming innovation and market leadership — and unveiling a new lineup of elite gaming gear.
June 2016	ASUS is the first consumer IT headquarters in the world to complete UL's landfill waste diversion validation procedure and receive their Zero Waste to Landfill verification (UL ECVP 2799).

June 2016	ASUS opens the first ROG VR amusement pavilion — FuVision VR — in Taiwan.
July 2016	ASUS officially launches the beautifully designed ZenFone 3 series in Taiwan.
August 2016	ASUS unveils ZenWatch 3at the IFA press event in Berlin.
August 2016	ASUS purchases a plot of land (5,710 square meters), where it will build its new headquarters.
September 2016	ASUS showcases two servers, ESC4000 and ESC500 G4, to demonstrate the latest in super computer technology at the NVIDIA GPU Technology Conference event.
September 2016	ASUS marks success in the Japanese market. As well as retaining its No. 1 position among Android tablet makers, the company captures majority market share for 2-in-1 computers and SIM-free smartphones.
October 2016	ASUS wins nine Good Design 2016 awards.
November 2016	ASUS launches the Zenbo Early Bird R&D program, calling on expert developers to invent and develop smart applications for Zenbo.
November 2016	ASUS Chairman Jonney Shih attends the 18^{th} Nikkei Global Management Forum to share the ASUS experience of navigating paradigm shifts.
November 2016	ASUS partners with Mika Ninagawa, a famous modern art photographer in Japan, to work on creative assets for ASUS ZenBook 3, ASUS ZenFone 3, ASUS ZenPad 3S and other Zen 3 Series products, and to produce limited-edition accessories that include her signature.
November 2016	ASUS wins eight CES 2017 Innovation awards.
November 2016	ASUS is ranked Taiwan's No. 1 international brand in the Best Taiwan Global Brands survey for the 4th consecutive year, with a brand value of US$17.48 billion for 2016.
December 2016	ASUS wins ICT Month Innovative Elite Gold awards for ZenFone 3, ROG Swift PG348Q, and Reco Smart projects.
December 2016	ASUS LCD monitors remain the No. 1 seller in Taiwan for 32 consecutive quarters.
December 2016	ASUS ranks No. 1 for the 9th consecutive year in the Laptop Computer category of the Ideal Brands for Business Elites survey conducted by Business Today.
December 2016	ASUS introduces Aura Sync technology — the world's first RGB lighting that can synchronize and support all devices with Aura functionality, including motherboards, graphic cards, keyboards, mice and PC components and accessories developed by third-party hardware producers.
December 2016	ASUS wins the 2016 National Sustainable Development Award in the Enterprise category, as presented by the Executive Yuan. The award recognizes the company's commitment to energy conservation, environmental protection, green innovation, socially responsible supply chain management, employee care, and corporate social participation.
December 2016	ASUS holds a special event to unveil three major usage scenarios for Zenbo.
December 2016	Consolidated operating income for the year is NT$428.7 billion (unaudited corporate number).

January 2017	ASUS unveils ZenFone AR and ZenFone 3 Zoom at the 2017 CES Zennovation press event in Las Vegas. ZenFone AR is the world's first Tango-enabled and Daydream ready smartphone. ZenFone 3 Zoom is built for photography and extended use with the world's best smartphone camera and a large, 5000mAh battery. ASUS also showcased its latest lineup of lifestyle, business and ROG gaming products during the event.
January 2017	In cooperation with the National Police Agency, ASUS announces that each ZenFone will be preloaded with a new Police Service app that offers convenient emergency services for users, starting in 2017.
January 2017	ASUS ROG wins seven Taiwan Esport Top Gear Awards.
February 2017	ASUS is the biggest winner of Taiwan Excellence Awards for the 15th consecutive year, with a total of 44 products receiving Excellence Awards. The new ZenFone 3, ZenFone 3 Deluxe and Designo Curve MX34VQ each receive Silver awards.
February 2017	Social Value International certifies the SROI report issued by ASUS, marking the first time that a global consumer IT company receives SROI certification.

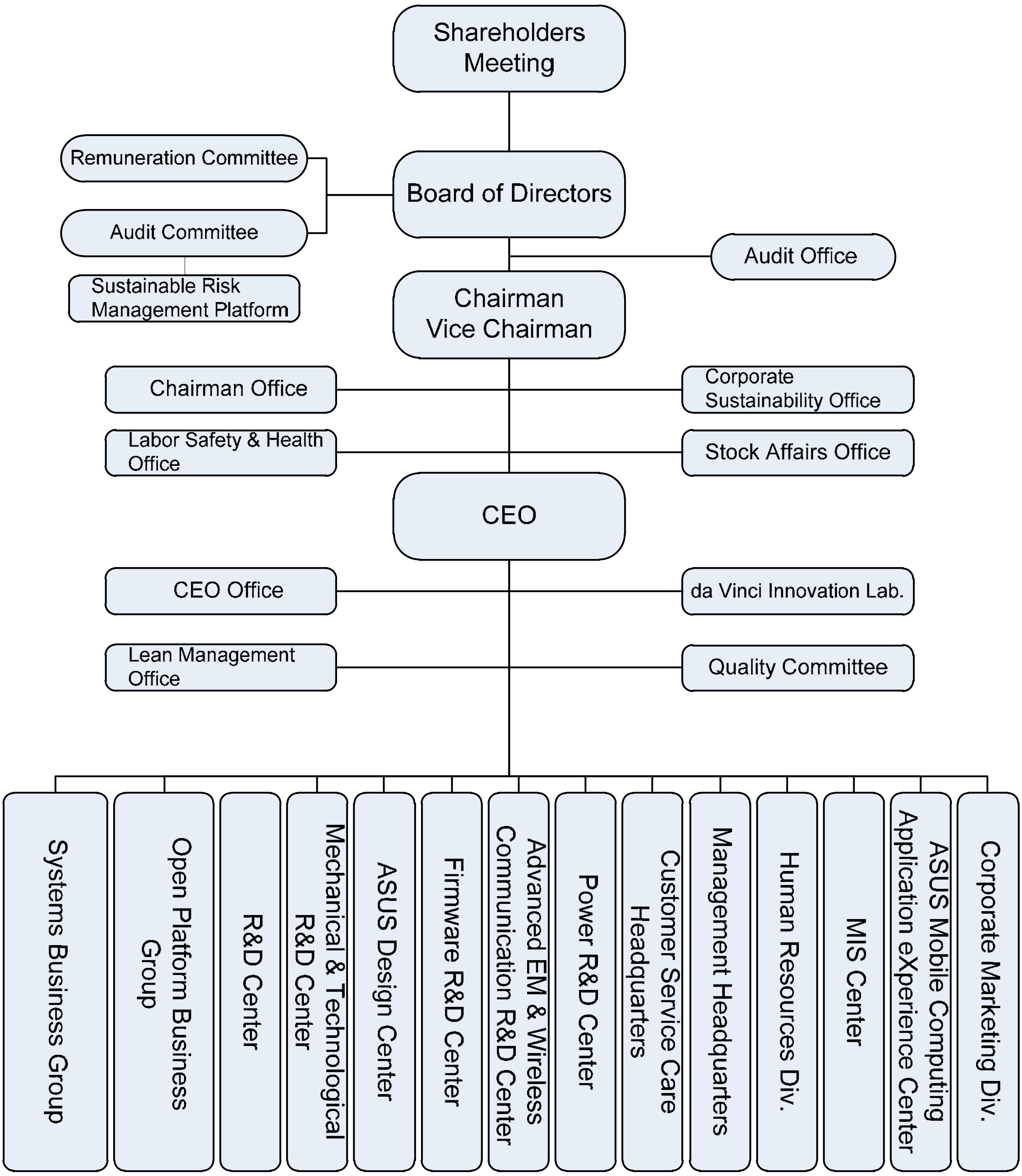
February 2017	ASUS wins 15 iF Product Design awards, setting a new company record for wins during an iF event.
March 2017	ASUS Chairman Jonney Shih visits a Zenbo customer in person to provide them with a unique customer service experience as well as to receive feedback about the user's experience with Zenbo.
April 2017	ASUS adopts a 500-meter coastal area in Bali, Taiwan, and together with its employees voluntarily cleans the area to assist the national Environmental Protection Administration in efforts to beautify Taiwan's coast.

III. Corporate governance report

I. Corporate Organization

(I) Organization Chart

Effective date: 2016.12.31



(II) Department Function Description

CEO
Plan and manage the Company's strategies, draft up operating objectives, direct and supervise the operation of business units.

Corporate Sustainability Office
Integrate green environment, social charity, and international enterprise ongoing protocol to construct the core competence of an enterprise for long-lasting business operation.

Audit Office
Audit the Company's system and the enforcement of internal regulations, procedures, and authorization with corrective actions offered.

Stock Affairs Office
Responsible for managing the Company and its subsidiaries' stock affairs; also arrange and execute the shareholders' meetings, the board meetings and functional committee and related matters.

Labor Safety & Health Office
Conduct occupational health and safety management through the Plan-Do-Check-Act Cycle.

Lean Management Office
Provide professional consulting service, reinforce lean management, and pursue innovation and quality perfection.

Da Vinci Innovation Lab.
Responsible for the Company's technology and innovative product development.

Quality Committee
Integrate overall and companywide product R&D and customer service; also, offer suggestions and guidance for process improvement and establishment in order to upgrade product quality.

Systems Business Group
Responsible for managing the R&D and operation of system related product lines.

Open Platform Business Group
Responsible for managing the R&D and operation of component related product lines.

R&D Center, Mechanical & Technological R&D Center, ASUS Design Center, Firmware R&D Center, Advanced EM & Wireless Communication R&D Center., ASUS Mobile Computing Application eXperience Center and Power R&D Center
Develop the common R&D technology need by business units.

Management Headquarters
Arrange the planning and enforcement of the Company's finance, accounting, regulatory, administration, and public works.

Customer Service Care Headquarters
Provide customers with comprehensive service and total solutions.

Human Resources Division
Responsible for global talent management and managing employee satisfaction.

MIS Center
Plan and implement IT infrastructure to support business strategy and growth.

Cooperate Marketing Division
Responsible for total brand management and corporate marketing planning & implementation.

II. Directors, President, Vice President, Junior VP, and department heads

1. Directors

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected		Base Date: April 9, 2017 Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Executives, Directors or Supervisors who are spouses or within two degrees of kinship		
							Shares	%	Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chairman	R.O.C.	Jonny Shih	Male	2016.07	3	1994.04	30,093,638	4.05	30,093,638	4.05	0	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Note 1	Vice Chairman	Jonathan Tsang,	2nd consanguinity
Vice Chairman	R.O.C.	Jonathan Tsang	Male	2016.07	3	1999.04	1,423,093	0.19	1,423,093	0.19	0	0	0	0	MBA of Houston University Chairman of ASGL	Note 2	Chairman	Jonney Shih	2nd consanguinity
Director	R.O.C.	Ted Hsu	Male	2016.07	3	1994.04	7,346,683	0.99	7,346,683	0.99	1,988,142	0.27	0	0	EMBA, National Chiao Tung University Vice President of Pegatron	Note 3	None	None	None
Director	R.O.C.	Jerry Shen	Male	2016.07	3	2002.05	3,370,309	0.45	3,370,309	0.45	590,313	0.08	0	0	Electrical Engineering Graduate Institute, National Taiwan University General Manager of ACER	Note 4	None	None	None
Director	R.O.C.	Eric Chen	Male	2016.07	3	2008.06	157,527	0.02	157,527	0.02	12,275	0.00	0	0	Department Of Mathematics, Tamkang University Corporate Vice President of ASGL	Note 5	None	None	None
Director	R.O.C.	S.Y. Hsu	Male	2016.07	3	2011.06	107,019	0.01	107,019	0.01	8,233	0.00	0	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Note 6	None	None	None
Director	R.O.C.	Samson Hu	Male	2016.07	3	2012.06	100,592	0.01	100,592	0.01	0	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Note 7	None	None	None
Director	R.O.C.	Joe Hsieh	Male	2016.07	3	2011.06	0	0.00	0	0.00	805	0.00	0	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Note 8	None	None	None
Director	R.O.C.	Jackie Hsu	Male	2016.07	3	2016.07	20,353	0.01	20,353	0.01	0	0	0	0	M.S. in Information Management, National Chengchi University Corporate Vice President of ASGL	Note 9	None	None	None
Supervisor	R.O.C.	Tze-Kaing Yang	Male	2016.07	3	2005.06	0	0.00	0	0.00	0	0	0	0	Ph.D of Business Management, National Cheng Chi University Political Deputy Minister, the Ministry of Finance, R.O.C.	Note 10	None	None	None
Independent Director	R.O.C.	Chung-Hou Tai	Male	2016.07	3	2016.07	36,459	0.01	36,459	0.01	0	0	0	0	M.S. in Management Sciences , Tamkang University Co-founder of Acer	Note 11	None	None	None
Independent Director	R.O.C.	Ming-Yu Lee	Male	2016.07	3	2016.07	0	0.00	0	0.00	0	0	0	0	M.S. in Accounting, National Chengchi University Accountant of ROC	Note 12	None	None	None
Independent Director	R.O.C.	Chun-An Sheu	Male	2016.07	3	2016.07	0	0.00	0	0.00	0	0	0	0	MBA , Rider University (USA) National Tax Administration of Soutern Taiwan Province,Ministry of Finance	Note 13	None	None	None

Note 1: Chairman of the following companies: Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., ASUSTOR INC., ASUSTEK HOLDINGS LIMITED, ASUS INTERNATIONAL LIMITED, ASUS HOLLAND B.V., DEEP DELIGHT LIMITED, CHANNEL PILOT LIMITED、UNIMAX HOLDINGS LIMITED, NEXT SYSTEM LIMITED and ASUS DIGITAL INTERNATIONAL PTE LTD.

Director of the following companies: ASKEY, SHINEWAVE INTERNATIONAL INC., ASUS TECHNOLOGY INCORPORATION, AGAiT Technology Corp., AAEON TECHNOLOGY INC., SITI, Youngmen Computer Co., Ltd., TeYang Tech Inc., Ming-Chun Computer(*) and eCrowd Media, Inc.

Note 2: Chairman of the following companies: ASUS TECHNOLOGY PTE. LIMITED, ASUS GLOBAL PTE. LTD., ASUS EUROPE B.V. and HSIN-HO Biotechnology Co., Ltd.(*)

Director of the following companies: UNIMAX ELECTRONICS INC., AAEON TECHNOLOGY INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd., Kartigen BioMedical Inc. and KARTIGEN BIOMEDICINE INC.

Note 3: Chairman of eBizprise Inc. and Director of ASMEDIA TECHNOLOGY INC., ADVANTECH Co., Ltd. and EUSOL Biotech Co., Ltd..

Note 4: Chairman of the following companies: ASMEDIA TECHNOLOGY INC., International United Technology Co., Ltd., AGAiT Technology Corp., UPI Semiconductor Corp., AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED, INTERNATIONAL UNITED TECHNOLOGY CO., LTD. and AGAITECH HOLDING LTD.

Director of the following companies: ASKEY, ASUS TECHNOLOGY INCORPORATION, AAEON TECHNOLOGY INC., Hua-Cheng Venture Capital Corp., Hua-Min Investment Co., Ltd. and ASUS COMPUTER INTERNATIONAL.

Note 5: Chairman of ASUS CLOUD CORPORATION and Director of ASUS LIFE CORPORATION and ASUS COMPUTER INTERNATIONAL.

Note 6: Director of UPI Semiconductor Corp. and APAQ TECHNOLOGY CO., LTD.

Note 7: Director of ASUS CLOUD CORPORATION.

Note 8: Director of the following companies: ASUS LIFE CORPORATION, ASUS Technology (Suzhou) Co. Ltd., GOING CHAMPION ENTERPRISE CO., LTD., NATIONAL FIBER TECHNOLOGY(*),CHUN-SHIH NATIONAL(*) and Shine Mao Invest Inc.

Chairman of the following companies: KUO-CHENG ENTERPRISE CO., LTD.(*) and SHUN-MAO INVESTMENT(*).

Note 9: Director of ASUS COMPUTER INTERNATIONAL and ASUS AUSTRALIA PTY LIMITED.

Note 10: Director of the following companies: Huiyang Private Equity Fund Co., Ltd, CHIEN KUO CONSTRUCTION CO., LTD., Airiti Inc., Pegatron Corporation, TTY BIOPHARM COMPANY LIMITED and Taiwan Stock Exchange.

Chairman of Yangtze Associates, Independent Director of ASROCK Incorporation and DBS BANK

Note 11: Chairman of the following companies: InveStar Corporation, DIGITIMES and SolidPro Technology Corp..

Director of the following companies: Fullerton, D-LINK CORPORATION, WAFER WORKS CORPORATION, Chief Telecom Inc., Jasper Display Corp., Lumens Digital Optics Inc., Evest Corporation, JIH HUAN(*), Aleees(Cayman), Advanced Lithium Electrochemistry Co., Ltd., Incomm.

Independent Director of NAFCO; Supervisor of ARK.

Note 12: Independent Director of Casetek Holdings Limited; Supervisor of Arphic Technology co., LTD.

Note 13: Independent Director of Voltromic Power and Brighton-Best International (Taiwan) Inc.

Note 14: The shareholdings stated in the table exclude trust shareholdings that are with the “rights to use” reserved.

Note 15: (*) Standards for the English transliteration of company’s name or individual’s name.

2. Education and training of directors

Title	Name	Date	Sponsor	Course Title	Hours
Chairman	Jonney Shih	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
President	Jonathan Tsang	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Director	Ted Hsu	Apr 25, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	M & A practice and Tax planning	3
		May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Director	Jerry Shen	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Director	Eric Chen	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	The 11th Taipei Corporate Governance Forum	3
Director	S.Y. Hsu	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Director	Samson Hu	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Director	Joe Hsieh	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3

Title	Name	Date	Sponsor	Course Title	Hours
Director	Jackie Hsu	Nov 2, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	"Supervise, audit" authority and discussion on Legal Responsibility	3
		Nov 2, 2016	SECURITIES & FUTURES INSTITUTE	The Human Resource of Enterprise M & A Process and discussion on the Problem of Merger and Acquisition	3
		Dec 13, 2016	SECURITIES & FUTURES INSTITUTE	Strategy and key performance indicators	3
		Dec 13, 2016	SECURITIES & FUTURES INSTITUTE	Corporate responsibility and civil liability of insurers in securities trading law	3
Supervisor	Tze-Kaing Yang	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Aug 25, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	IFRS 9 analysis	3
		Oct 17, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - money laundering and anti - terrorism financing	3
Independent Director	Chung-Hou Tai	Apr 13, 2016	Taiwan Academy of Banking and Finance	Wealth Management and Tax Planning for High Asset Customers	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Independent Director	Ming-Yu Lee	Jul 20, 2016	Taiwan CPA Association, ROC	The Application and Evaluation of Stock - related Talent	3
		Aug 4, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Fraud investigation and emergency response	3
		Nov 2, 2016	Taiwan CPA Association, ROC	The role of accountants in corporate governance - example: independent director	3
		Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Independent Director	Chun-An Sheu	Oct 20, 2016	The Financial Supervisory Commission (FSC)	The 11th Taipei Corporate Governance Forum	6
		Nov 7, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	In response to the international new accounting audit report 2016 annual accounting practice	6

3. Professional qualifications and independence of directors

Criteria / Name	With over five years of job experience and the following business qualification			Independence Criteria(Note)										Also an independent director of other public company
	Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salespersons passed national exam & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8	9	10	
Jonney Shih			✓					✓		✓		✓	✓	0
Jonathan Tsang			✓			✓		✓		✓		✓	✓	0
Ted Hsu			✓			✓	✓	✓		✓	✓	✓	✓	0
Jerry Shen			✓			✓	✓	✓		✓	✓	✓	✓	0
Eric Chen			✓			✓	✓	✓		✓	✓	✓	✓	0
S.Y. Hsu			✓			✓	✓	✓		✓	✓	✓	✓	0
Samson Hu			✓			✓	✓	✓		✓	✓	✓	✓	0
Joe Hsieh			✓			✓	✓	✓		✓	✓	✓	✓	0
Jackie Hsu			✓			✓	✓	✓		✓	✓	✓	✓	0
Tze-Kaing Yang	✓	✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	2
Chung-Hou Tai			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Ming-Yu Lee	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	1
Chun-An Sheu	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	2

Note: Directors and supervisors who have qualified the following conditions two years before being elected and during the term are to tick the box ("✓") of the corresponding condition.

(1) Not an employee of the Company or any related party;

(2) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);

(3) Does not hold more than 1% of total stock issued directly or indirectly nor a natural shareholder on the top-ten shareholdings list;

(4) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual falling in the first three categories;

(5) Not a Director, Supervisor, or employee of the legal shareholder that holds over 5% of total stock issued directly or indirectly; or on the top-five shareholdings list of the Company;

(6) Not a Director (executive), Supervisor, management, or a shareholder with over 5% shareholdings of a company or organization that is in business with the Company;

(7) Not an owner, partner, Director, Supervisor, management of a partnership or institution and his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party. Including but not limited to Regulations Governing the Appointment and Exercise of Powers by the Remuneration Committee of a Company Whose Stock is Listed on the Stock Exchange or Traded Over the Counter and the Remuneration Committee in accordance with the Power Exercise described in Article.

(8) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual;

(9) Free of any of the behaviors as defined in Article 30 of Company Act;

(10) Not a governmental officer, juridical person or its representative as defined in Article 27 of Company Act.

4. State the name and shareholdings ratio of the directors and supervisors who are an institutional shareholder; also, the name and shareholding ratio of the top-ten shareholders: Not applicable since the Company's directors and supervisors are nature persons.

(II) Information of the management

Base Date: April 9, 2017

Title	Nationality/ Country of Origin	Gender	Name	Date Elected	Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shares	%	Shares	%	Shares	%			Title	Name	Relation
Chief Branding Officer	R.O.C.	Male	Jonney Shih	Apr 30, 1994	30,093,638	4.05	0	0	0	0	MBA of National Chiao Tung University Business Division's President of ACER	Reference to Director Information	None	None	None
Chief Strategy Officer	R.O.C.	Male	Ted Hsu	May 1, 2016	7,346,683	0.99	1,988,142	0.27	0	0	EMBA, National Chiao Tung University Vice President of Pegatron	Reference to Director Information	None	None	None
Chief Executive Officer	R.O.C.	Male	Jerry Shen	Apr 12, 2002	3,370,309	0.45	585,313	0.08	0	0	Electrical Engineering Graduate Institute, National Taiwan University Manager of ACER	Reference to Director Information	None	None	None
Chief Operating Officer	R.O.C.	Male	S.Y. Hsu	Mar 10, 2008	107,019	0.01	8,233	0.00	0	0	EMBA of National Chengchi University Engineer of Won-Chuan Co. Ltd.	Reference to Director Information	None	None	None
Chief Operating Officer	R.O.C.	Male	Samson Hu	Sep 10, 2008	100,592	0.01	0	0	0	0	Institute of Computer Science, National Chiao Tung University Junior V.P. of Acer	Reference to Director Information	None	None	None
Corporate Vice President	R.O.C.	Male	Joe Hsieh	Mar 10, 2008	0	0.00	805	0.00	0	0	EMBA of National Taiwan University Engineer of ASUS (USA)	Reference to Director Information	None	None	None
Corporate Vice President	R.O.C.	Male	Henry Yeh	Sep 10, 2008	48,781	0.01	561	0.00	0	0	Department of Electrical Engineering, National Taiwan University V.P. of TwinHead	None	None	None	None
Corporate Vice President	R.O.C.	Male	Benson Lin	Jun 1, 2009	38,039	0.01	0	0	0	0	EMBA, National Chiao Tung University Junior V.P. of IBM	Note 1	None	None	None
Corporate Vice President	R.O.C.	Male	Alex Sun	Jul 1, 2010	12,786	0.00	316	0.00	0	0	Ph. D of Electronic Engineering, University of Southern California Deputy-researcher, Chung-Shan institute of Science and Technology	None	None	None	None
Chief Financial Officer	R.O.C.	Male	Nick Wu	Aug 11, 2015	457	0.00	161	0.00	0	0	MBA, Vanderbilt University The specialist of China Development Industrial Bank	Note 2	None	None	None
Comptroller	R.O.C.	Female	Winnie Liu	Aug 11, 2015	649		0	0	0	0	Institute of Accounting, Soochow University Audit Director of TAIWAN MOBILE	Note 3	None	None	None

Note 1: Director of the following companies: ASUS TECHNOLOGY PTE. LIMITED and ASUS GLOBAL PTE. LTD.

Note 2: Supervisor of the following companies: Hua-Min Investment Co., Ltd. and Hua-Cheng Venture Capital Corp.

Note 3: Director of Askey Technology (Jiangsu) Limited.

Note 4: The shareholdings stated in the table exclude trust shareholdings that are with the "rights to use" reserved.

Note 5: The Company did not have stock option issued up to the date of the annual report issued; therefore, the Company's management did not have stock option shares.

Note 6: (*) Standards for the English transliteration of company's name or individual's name.

Education and training of the management

Title	Name	Training Date		Sponsor	Course Title	Hour
		Start	End			
Chief Financial Officer	Nick Wu	May 11, 2016	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Nov 11, 2016	Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3
Comptroller	Winnie Liu	Apr 22, 2016	Apr 22, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Discuss the special tax practice of enterprises in trade operations	3
		May 4, 2016	May 4, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Study the latest annual profit business income tax application practice	3
		May 11, 2016	May 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Development Trend of M & A and Practical case study	3
		Jun 21, 2016	Jun 21, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Analysis of the criminal liability of the public offering company "treachery" case	3
		Jun 21, 2016	Jun 21, 2016	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Explore the common cases and related specifications for the preparation of consolidated statements	3
		Nov 11, 2016	Nov 11, 2016	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Anti - avoidance laws and regulations and Tax Act Update	3

Note: For education and training of managers who are also directors, refer to the "Education and Training of the Directors" on this annual report.

(III) Remuneration of Directors, Supervisors, President, and Vice President

1. Remuneration of Directors

<table>
<tr><th rowspan="4">Title</th><th rowspan="4">Name (Note 1)</th><th colspan="8">Director's Remuneration</th><th colspan="2" rowspan="2">Ratio of Total Remuneration (A+B+C+D) to Net Income (%)</th><th colspan="8">Remuneration of part-time employees</th><th colspan="2" rowspan="2">Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)</th><th rowspan="4">Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary</th></tr>
<tr><th colspan="2">Base Compensation (A)</th><th colspan="2">Severance Pay (B)(Note 2)</th><th colspan="2">Remuneration to Directors (C)</th><th colspan="2">Allowances (D)</th><th colspan="2">Salary, Bonuses, and Allowances (E)</th><th colspan="2">Severance Pay (F) (Note 2)</th><th colspan="4">Remuneration to Employee (G)</th></tr>
<tr><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th><th colspan="2">From ASUS</th><th colspan="2">Companies in the financial statements</th><th rowspan="2">From ASUS</th><th rowspan="2">Companies in the financial statements</th></tr>
<tr><th>Cash amount</th><th>Stock amount</th><th>Cash amount</th><th>Stock amount</th></tr>
<tr><td>Chairman</td><td>Jonney Shih</td><td rowspan="13">3,000 thousand</td><td rowspan="13">3,000 thousand</td><td rowspan="13">0</td><td rowspan="13">0</td><td rowspan="13">67,000 thousand</td><td rowspan="13">67,574 thousand</td><td rowspan="13">0</td><td rowspan="13">0</td><td rowspan="13">0.36%</td><td rowspan="13">0.37%</td><td rowspan="13">123,126 thousand</td><td rowspan="13">168,850 thousand</td><td rowspan="13">504 thousand</td><td rowspan="13">828 thousand</td><td rowspan="13">35,232 thousand</td><td rowspan="13">0</td><td rowspan="13">43,907 thousand</td><td rowspan="13">0</td><td rowspan="13">1.19%</td><td rowspan="13">1.48%</td><td rowspan="13">None</td></tr>
<tr><td>Vice Chairman</td><td>Jonathan Tsang</td></tr>
<tr><td>Director</td><td>Ted Hsu</td></tr>
<tr><td>Director</td><td>Jerry Shen</td></tr>
<tr><td>Director</td><td>Eric Chen</td></tr>
<tr><td>Director</td><td>S.Y. Hsu</td></tr>
<tr><td>Director</td><td>Samson Hu</td></tr>
<tr><td>Director</td><td>Joe Hsieh</td></tr>
<tr><td>Director</td><td>Jackie Hsu</td></tr>
<tr><td>Director</td><td>Tze-Kaing Yang</td></tr>
<tr><td>Independent Director</td><td>Chung-Hou Tai</td></tr>
<tr><td>Independent Director</td><td>Ming-Yu Lee</td></tr>
<tr><td>Independent Director</td><td>Chun-An Sheu</td></tr>
</table>

Remuneration Bracket

<table>
<tr><th rowspan="3">Range of Remuneration</th><th colspan="4">Name of Directors</th></tr>
<tr><th colspan="2">Total of (A+B+C+D)</th><th colspan="2">Total of (A+B+C+D+E+F+G)</th></tr>
<tr><th>The Company</th><th>Companies in the consolidated financial statements (H)</th><th>The Company</th><th>Invest in other companies (I)</th></tr>
<tr><td>Below 2,000,000</td><td></td><td></td><td></td><td></td></tr>
<tr><td>2,000,000～5,000,000</td><td>Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu</td><td>Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu</td><td>Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu</td><td>Tze-Kaing Yang , Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu</td></tr>
</table>

5,000,000～10,000,000	Ted Hsu, Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh	Ted Hsu, Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh	Eric Chen	
10,000,000～15,000,000	Jonney Shih, Jonathan Tsang, Jerry Shen	Jonney Shih, Jonathan Tsang, Jerry Shen	Jonathan Tsang	
15,000,000～30,000,000			Jonney Shih , Ted Hsu, S.Y. Hsu, Samson Hu, Joe Hsieh	Jonney Shih , Jonathan Tsang, Ted Hsu, Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh, Jackie Hsu
30,000,000～50,000,000				
50,000,000～100,000,000			Jerry Shen	Jerry Shen
Over 100,000,000				

Note 1: Directors Ted Hsu, Jackie Hsu, Tze-Kaing Yang and Independent Directors Chung-Hou Tai, Ming-Yu Lee, Chung-Jen Cheng were newly appointed on July 28, 2016.
Note 2: No actual payout for pension funds for that year. It is a provision for pension.
Note 3: The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

2. Remuneration of Supervisors

Title	Name	Remuneration						Ratio of Total Remuneration (A+B+C) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		Base Remuneration (A)		Remuneration (B)		Allowances (C)				
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	
Supervisor	Tze-Kaing Yang	0	0	4,814 thousand	4,814 thousand	0	0	0.025%	0.025%	None
Supervisor	Chung-Jen Cheng									
Supervisor	L.H. Yang									

Note: The supervisors resigned on July 28, 2016 and the audit committee was established to substitute for the function.

Remuneration Bracket

Range of Remuneration	Name of Supervisors	
	A+B+C	
	The Company	Companies in the financial statements (D)
Below 2,000,000	Tze-Kaing Yang, Chung-Jen Cheng, L.H. Yang	Tze-Kaing Yang, Chung-Jen Cheng, L.H. Yang
2,000,000～5,000,000		
5,000,000～10,000,000		
10,000,000～15,000,000		
15,000,000～30,000,000		
30,000,000～50,000,000		
50,000,000～100,000,000		
Over 100,000,000		
Total		

＊The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

3. Remuneration of President and Vice President

Title	Name (Note 1)	Salary (A)		Severance Pay (B) (Note 2)		Bonuses and Allowances (C)		Remuneration to Employee (D)				Ratio of total compensation (A+B+C+D) to net income (%)		Compensation Paid to Supervisors from an Invested Company Other than the Company's Subsidiary
		The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company	Companies in the financial statements	The Company		Companies in the financial statements		The Company	Companies in the financial statements	
								Cash amount	Stock amount	Cash amount	Stock amount			
Chief Branding Officer	Jonney Shih	38,228 thousand	38,228 thousand	828 thousand	828 thousand	104,945 thousand	104,945 thousand	40,114 thousand	0	40,114 thousand	0	0.96%	0.96%	None
Chief Strategy Officer	Ted Hsu													
Chief Executive Officer	Jerry Shen													
Chief Operating Officer	S.Y. Hsu													
Chief Operating Officer	Samson Hu													
Corporate V.P.	Joe Hsieh													
Corporate V.P.	Henry Yeh													
Corporate V.P.	Benson Lin													
Corporate V.P.	Alex Sun													

Remuneration Bracket

Range of Remuneration	Name of President and Vice President	
	The Company	Invest in other companies (E)
Below 2,000,000		
2,000,000～5,000,000	Henry Yeh	Henry Yeh
5,000,000～10,000,000	Alex Sun	Alex Sun
10,000,000～15,000,000	Ted Hsu, Benson Lin	Ted Hsu, Benson Lin
15,000,000～30,000,000	Jonney Shih, S.Y. Hsu, Samson Hu, Joe Hsieh	Jonney Shih, S.Y. Hsu, Samson Hu, Joe Hsieh
30,000,000～50,000,000		
50,000,000～100,000,000	Jerry Shen	Jerry Shen
Over 100,000,000		

Note 1: Chief Strategy Officer Ted Hsu was newly appointed on May 1, 2016.

Note 2: No actual payout for pension funds for that year. It is a provision for pension.

Note 3: The content of remuneration disclosed in this table is different from the income defined by Income Tax Law; therefore, this table is used for the purpose of disclosure instead of tax levy.

4. Names of managers receiving remuneration to employees, and status of allocation thereof

	Title	Name	Stock Amount	Cash Amount (estimated amount)	Total	Ratio of Total Amount to Net Income (%)
Managers	Chief Branding Officer	Jonney Shih	0	42,502 thousand	42,502 thousand	0.22%
	Chief Strategy Officer	Ted Hsu				
	Chief Executive Officer	Jerry Shen				
	Chief Operating Officer	S.Y. Hsu				
	Chief Operating Officer	Samson Hu				
	Corporate V.P.	Joe Hsieh				
	Corporate V.P.	Henry Yeh				
	Corporate V.P.	Benson Lin				
	Corporate V.P.	Alex Sun				
	Chief Financial Officer	Nick Wu				
	Comptroller	Winnie Liu				

(IV) Compare and state the ratio of total remuneration paid to the Company's Directors, Supervisors, President, and V.P. by the Company and the companies in the consolidated financial statements to net income in the last two years; also, describe the policy, standard, and combination of remuneration paid; moreover, the procedure of defining remuneration and its relation to business performance and future risks.

A. Analyze the ratio of the total remuneration paid to the Company's Directors, Supervisors, President, and V.P. in the last two years to net income:

Year (Note 1)	Ratio of the total remuneration paid to the Company's Directors, Supervisors, President, and V.P. in the last two years to net income
2015	1.43%
2016	1.35%

Note 1: It meant for the year of the income generated.

B. In terms of the Company's remuneration policy, a reasonable remuneration is based on the salary level of the industry and the responsibility and contribution of each employee.

III. Corporate governance Implementation

(I) Board of Directors

The 2016 10th Board of Directors convened 6 meetings and the 11th Board of Directors assembled 3 meetings where in a total of 9 meetings (A). The following is the attendance of the supervisors:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Jonney Shih	9	0	100%	Reappointment
Vice Chairman	Jonathan Tsang	8	1	88.89%	Reappointment and 1 delegation
Director	Ted Hsu	3	0	100%	Newly appointed for the 11th term
Director	Jerry Shen	9	0	100%	Reappointment
Director	Eric Chen	8	0	88.89%	Reappointment and 1 leaves
Director	S.Y. Hsu	9	0	100%	Reappointment
Director	Samson Hu	9	0	100%	Reappointment
Director	Joe Hsieh	9	0	100%	Reappointment
Director	Jackie Hsu	2		66.67%	Newly appointed for the 11th term and 1 leaves
Director	Tze-Kaing Yang	8	1	88.89%	The tenth BOD served as supervisor The eleventh BOD served as director
Independent Director	Chung-Hou Tai	3	0	100%	Newly appointed
Independent Director	Ming-Yu Lee	3	0	100%	Newly appointed
Independent Director	Chun-An Sheu	2	0	66.67%	Newly appointed for the 11th term and 1 leaves
Supervisor	Chung-Jen Cheng	5	0	83.33%	Discharged from the 10th term
Supervisor	L.H. Yang	5	0	83.33%	Discharged from the 10th term

Other mentionable items:

1. If any of the following circumstances happens in the operation of the Board of Directors, it shall describe the date, term, agenda, opinions of independent directors and the Company's treatment of these opinions:

(1) The provision of the Securities and Exchange Act, Article 14-3:

BOD	Subjects	Securities and Exchange Act, rticle 14-3	Opinions of independent directors	Company's treatment of the pinions.	Resolution results
The second time of the 11th term Aug 12, 2016	The real estate acquisition matters of the Company.	V	None	None	The matter is approved by all the attendees.
The third time of the 11th term Nov 11, 2016	The amendment for "the internal control and audit systems" of the Company.	V	None	None	The matter is approved by all the attendees.

(2) In addition to the previous provisions, other resolutions of the Board meeting against which independent directors make objections or reserve opinions or submit written statements: None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting shall be specified: None.
3. Evaluation of the functions of the board of directors in the current year and last year: The Company's board of directors operates in accordance with the Company's "Parliamentary Rules for Directors' Meeting" and related laws. The executive financial officers and chief auditors will also attend a directors' meeting and produce relevant reports to directors for reference. Meanwhile, in order to upgrade the board members' competency, the Company will invite external trainers to give lessons and arrange advanced studies for the board members.

(II) The operation of the Audit Committee:

The 2016 Audit Committee convened 2 meetings (A). The following is the attendance of the supervisors:

Title	Identity	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Independent Director	Chung-Hou Tai	2	0	100%	All the independent directors of the Company established the Audit Committee on July 28th, 2016 in order to substitute for the supervisor's function.
Member	Independent Director	Ming-Yu Lee	2	0	100%	
Member	Independent Director	Chun-An Sheu	1	0	50%	

Other mentionable items:

I. If any of the following circumstances occurs in the operation of the Audit Committee, it shall describe the date, period, the meeting content, the resolution results of the Audit Committee and the Company's treatment for the opinions of the Audit Committee.

(1) The provision of the Securities and Exchange Act, Article 14-5:

Audit Committee	Subjects	Securities and Exchange Act, Article 14-5	opinions of independe nt directors	Company's treatment of the opinions.	Resolution results
The second time of the 11th edition Aug 12, 2016	The real estate acquisition matters of the Company.	V	None	None	The matter is approved by all the attendees.
The third time of the 11th edition Nov 11, 2016	The amendment for "the internal control and audit systems" of the Company.	V	None	None	The matter is approved by all the attendees.

(2) In addition to the previous provisions, other resolutions not passed by the Audit Committee, however, approved by two third of the Board of Directors: None.

II. The avoidance of conflict of interest on the side of the independent directors: None.

III. The communication between the independent directors and the internal audit managers and accountants shall include the essential events, ways and results of the Company's finance and business condition:

i. The audit manager shall give audit reports to the independent directors on a regular basis, where necessary, contact and communicate with them by telephones, letters and messages. The audit manager shall attend the Audit Committee meetings in order to give suggestions and descriptions when related data are required by the committee members.

ii. The accountant shall explain the review or examination of the financial statement to the independent directors in a written form or face-to-face and the independent directors shall response their opinions in the same way, and where necessary, make sufficient communications by telephone, letter and messages.

iii. The independent directors have no particular opinions on the communication between the internal audit manager and the accountant.

(III) Corporate Governance Implementation Status and Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Does the Company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies"?	V		The Company established its "Corporate Governance Best-Practice Principles" upon approval of the board of directors on November 11, 2015, and disclosed the same on the Company's website and MOPS pursuant to laws.	No deviation
2. Shareholding structure & shareholders' rights				
(1) Does the Company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure??	V		(1) The Company has established the spokesperson system and investor relation department to process relevant issues.	No deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company is used to maintaining fair relationship with major shareholders and controls the relevant name list from time to time.	No deviation
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established proper risk control mechanism and firewall according to the internal relevant regulations such as the "Regulations Governing Subsidiary Company Management," "Endorsement and Guarantee Operation Procedure" and "Acquisition or Disposition of Information Asset Process."	No deviation
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established the "Operating Procedure for Processing of Important Internal Information" and "Employees' Code of Conduct". Meanwhile, the Company propagates the same to insiders and prohibits insiders trading.	No deviation
3. Composition and Responsibilities of the Board of Directors				
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V	V	(1) The Company has established the board diversity policy in Article 20 of the Best Practice Principles of Corporate Governance and carried out the policy in the 2016 independent director selection. See Note 1 for the implementation of each Board.	No deviation
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration	V	V	(2) The Company has not yet established other functional committee.	Scheduled to gradually establish according to the laws and

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
Committee and the Audit Committee?				regulations as well as the practical requirement of the Company.
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V	V	(3) The Company's Remuneration Committee will conduct the performance appraisal once per six months based on each director's participation in the Company's operation.	No deviation
(4) Does the Company regularly evaluate the independence of CPAs?	V	V	(4) The Board of Directors will evaluate the independence and adequacy of the Company's auditors according to the Statement of Independence issued by the accounting firm where the auditors belong to and along with the related regulations of the Certified Public Accountant Act. See Note 2 for the criteria of independence evaluation.	No deviation
4. Does the Company designate a full-time (part-time) unit or personnel to take charge of the Company's governance businesses (including but not limited to providing required data to the directors and supervisors, performing related events of the Board and the shareholder meetings by law, conduct the Company's registration and the amendment of the registration)?	V		The stock affair office is the part-time governance unit of the Company. It is responsible for performing the related events of the Board and the shareholder meeting, conducting the registration and the amendment of the registration in accordance with the competent authority and relevant laws and regulations and reporting information and other disclosure matters.	No deviation
5. Does the Company setup communication channels between the investors (including but not limited to the shareholders, employees and suppliers), establish the Investor Relation area on the Company's website and respond to the issues of corporate social responsibilities concerned by the investors?	V		The Company has setup the investor communication channel on the CSR website, established the Investor Relation area on the official website and appropriately responded to the issues in the CSR report.	No deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company assigns KGI Securities registrar to handle the stock affairs.	No deviation
7. Information Disclosure (1) Does the Company have a corporate website to disclose both financial standings and the status of corporate governance	V		(1) Already disclosed the information about finance and business on the Company's website for investors at http://www.asus.com/tw/Investor/, and stated the status of the Company's corporate governance to shareholders and investors at a shareholders' meeting and investor conference.	No deviation
(2) Does the Company have other information disclosure	V		(2) The Company establishes specialist in charge of	No deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?			information collection and disclosure with implementation of spokesperson system as the external communication. The corporate conference process will is also displayed at the Company website.	
8. Is there any other important information to facilitate a better understanding of the Company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) For information regarding employees' rights and care for employees, please refer to the section on "Labor-Employer Relation" of this annual report. (2) The Company has built up the Investor Relations area on its official website. (3) The Company has established related information of the liability insurance for all directors and supervisors in the Company's Article of Incorporation. The insurance amount, coverage, rate and other important information will be reported to the Board on a regular basis. (4) To improve the supervision and management function of the Board of the Directors, the Company follows the "Regulations Governing Procedure for Board of Directors Meetings of Public Companies" promulgated by competent authority and develops the "Board of the Directors Meeting Standards" with arrangement of advanced study for the directors to pursue advanced study from time to time. (Please refer to "Education and Training of Directors" in this annual report) (5) The Company establishes maintenance office and consumer hotlines worldwide to protect the rights of the consumers. The Company also signs contract with clients to provide relevant products and services. (6) The Company follows the laws and regulation with emphasis on labor-employer relation, providing employment opportunity, creating own branding, expanding export, and fulfilling social responsibilities. (7) Other company: The governance matters are gradually implemented, taking consideration of the current situation of the Company and regulations.	No deviation
9. The Company shall describe the improvements with reference to the corporate governance evaluation results	V		ASUS elected the independent directors, set up the audit committee, and particularly disclosed the information on our	No deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
issued by the CG Center of Taiwan Stock Exchange Corporation, and shall make available the prioritized enhanced measures for the matters that have not been improved.			website to meet the corporate governance requirements. The Company will make improvement progressively according to the plan to be made for the matters that have not been improved.	

Note 1: Individual directors for diversification of Board members

Diversification Item / Name	Gender	Industry	Technology	Marketing	Accounting	Finance	Taxation
Jonney Shih	Male	V	V	V			
Jonathan Tsang	Male	V	V	V			
Ted Hsu	Male	V	V				
Jerry Shen	Male	V	V	V			
Eric Chen	Male	V		V			
S.Y. Hsu	Male	V	V				
Samson Hu	Male	V	V				
Joe Hsieh	Male	V	V	V			
Jackie Hsu	Male	V		V			
Tze-Kaing Yang	Male	V				V	
Chung-Hou Tai	Male	V	V	V			
Ming-Yu Lee	Male				V	V	
Chun-An Sheu	Male				V	V	V

Note 2: Assessment criteria of accountant’s independence

Assessment	2016 assessment result (Y/N)	Independence (Y/N)
1. The designated accountant does not have direct or indirect financial interest relationship with the Company.	Y	Y
2. The designated accountant does not have a financing or guarantee relationship with the Company or any director or supervisor of the Company.	Y	Y
3. The designated accountant does not take into account the possible loss of the client to affect his/her auditing task.	Y	Y
4. The designated accountant does not have close business relationship or potential employment relationship with the Company.	Y	Y
5. The designated accountant does not have contingent fees related to his/her auditing task.	Y	Y
6. The designated accountant does/did not currently/ in the recent two years serve as a director, supervisor, or manager of the Company or play a role having significant influence on the audit case.	Y	Y
7. The non-audit service that the firm of the designated accountant offered to the Company does not have direct influence on any important items of the audit case.	Y	Y
8. The designated accountant does not promote or act as an intermediate for the shares or other securities issued by the Company.	Y	Y
9. The designated accountant does not serve as the advocate of the Company nor as the representative of the Company to mediate the dispute between the Company and any third party.	Y	Y
10. The designated accountant does not have kinship with any director, supervisor, or manager of the Company or the person having significant influence on the audit service.	Y	Y
11. No former partner of the designated accountant serves as a director, supervisor, or manager of the Company or in a position having significant influence on the audit case within one year after relieved of his/her office.	Y	Y
12. The designated accountant did not receive any gift or present of great value from the Company or any director, supervisor, or manager of the Company.	Y	Y
13. The designated accountant did not accept any inappropriate selection of accounting policies or inappropriate disclosure of financial statements made by the management of the Company.	Y	Y

(IV) Compensation Committee Operations:

1. Formation and Responsibilities of ASUS Compensation Committee：

(1) Formation of Committee：

The Member of Committee consists of three people appointed by the BOD resolution, whereas one of them is the convener. The professional qualification and independence of the members comply with the provisions set forth in Article 5 and Article 6 of Guidelines for Functions in Compensation Committee.

(2) Responsibilities of Committee：

The Committee shall fact as good administrator to truthfully fulfill the following functions and to submit recommendations to the BOD for discussion. Nonetheless the recommendations on supervisor's salary and remuneration submitting to the BOD for discussion are limited to the specification of Articles of Association for Supervisor salary and remuneration or shareholder resolution with authorization to BOD for processing:

i. Periodically review the guidelines and propose recommendation for revision.

ii. Formulate and periodically review the performance appraisal for ASUS directors, supervisors and managers with policy, system, standards, and structure for salary and remuneration.

iii. Periodically evaluate and specify the salary and remuneration for ASUS directors, supervisors and managers.

The Committee fulfilling the aforementioned functions shall comply with the following principles：

i. Ensure the arrangement of salary and remuneration in line with relevant laws and regulations that are sufficient to attract outstanding personnel.

ii. The performance appraisal and salary/remuneration for directors, supervisor and managers shall refer to common peer standards for payout with consideration of personal performance and company salary/remuneration concept, business performance and rationality of future risk association.

iii. Directors and managers shall not be misled with introduction of pursuit of salary/remuneration to engage in conducts exceeding the risk appetite of the Company.

iv. The proportion of bonus to directors and senior managers in short-term performance and the payout time for some changing salary and remuneration shall be determined with consideration of industry characteristics and the business nature.

2. The Members of ASUS Compensation Committee:

Title	Criteria / Name	Meets One of the Following Professional Qualification Requirements, Together with at Least Five Years' Work Experience			Independence Criteria (Note)								Number of Other Public Companies in Which the Individual is Concurrently Serving as an Remuneration Committee Member	Remarks
		Teachers of public or private colleges for the subject of commerce, law, finance, accounting, or business	Judge, prosecutor, attorney, accountant, or business salespersons passed national exam & certified specialists or technicians	With job experience in commerce, law, finance, accounting, or business	1	2	3	4	5	6	7	8		
Independent Director	Li, Ming-Yu	v	v	v	v	v	v	v	v	v	v	v	2	
Independent Director	Tai, Chung-Ho			v	v	v	v	v	v	v	v	v	1	
Independent Director	Sheu, Chun-An	v		v	v	v	v	v	v	v	v	v	2	

Note：The members who have qualified the following conditions two years before being elected and during the term are to tick the box ("✓") of the corresponding condition.

(1) Not an employee of the Company or any related party;

(2) Not a director or supervisor of the Company or any related party (except for being an independent director of the Company or any related party, or, the subsidiary that is with over 50% shareholding with voting rights held directly or indirectly by the Company);

(3) Does not hold more than 1% of total stock issued directly or indirectly nor a natural shareholder on the top-ten shareholdings list;

(4) Not the spouse nor a relative within two degrees of lineal consanguinity of an individual falling in the first three categories;

(5) Not a Director, Supervisor, or employee of the legal shareholder that holds over 5% of total stock issued directly or indirectly; or on the top-five shareholdings list of the Company;

(6) Not a Director (executive), Supervisor, management, or a shareholder with over 5% shareholdings of a company or organization that is in business with the Company;

(7) Not an owner, partner, Director, Supervisor, management of a partnership or institution and his/her spouse that provides commerce, law, finance, accounting and consulting service to the Company or related party.

(8) Free of any of the behaviors as defined in Article 30 of Company Act.

3. Operations of ASUS Compensation Committee:

(1) The members of the Remuneration Committee of the Company: 3 people.

(2) Period of the 3rd term: July 28, 2016 to July 27, 2019.

The Salary and Remuneration Committee convened 2 meetings in 2016 (A). The qualification of the members and their attendance are described below:

Title	Identify	Name	Attendance (Times) (B)	Proxy	Frequency of attendance (%) (B/A)	Remark
Convener	Independent Director	Li, Ming-Yu	2	0	100%	The last term of the members is renewed to this term.
Committee	Independent Director	Kenneth Tai	2	0	100%	
Committee	Independent Director	Sheu, Chun-An	2	0	100%	
Other mentionable items: 1. The board of directors decline to adopt, or will modify, a recommendation of the Remuneration Committee: None 2. Any member's objection to or reservations about motion resolved by the Remuneration Committee: None						

4. Operations of ASUS Compensation Committee recently:

Date	Operation
Jan 27, 2016 The fourth time of the second term	Approved the Company's motion for allocation of year-end bonus to managers in 2015. Approved the motion for allocation of remuneration to directors/supervisors and employee bonus from earnings of 2015.

Jul 19, 2016 The fifth time of the second term	Approved the motion for allocation of remuneration to directors/supervisors 2015 Approved the motion for annual adjustment of remuneration to managers and allocation of mid-year performance bonus 2016
Jan 19, 2017 The first time of the third term	Approved the Company's motion for allocation of year-end bonus to managers in 2016.
Mar 17, 2017 The second time of the third term	Approved the motion for additional year-end performance bonus to managers 2016 Approved the motion for allocation of remuneration to directors/supervisors and employee bonus from earnings of 2016.

(V) Corporate Social Responsibility

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
1. Corporate Governance Implementation				
(1) Does the Company declare its corporate social responsibility policy and examine the results of the implementation?	V		(1) ASUS has corporate social responsibility policy and guidelines defined that can be looked up at ASUS corporate sustainability report and ASUS CSR website at http://csr.asus.com.	There have been no differences
(2) Does the Company provide educational training on corporate social responsibility on a regular basis?	V		(2) The Company offers new employee courses related to their work with coverage on social responsibility education and training.	There have been no differences
(3) Does the Company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		(3) The Company has established the Corporate Sustainability Office (CSO) dedicated to boosting the corporate social responsibility-related policies, which is a permanent unit directly subordinated to the Chairman of Board. The GreenASUS and SERASUS (Social and Environment Responsibility, SER) management committee shall meet periodically to boost the sustainability affairs. The representative thereof shall be appointed by the CEO and the Committee	There have been no differences
(4) Does the Company declare a reasonable salary remuneration policy, and integrate the employee performance appraisal system with its corporate social responsibility policy, as well as establish an effective reward and disciplinary system?	V		(4) (4) The Company takes consideration of the domestic price level and peer salary level to reasonably adjust salary and remuneration. The Company also conducts two performance appraisals to recognize employee performance and promote development through the appraisal system as well as to caring for employees with performance falling behind. The Company also fulfills social responsibly of caring for employees and assist employees to accomplish their goals through performance improvement program. The Company develops "Employee Ethical Conducts Principles" and "Work Conducts" to explicitly regulate the respective integral conduct standards of employees, rewards and punishment standards for implementation of fair treatment.	No deviation

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
2. Sustainable Environment Development				
(1) Does the Company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment?	V		(1) To effectively utilize resources and to reduce green-gas emission during transport, ASUS designs the special structure for package with patent to reduce the packaging weight, reduce packaging material volume, in addition to introducing the user of recycled materials. In the future, ASUS will continue reducing waste, control the total amount of use for package materials and enhance packaging universality to introduce sustainable materials.	There have been no differences
(2) Does the Company establish proper environmental management systems based on the characteristics of their industries?	V		(2) ASUS had passed ISO14001 Environmental Management System Certification in 1998 and complied with PDCA annually.	There have been no differences
(3) (3) ASUS stays alert the impact of climate change on business activities; also, drafts up energy saving and carbon reduction and greenhouse gas reduction strategy?	V		(3) ASUS has committed to greenhouse gas reduction; also, disclose greenhouse gas emission information that can be looked up on the corporate sustainability report and ASUS CSR website. ASUS products have undergone ecological design to enhance energy use efficiency for reduction in greenhouse gases.	There have been no differences
3. Preserving Public Welfare				
(1) Does the Company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company has developed and disclosed statement of human rights policy according to the UN Statement of Human Rights in addition to developing internal standards.	There have been no differences
(2) Has the Company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	V		(2) The Company establishes employee ethical conduct principles, sexual harassment prevention measures, complaint and punishment regulations, and prevention program for encountering illegitimate invasion during execution. Employees can report to the special email audit@asus.com upon discovery of unethical conducts. In the event of illegitimate invasion, file consultation and complaint through workplace violence and sexual harassment prevention hotline: 6666@asus.com. The Company will immediately start the investigation and	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			processing mechanism upon receiving such complaints filed by employees.	
(3) Does the Company provide a healthy and safe working environment and organize training on health and safety for its employees on a regular basis?	V		(3) The Company has established the unit dedicated to occupational health and safety, and continued passing OHSAS 18001 labor health and safety management system. The Company will perform occupational health and safety educational training on new employees, current employees and contractors to protect the staff's health and safety.	There have been no differences
(4) Does the Company setup a communication channel with employees on a regular basis, as well as reasonably inform employees of any significant changes in operations that may have an impact on them?	V		(4) ASUS holds labor meeting quarterly. In the event of major changes in operation, the Company's PR or competent departmental supervisor shall explain to employees through public channels (including seminar, announcement, and email).	There have been no differences
(5) Does the Company provide its employees with career development and training sessions?	V		(5) The Company comprehensively promotes "Learning and Growth Plan" for supervisors to assist employees develop required competency, in addition to providing feasible programs meeting organizational and personal development. The Company upholds to concept of "Level-based teaching" and using corporate core value and functions required for all levels as the basis to evaluate the personal work requirement. Supervisors and employees will jointly discuss to plan the personal annual learning growth plan so that learning will become more intuitive and efficient.	There have been no differences
(6) Does the Company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		(6) ASUS has setup consumer complaints procedures and methods by 0800-093-456 Technical Service Hotline / e-mail or Support website at http://support.asus.com.tw	There have been no differences
(7) Does the Company advertise and label its goods and services according to relevant regulations and international standards?	V		(7) ASUS follows relevant laws and regulations and international standards in addition to developing internal standards.	There have been no differences
(8) Does the Company evaluate the records of suppliers' impact on the environment and society before taking on business partnerships?	V		(8) ASUS selects suppliers and vendors in consideration of their CSR compliance. After passing the self-evaluation and review with regard to three aspects including the	Prior to becoming the vendor of ASUS, ASUS does not assess the vendor's history of whether

Evaluation Item	Implementation Status			Deviations from "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Explanation	
			environmental quality system, process and green requirements, ASUS required new suppliers and vendors to sign a code of conduct and guarantee the observance of the CSR requirements. The professional ASUS audit and evaluation team will conduct onsite audit and evaluation including annual audits related to the environment and society.	if it has records of affecting the society. The vendor will undergo annual environmental and social related audit after becoming the vendor.
(9) Do the contracts between the Company and its major suppliers include termination clauses which come into force once the suppliers breach the corporate social responsibility policy and cause appreciable impact on the environment and society?	V		(9) The current contract provides that the suppliers shall meet the laws and regulations applicable in the countries all over the world, including labor and environmental protection requirements. Breach of the contract by the suppliers shall result in punishment. Meanwhile, the Company will ask the suppliers to sign the "Declaration of ASUS Group Contractor/Supplier Conduct Compliance", which states that where the suppliers breach any requirements about corporate social responsibility and thereby cause material effect to the environment and society in the countries where they operate business, ASUS Group may terminate or rescind the contract or cooperation with them at any time.	There have been no differences
4. Enhancing Information Disclosure (1) Does the Company disclose relevant and reliable information regarding its corporate social responsibility on its website and the Market Observation Post System (MOPS)?	V		The Company has established the CSR website to disclose information related to corporate social responsibility both from time to time and routinely, issue corporate sustainability report, and disclose relevant information on the Public Observation Post System.	There have been no differences
5. If the Company has established the corporate social responsibility principles based on "the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the Principles and their implementation: ASUS has substantiated corporate social responsibility in accordance with the "Rules Governing Listed & OTC corporate governance.				
6. Other important information to facilitate better understanding of the Company's corporate social responsibility practices: Please refer to the business sustainability report and website of ASUS at http://csr.asus.com/chinese/index.aspx#120				
7. A clear statement shall be made below if the corporate social responsibility reports were verified by external certification institutions: The Company issues the CSR report before June 30 every year. Please download the latest version of the CSR report from http://csr.asus.com/chinese/article.aspx?id=120. The 2015 Corporate Sustainability Report released by the Company in 2016 has been approved by the Global Reporting, which was certified by SGS Taiwan for the significance, inclusivity and responsiveness of this report conforming to the GRI G4 Core architecture, in accordance with the AA1000 inspection standards and GRI outlines.				

(VI) Corporate Social Responsibility

As an international leading brand, ASUS values corporate social responsibility (CSR) at the same time as it attends to its business growth, in hopes of being an enterprise with sustainable development in the areas of economy, environment and society. To be in line with the international own-brand manufacturers' requirements toward corporate social responsibility, ASUS also integrates the principal business lines with its sustainable policies to fulfill the management philosophy reflecting "becoming the world-class green technology leading group and making real contribution to the society".

Sustainability organization and management system

ASUS established the Corporate Sustainability Office (CSO) in 2009, which is a permanent unit subordinated to the Chairman of Board directly, and appointed the executive sustainability officer. The Office members are all full-time employees dedicated to planning and implementing the sustainability in the Top-Down manner. ASUS understands that sustainability may be realized only by integrating the core capability and business. The functions to be performed by CSO include green product management, performance of corporate sustainability, sustainable supply chain management, and caring for employees and participating in society, covering the issues about sustainability of governance, environment and society.

To ensure effective promotion of the matters related to the green management of the products as well as the organization, environmental, and social management, ASUS established GreenASUS and SERASUS (Social and Environment Responsibility, SER) Committee, of which the chairman is appointed by the CEO. The Committee members are made up of staff from multiple departments within the Group, including business units, functional units and other work taskforces. The members shall complete the relevant planning, coordination and decision making at the Committee meeting to boost the quality management and environment management systems within ASUS Group.

The sustainability management system consists of two major parts, namely the quality management system and social and environmental responsibility, health and safety management system. ASUS quality management system follows ISO 9001 and IECQ QC 08000 Hazardous Substances Process Management (HSPM), while social and environmental responsibility, health and safety management system follows ISO 14001 environmental management system, OHSAS 18001 occupational health and safety management system, and Electronic Industry Code of Conduct (EICC).

2016 Results of sustainable governance:

(1) Selected as a component of the MSCI Global Sustainability Indexes for three consecutive years.

(2) Selected as a component of the FTSE4Good Emerging Index in the first-year evaluation.
(3) Won the "2016 National Sustainable Development Award" by the Executive Yuan in the category of Enterprise Group.

1. GreenASUS

The Company has been dedicated to environmental protection since 2000 to control and respond to the global environmental protection laws and regulations, such as Restriction of Hazardous Substances (RoHS), Waste Electrical and Electronic Equipment (WEEE), ErP, REACH, laws governing limit value and labelling of product energy efficiency, and requirements about use of battery and packing materials and waste goods. Meanwhile, the Company delivered the green production process ahead of the others in the same trade to improve the product design. The Company makes every endeavor to promote green design, green procurement, green production, and green marketing, and pays attention to the effect to environment at the very beginning when the product is designed, enhances green design, develop green products and design energy-saving products. The Company also works with suppliers to boost the green supply chain and establish the recycling mechanism. In other words, the Company tries its best to contribute to the earth at each stage.

Therefore, in terms of the life cycle of products, ASUS reviews procurement of raw materials and supplies, production, transportation, use and waste. It has established the "ASUS Product Ecological Design and Technology Standards" consisting of the three major themes, namely "choice of environmental materials", "easy disassembly and recycled design" and "energy-saving design", including hazardous substance management, easy recycling and reuse, easy disassembly, and design and service for extension of life cycle of product, and low energy consumption design, to ensure the green quality of products and reduce the carbon footprint at the very beginning.

ASUS products not only comply with the international environmental protection requirements; they have also received various international environmental protection marks and environmental protection awards to demonstrate the strength of green high-tech technology. The milestones of GreenASUS are outlined as following:

(1) The 2016 full laptop computer series met the Energy Star performance standard with an average consumption performance better than the criteria by 53%.
(2) The ratio of the global electronic products recovery volume to sales volume was 11% in 2016 and better than the performance of the industry.
(3) ASUS was awarded the HSPM certificate (Hazardous Substance Process Management) by IECQ in 2012 and became the first computer company to win

such honor in the world. This reflects that the efforts spent by ASUS in environmental protection and green action were recognized again.

(4) The first receiving the electronic information products pollution control voluntary certification (rohs) certificate for notes as awarded by China Quality Certification Center in July 2012.

(5) ASUS completed the life cycle carbon emission investigation according to the PAS 2050:2008 published by BSI, and received the first certificate for notebook certified according to the carbon footprint certification under PAS 2050:2008 by DNV in the world. ASUS also analyzed the carbon investigation result and released the notebook U53SD based on ecological design and concept about green innovation. US53SD adopted bamboo in replace of traditional plastic materials, which is even equipped with the exclusive Super Hybrid Engine (SH) energy-saving technology, in order to improve the carbon footprint of products by virtue of alternative materials and upgrading of energy utilization. In 2012, the Company followed the PAS 2060:2010 published by BSI, and achieved the carbon neutral status for the products by the residual carbon emission after the carbon crediting transaction, and received the carbon neutral certification certificate based on PAS 2060 by DNV.

(6) Best Choice Award and Eee Box EB1033 awarded Green ICT Award in 2012.

(7) Since ASUS received the first notebook EPEAT gold medal in Taiwan and the first notebook EU Flower mark in the world in 2008, ASUS has continued and worked hard to boost the green environmental protection products to demonstrate its excellent green design concept. In 2011, the EPEAT environmental protection marks received by ASUS extended to EeePC, EeeBox and monitors. Meanwhile, it promoted the registration of EPEAT in other countries.

(8) The Company developed ultra-effective energy saving technology, which may reduce power consumption and upgrade endurance, and the excellent workmanship relied on by the monitors, which may be recycled and save energy easily. As a result, ASUS continued upgrading the efficiency of products and received the Energy Star Award of 2011 for Excellence in Efficient Product Design organized by U.S. Environmental Protection Agency.

(9) Received the China Environmental Labelling Certificate for multiple series of notebooks, desktops and PC in 2011.

(10) Received Best Choice Award in 2011 and Green ICT Award for VW247H-HF and U43SD in 2011.

(11) Received Best Choice Award, and Green ICT Award for Eee PC 1015PE in 2010.

(12) Greenpeace organized an Electronics Survey in 2010, with respect to the use of chemical substance in a product, energy efficiency, extension of the life cycle of products and other issues. The Company's VW247H-HF won 7.5 points out of 10, ahead of the other brands, and ranked 1st for the monitor products. Meanwhile, the notebook UL30A also ranked 1st for notebooks.

Accordingly, the Company became the only manufacturer to receive the championship for two products at the same time.

(13) The Company was invited to take part in the Electronics Take Back Coalition in the U.S.A. in 2012, and achieved remarkable performance in the area of computers.

(14) The Company's U30Jc notebook received Japan Eco Mark in 2012 and became the first one of the global top 10 IT suppliers, which received such honor.

(15) The Company's U30Jc received Korean Eco-Label in 2010.

(16) The Company released the first halogen-free motherboard (P7P55D-E/HF) and the first 920x1080 halogen-free LED monitor (VW247-HF) in the world in 2010.

(17) U53Jc received PAS 2050/ISO14067 "carbon footprint" certificate in 2010.

(18) The Company became the first notebook supplier to receive the "EPD" and "Product Carbon Footprint" certification in the world in 2009.

(19) The Company announced the greenhouse gas inspection information and organizational investigation certification according to ISO 14064 in 2009.

(20) The Company released halogen-free series in 2009, including notebooks, PADs, LCD monitors, EeePC, and VGA, etc.

(21) The Company's notebook U series and EeeBox received EU Flower and Czech environmental protection mark in 2009.

(22) The first notebook in Taiwan, the Company's notebook N series, received EU Flower and Czech environmental protection mark in 2008.

(23) The first notebook in Taiwan, the Company's notebook N series, received EPEAT gold medal in 2008.

(24) The Company received the excellent achievement, B+, for the "computer and peripheral devices" of Oekom international environmental performance competition in Germany in 2007, ranking 1st place among the international own-brand manufacturers participating the competition with respect to computer and peripheral devices.

For more ASUS products under the environmental protection mark, please view: http://csr.asus.com/chinese/index.aspx#74

2. Corporate social responsibility SERASUS

Considering that the corporate social responsibility has increasingly become one of the KPIs to measure an enterprise's sustainability, ASUS's concerns about the social and environmental responsibilities also include the labor health and safety risk assessment and measures, promotion of labors' interest and right, occupational safety and care for employees' physical and mental health, in addition to the environmental management covering various measures and controls over air, polluted water, waste goods, hazardous substance, noise and energy saving. ASUS integrates the requirements about environment, safety and health, labor and code of business conduct as the management system framework, and complies with the following social and environmental responsibility policies:

(1) Compliance with laws and reduce environmental safety risk
(2) Cherish natural resources and mitigate environmental impact
(3) Satisfy customers' needs and realize green enterprise
(4) Care employees and upgrade humane care
(5) All employees shall participate to fulfill the corporate social responsibility.

Interested parties are increasingly concerned about the issue about human rights. The Company is used to respecting humanity and caring for employees as its management philosophy. The employees hired by the Company comply with the minimum age requirements applicable locally, local laws, and EICC. The Company will not discriminate against employees because of race, sex, age, political party, religion or handicap, but will care for and protect their work and living conditions, and provide employees with well-founded training and chance for self-development. According to the Universal Declaration of Human Rights of UN, ASUS discloses the Company's statement of human rights policy as following:

(1) No child labor: No child labor will be hired, in order to comply with the minimum age requirements under local laws.
(2) Basic pay: To provide employees with the wage and benefit which are equivalent to or better than the minimum requirements under local laws and regulations.
(3) Working hours: To provide employees with leave with pay periodically; no employees will be forced to work more than the maximum working hours required under local laws; to comply with the requirements about overtime work or compensation as required.
(4) Non-discrimination: To forbid discrimination because of race, skin color, age, sex, sex orientation, religion, handicap, labor union member or political orientation; each employee is entitled to equal protection, free from any discrimination.
(5) No inhumane treatment: To forbid harassment or physical abuse, etc.
(6) Forced labor: To ensure that no forced, imprisoned or involuntary prison laborers are hired to produce ASUS products or services, and all employment terms and conditions are agreed upon by the employees voluntarily.
(7) Health and safety: To provide all employees with a healthy and safe working environment in which all employees respect and trust each other.
(8) Employees' training and self-development: To provide facilities, training plan, hours and subsidies to support employees' career development.

The SERASUS results are stated as following:
(1) Acquired the UL Zero Waste to Landfill certificate in 2016 as the first HQ in the consumer electronic industry that acquired this certificate.

(2)Awarded the TCSA "Supply Chain Management Award" by the Taiwan Institute for Sustainable Energy (TAISE).
(3) Acquired the USA Green Building LEED Platinum Mark and Taiwan Green Building Diamond Mark in 2016.
(4) Acquired the Silver Mark for intelligentization of existing buildings in 2016.
(5) Passed the ISO 50001 Energy Management System certification in 2016.
(6) Honored the "2015 Taipei Labor Safety Award for Excellent Corporations" in 2016.
(7) Awarded the "Excellent Labor Safety Institute of Labor Safety Award of Taipei City 2014" in 2015.
(8) Awarded the "Taipei City Excellent Health Workplace" in 2015.
(9) Awarded the "Environmental Protection Award of the R.O.C. Enterprises" of 24th term in 2015.
(10) Passed the health workplace-health promotion mark in 2015.
(11) Awarded the "Sustainability Award" by Department of Environmental Protection in 2014.
(12) Awarded the "Enterprise Environmental Protection Award"- sliver prize of 23rd term by Environmental Protection Administration in 2014.
(13) The "corporate sustainability report" released in 2014 was found meeting GRI G4 Core Option upon the third party's investigation.
(14) Awarded the Excellence Award of "Taipei City Industrial and Commercial Energy Personnel Competition" in 2013.
(15) Awarded the "Taipei City Commercial Building Energy Saving Landmark" in 2013, namely the energy saving building.
(16) Awarded the "Taiwan Corporate Sustainability Report Award" – non-manufacturing section in 2013.
(17) Awarded the "Excellent Labor Health and Safety Institute" and "Excellent Labor Health and Safety Staff" of Taipei City in 2012.
(18) Passed the health workplace certification in 2012.
(19) Awarded the "Excellence in Corporate Social Responsibility Report Disclosure of Listed Companies" by TWSE in 2011.
(20) Awarded the excellent institution for "energy saving and carbon reduction mobile mark" by Environmental Protection Administration in 2010 and received the "energy saving and carbon reduction mobile mark".
(21) Attended the "Taiwan Enterprise Sustainability Award" and receive the excellent work prize in 2009. Received the non-manufacturing bronze medal and special award for excellence in dealing with climate transformation in 2011; received the service industry bronze medal in 2012; received the service industry excellence award in 2013. Received the service industry silver medal for "Taiwan Top 50 CSR Award" in 2014; received the service industry bronze medal for "Taiwan CSR Award" in 2015.
(22) Attended the "CSR Taiwan Corporate Social Responsibility" organized by Global Views Monthly and received the CSR Excellence Award for Technology Industry in 2010.

(23) Awarded the "1st Place of Corporate Sustainability Award" by Executive Yuan on December 3, 2007. Such honor made consumers more confident about ASUS products without doubt, substantiating that ASUS products are of solid quality and meet the environmental protection standards. Meanwhile, ASUS's commitments to consumers were realized accordingly.

3. Sustainable supply chain management

ASUS acknowledges that sustainability not only concerns the organization per se but also covers the suppliers in the entire value chain during the life cycle of a product, including procurement of down-stream raw materials, production, and use of products and waste of products. With respect to the problems seen at each stage, including the stage of procurement of raw materials, such as mineral conflicts, use of hazardous substances correspondent to the stage of production, laborers' human rights, and electronic waste goods control at the stage of waste of goods, ASUS defined different countermeasures to be taken by the suppliers, ranging from the ISO under the PDCA framework constructed by the organization internally to international organizations attended by the Company externally to integrate external resources to control and manage the risk jointly.

The ASUS supply chain management operates in two stages. All the suppliers who are qualified to cooperate with ASUS must pass the quality audit of new supplies in the first stage. A sustained risk management mechanism is established in the second stage to manage the transaction risks on an ongoing basis. It requires all the suppliers to sign a statement of compliance with the code of conduct, commit themselves to observance of human rights, health and safety, environment, ethics, and management system requirements, and cooperate with ASUS to implement the annual risk management, including the self-evaluation and audit of social responsibilities, regulatory audit of Green Mark, investigation of carbon and water footprints, and investigation of conflict minerals.

The EICC (Electronic Industry Citizenship Coalition) is a nonprofit organization established by global electronics industries with the intention to take their corporate social responsibilities conscientiously. It protects the human rights and environment by making a standardized EICC. As a member of the EICC, ASUS is committed to observing the EICC, and further refers to the requirements of other voluntary international standards (e.g. SA8000 and PAS7000) to establish the stricter Supply Chain Code of Conduct. In addition to ensuring more protection of the child labor, compulsory labor as well as female and pregnant employees, the purpose of this code of conduct is to create a healthy and safe working environment, promote environment-friendly processes, and encourage suppliers to direct more resources toward the topics of social responsible and continual improvement.

To monitor the ongoing risk management performance of the supply chain, ASUS carries out identification of suppliers based on the features of the industries in the supply chain, purchase modes, and geographic relationships. Management measures are determined depending on the level of the risk. For the suppliers identified as higher risk, an independent third party will work together with our internal audit department to conduct on-site audit according to the Supply Chain Code of Conduct. The results of the audit will be incorporated into the QBR (Quarterly Business Review) report and used as an important basis for the management to allocate resources and make decisions on continuous cooperation.

In order to improve and focus on the management capability of the supply chain, a supply chain plenary session is held every year to communicate the supply chain management systems and requirements of ASUS, give a lecture on the latest international laws and regulations, and share the best practices in the industry. A global supply chain management platform is established to provide an official outward communication channel, create a mechanism for approval of materials and finished products in terms of their compliance, and collect supply chain investigation information.

4. Care for employees

ASUS adheres to the management philosophy for "training, cherishing and caring employees to enable ASUS folks to exert their potential to the utmost". ASUS identifies employees as its most important assets. Each of them is talent who needs to be treated diligently. Therefore, ASUS is dedicated to establishing the well-founded management system and environment, and integrates internal and external resources to create well-founded caring system and communication platform. The integration of resources is intended to transform the Company's strengths into ASUS cultural assets to be preserved, communicated, and memorized in each ASUS employee's mind, so that employees may exert their potential without limitation and keep pursuing organizational and individual growth and objectives.

<u>Care for employees</u>

The Company extends care via the website to share and ease the work pressure together with employees, help employees' self-management and achievement of balanced development of work and life. The contents of the website include release of work pressure, positive thinking, and other information helpful for the employees' personal work or life.

<u>Diversified communication channels</u>

ASUS has boosted the electronic promotional materials and blogs in the territories of Taiwan in the past years. The two-way open communication model between employees and supervisors have been implemented for years, in addition to the other fair communication channels between employees, work teams and high-rank management internally and externally, such as ASUS intranet EIP, DigiTrend magazine, corner promotional materials, 24-hour emergency service hotline No. 2119 for ASUS employees, sustainability and humane care hotline No. 1799.

Disaster relief

The Company has planned a care program for employees who suffer from material disasters to provide support to employees and their family members in case of serious disaster or emergency, and to extend care, assistance and record employees and their family members who suffer diseases or accidents, so that employees and their family members may feel ASUS's family love and care. Meanwhile, ASUS will manage the safety care for the employees of ASUS's subsidiaries all over the world, and employees who take business travel or are expatriated at the workplace, in order to ensure their safety.

5. Social participation

ASUS is used to valuing and pursuing the orientations and objectives including "shortening the digital gap", "upgrading innovative ability", "training of technology talents", "contributing to industrial-academic cooperation" and "promoting environmental protection and energy saving". In 2008, ASUS founded ASUS Foundation in hopes of "utilizing ASUS resources, caring for people, protecting the earth, creating learning opportunities, providing pre-job training, and remedying the digital divide". It calls on people to take actions for the public welfare and care the communities more positively in the hope to give feedback to society on a specific and ongoing basis, extend the range of service, and be conscientious to take corporate social responsibilities.

ASUS Foundation, through the connection and cooperation with governments and non-profit-making organizations everywhere, encourages and invites the public to value and concern the society-related issues in various manners and via various activities. Meanwhile, it also hopes to accumulate the collective energy through more concrete action force, and extends to more diversified platforms, feed more benefits back to society via connection with different organizations, upgrade the global information education and promote the exchange and development in the world, in order to become a global digital education portal dedicated to providing software and hardware integration service and achieve ASUS's vision for the global citizen.

Social and public welfare results:

(1) Refurbished computer digital training plan

Since 2008, the Company has promoted the "Refurbished Computer Hope Engineering" Project. Under the Project, wasted computers may be re-assembled and installed with software after being recycled. Under the Project, wasted computers may be recycled and the concept about environmental protection and love of the earth may be promoted therefor, and digital learning may be promoted actively to shorten the digital gap.

ASUS has created an accumulative recycling amount of 275,420 disused computers and electronic devices. The number of recycled computer donations, including the overseas donations, in 2016 was 1,577 and accumulatively amounted to a total number of 8,349 to this day. The number of nonprofit organizations that have received the donations is 357, including the organizations in 27 foreign countries.

The groups served by the donated non-profit-making organizations are primarily volunteer workers, cram schools for disadvantaged child students, seniors, physically and mentally handicapped, and new inhabitants. Meanwhile, the recipients who received the refurbished computers may also apply the software programs and services provided by ASUS Foundation, e.g. set-up of social community (set-up of Facebook fan page, how to post and share articles), control over files (Google cloud hardware, and production of cloud questionnaire), paperwork (Word/Excel/PPT), promotional portal (introduction to edition of images), so as to upgrade its administrative capability and extend its global view and create competitiveness in the future. Such software and teaching materials are expected to benefit a total of 14,560 persons directly and indirectly. When the recipient's ability is upgraded, the partners who receive its service may also be benefited therefor. For example, few teachers are willing to serve in the cram schools in remote areas because of lack of learning resources and the students in the schools seldom have chance to see the outside world. The students have no digital capability and have no chance to improve their schooling via the digital learning portals prevailing in urban areas. Through the cooperation with the ASUS Foundation under its refurbished computer digital training plan, these disadvantaged students have applied distance learning via video on demand by utilizing refurbished computers. The students will not feel lonely in the process of learning, as they may learn mathematics and Chinese language on line through integration of software and hardware resources.

Besides, ASUS has organized the NPO Day-Smart NPO since 2016 and 31 organizations receiving the donations participated in the activity in that year. Instructors from 5 external corporations (or NPOs), including Chunghwa Telecom Foundation, gave a series of digital lectures, and ASUS software planners were invited to give a course of Zenfone applications. These lectures and courses were directly beneficial to 62 persons and indirectly to 620 persons.

ASUS uses the SROI (Social Return on Investment) approach to determining the benefits of the recycled computer training program on a monetization basis, and acquires the first global SRIO certification report in Asian technology industry and Taiwan. The monetization approach is helpful for ASUS to assess the CSR program and ensure that NPOs, volunteer organizations, and digital learning centers use our resources adequately. The project produces an economic benefit of 1:3.99, meaning that an investment of 1 dollar produces a value of 3.99 dollars, and has a great influence on the society.

With the digital divide remediation as our mission, the ASUS Foundation has worked together with the ASUS Volunteer Club since 2015 to give digital teaching services to the organizations that have received the recycled computer donations. The practical service allows ASUS to understand the actual needs of users and give feedback to the design of the product and service to improve the positive relationship between the ASUS products and end users.

The ASUS Foundation has a special page on the Facebook to promote the communication between the recipients and share the benefits of the recycled computers.

ASUS digital learning sharing platform – “Love Connects the World”:
https://www.facebook.com/groups/asuselearning/

For more information about the impression of the recipients, please visit
the ASUS “Recycled Computer Donation” and Love the Earth page on:
https://www.facebook.com/asusecopc/

For more details about the “Refurbished computer digital training plan”, you may access them at the following website:
http://www.asusfoundation.org

(2) Digital opportunity center

Since 2009, the ASUS Foundation has participated in the ADOC 2. 0, a project of APEC, and worked with the Ministry of Foreign Affairs to help local nonprofit organizations in ADOC member states and in the countries having formal diplomatic relationship with Taiwan establish digital learning centers, promote learning of digital applications, and remedy digital divides between countries, townships, cities, ages, and sexes in the hope to allow people to live a more convenient and happier life.

Since 2009, the ASUS Foundation has assisted more than 31 countries in the establishment of digital opportunity centers with the support of the ADOC (APEC Digital Opportunity Center) and the Ministry of Foreign Affairs. In addition to recycled and brand new computer donations, ASUS IT volunteers have made efforts to promote digital learning, improve the digital capability of the children in remote areas, poor young students, women, and aged people, and provide practical training opportunities. ASUS has donated 2,708 brand new laptop and tablet computers, established more than 200 computer classrooms, and brought benefits to more than 100 thousand people.

The title of the project was changed to the Taiwan Digital Opportunity Center (TDOC) in 2015. The ASUS Foundation, together with the TDOC and the Department of Latin America, Ministry of Foreign Affairs, donated 405 brand new laptop computers, 200 brand new tablet computers, and 662 recycled computers to the remote schools in the Philippines, Indonesia, Vietnam, Burma, Kampuchea, Nicaragua, the Dominican Republic, Ecuador, and Paraguay in 2016. With the help of the governments and the enterprises in the private sector, we jointly share the love and resources of Taiwan with the people of disadvantaged groups and in remote areas, and assist the underprivileged children and academic departments in the improvement of their digital capability.

The countries that received donations from 2009 until now:

Asia	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, Myanmar, Malaysia, China, Russia
Central Asia	India, Sri Lanka, Nepal
Africa	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya
Central and South America	Haiti, Panama, El Salvador, Honduras, Ecuador, Paraguay, Nicaragua, Guatemala, Dominican Republic, Belize, Peru, Mexico, Ecuador

(3) ASUS world citizens/international volunteer worker project

In 2016, the ASUS Foundation worked with 10 international volunteer squads and 130 international volunteers selected from universities, colleges, student advisor areas, and ASUS to give IT and communications training, Chinese language education, ecological conservation, technological training, and other similar training services to the people in remote areas of the Philippines, Malaysia, Indonesia, Thailand, Burma, Vietnam, Nepal, India, and Tanzania. ASUS encourages the employees to participate in volunteer activities and supports the volunteers with two weeks of official business leave and costs for their meals and accommodations in the hope to arouse the potential capability of the ASUS folks and take social responsibilities conscientiously. The ASUS Foundation shared the service process of the volunteers and their interesting or moving stories using videos, pictures and textual records in the results sharing activity and on the Facebook and volunteer' website. The volunteers served 6,355 people and interacted with a total of 507,189 people with the stories and information shared on the Facebook in 2016.

Volunteer service results
http://www.asusfoundation.org/article_achievements.aspx?id=3

(4) ASUS world citizens/local volunteer worker project

ASUS will select international volunteer workers each year and assign them to provide service in the remote areas of foreign countries, and will care for domestic disadvantaged groups. In addition to encouraging employees to participate in various volunteer workers' services or public welfare event, the Company will provide each employee with the volunteer worker's leave for one day per year and reimbursement for the expenditure of event.

The volunteer service activities in 2016 included the digital learning camp for children and families service centers, Little Sun after-school guidance and accompanying service in Zhuwei, digital learning camp and environmental education in a Catholic church in Dayuan, traffic control for the harvest activity in Beitou, Zenan Foundation, support for children and families in the winter, Mother's Day at Yide neighborhood and charity bazaar activity in the Bustling Kuandu Art Festival. ASUS volunteers participated in all of these activities. They showed their enthusiasm for public welfare and enhanced their self-fulfillment and sense of achievement. A total of 3,040 hours was spent on the volunteer services in 2016.

(5) National 99-second video contest

The ASUS Foundation and Taiwan Public Television Service Foundation have jointly organized the "National 99-Second Video Contest" since 2009. The 7th contest was held in 2016 with the topic of "Brightness, Glimmer" to encourage young students to admire the truth, goodness and beauty of the people in Taiwan. The works that won the award were incorporated by an expert in the design of the teaching plan and provided for the teachers of the elementary and middle schools for free. The contest is integrated in many curricula of the semester and is one of the projects that must be completed every year. In addition, in consideration of the fast development of the IT and communications products, the ASUS Foundation worked with Taiwan Public Television Service Foundation to organize the "Mobile Phone Creation Camp" and teach the design of images using the mobile phone as well as the application of the image design function. This activity provides a sharing platform of image creations aiming at training of the students who are interested in creation of images

In addition to the renowned 99-second video contest, the 7th National 99-Second Video Contest incorporated micro films in the contest for the first time to allow the contestants to demonstrate what they can without being restricted under the 99 second condition. Besides, the organizer has found over the past years that students have great potential in their creativity but inadequate resources are directed to this campus group of contestants. In order to concentrate on training the next-generation young director, and in consideration of other factors, more funds and resources were centralized and allocated to the campus. Hence, the 7th contest was tentatively only open to the campus as a direct encouragement for the students.

Website: http://www.pts.org.tw/2015heartfelt99/

Facebook: https://www.facebook.com/touching99/?fref=ts

Mobile phone video creation camp
ASUS combined the professional imaging technology of the Public Television Service with the latest handheld product, ZenFone3, of ASUS to organize an image creation camp. The purpose of the activity was to develop the competitiveness of the students in the imaging technology and enable them to record what they have seen and heard photographically and professionally from a creative vision of young people. These valuable images were shared with the public. It is intended with such an activity to collect adequate resources and arouse the resonance of society for the people, matters and objects that need assistance with the help of the communication power of the media operated by the next generation.

A letter for you:
https://www.youtube.com/watch?v=dKvQCb2X5Ow&feature=youtu.be
The same or not the same:
https://www.youtube.com/watch?v=ayRyH-VhAeQ&feature=youtu.be
Misunderstanding or incapability:
https://www.youtube.com/watch?v=xs59BpSRPhY&feature=youtu.be
Hot aunt vs. cool sweeping:
https://www.youtube.com/watch?v=dmk9ad6jYXw&feature=youtu.be
Glimmer from the star:
https://www.youtube.com/watch?v=2TeqbM3pK6s&feature=youtu.be

(6) ASUS Indigenous Science Education Award of 6th term

The purpose of the ASUS Indigenous Science Education Award is to support the continuation and scientific verification of the indigenous culture heritages. This allows a combination of the traditional knowledge about the nature, culture and environmental ecology among the tribes of the indigenous people with the modern science and technology to improve the ability of the elementary and middle school students of the tribes to collect information and enhance their scientific knowledge. ASUS uses this platform to enable the students from indigenous villages, in the Company of their parents and the seniors of the tribe, to do specific scientific research with their living environment in the tribe as the topic, and scientifically verifies the traditional intelligence and culture of the indigenous people.

Since 2009, the ASUS Indigenous Science Education Award has been organized jointly by National Tsing Hua University, Taiwan Indigenous TV, Council of Indigenous Peoples, and ASUS Foundation, while ASUS, Department of Information and Technology Education, EDU, Yabit Website of National Tsing Hua University, county (city) governments relevant to indigenous peoples, and Tsing-Hua Foundation for Web Culture & Education have acted as co-organizers.

At least 500 interested persons participated in the promotion activity of the ASUS Indigenous Science Education Award and the 15 teachers' workshops. 23 teams of 123 participants acquired the approval of their pre-proposals and submitted them as required. 8 people of more than 500 participants from the indigenous tribes participated in the contest and 14 proposals were awarded. ASUS experts from different disciplines acted as the judges to make suggestions about the result of the scientific research and give positive encouragement. The activity had an effect on at least 10,000 persons (including the person participating in a training program, personnel of Yuan-Ai-Mu Workshop, audience of the lectures, audience of the media, and target audience of the studies), and 16 media reports were made public. 200 DVD copies containing the collection of awarded works and the clippings of the presentation ceremony were allocated to elementary and middle schools as well as tribes of the indigenous peoples. The DVD was also broadcasted by Taiwan Indigenous TV and displayed on the Yabit Website to help teach science at the school and improve the promotion benefits of the activity. The Ministry of Education has reviewed the activity and approved it as the item for adding points in national contests with regard to the "Diverse Learning Performance" of the excess competition policy under the exam-free admission program of the 12-year national education.

Accumulative to the 7th term, 83 reports were broadcast on TV, the Internet and print media, and more than 1,300 students and teachers of the indigenous origin participate in the activity; or more than 2,000 participants if seniors of the tribes and parents of the students are added. More than 1,700 research diaries and 245 works on special scientific topics are completed and 103 works are awarded. This platform provides an opportunity for the elementary and middle school students, in the Company of their parents and the seniors of the tribe, to do specific scientific researches with their living environment in the tribe as the topic. It is expected to improve the ability and performance of the students to the extent at which they are competitive with the students from mainstream society in national scientific contents. The organization mode of the activity is definite and actionable and can confirm its effectiveness in the scientific education. A long-term cooperation relationship among the industry, government, academia and medium is established during the activity to jointly promote the scientific education system for indigenous people.

Website: http://yabit.et.nthu.edu.tw/2015yabit/rules.html

(7) Community service and cultural & educational activities

ASUS and ASUS Foundation continue to sponsor art and cultural activities to care the locals, have the whole world in view and fulfill corporate social responsibility, in hopes of enhancing investment of resources in arts and cultures to upgrade the national spirit life quality, in the capacity of a citizen.

a. Business and Enterprise College

ASUS and National Taiwan University of Science and Technology launched a long-term Business and Enterprise College Program in 2015 to training talents for the country using the resources of ASUS. The students of the Business and Enterprise College Program come from different departments and are selected on a filtering-off basis. They are led to understand more about the actual situation of the industry via courses, visits, contests, and simulated cross-department and cross-industry working modes. ASUS's officers and executors experienced in the career act as instructors to help the students minimize the gap in their understanding of the industry, establish a clear direction toward their career, and improve the employment rate. This is also helpful for the instructors to improve their professional capability by planning the curricula

b. ASUS Campus Executive Officer Program

ASUS has provided the ASUS Campus Executive Officer Program since the 4th quarter of 2005. Elites from colleges and universities were selected to serve as front line personnel for marketing campaigns, so that they can understand the product of ASUS and the spirit of its brand, and accumulatively improve their professional capability in the career. The program has been implemented for more than 10 years and continuously nurtured talents for ASUS and the country. ASUS also employs the graduates who have participated in the program and met the employment requirements. The students who did not join ASUS are yet excellent workers in the industry and will surely create value for the country and society.

c. Kuandu Arts Festival

ASUS has developed in Kuandu for more than 20 years, but connected with this area to a minimum extent. With this in the mind, ASUS worked with Taipei National University of the Arts, which is also located in Kuandu", to jointly organize the "Bustling Kuandu Art Festival". The activity is organized to promote the relationship of neighbors, care for the people, matters and objects in Kuandu, and develop Kuandu to be a town of arts and technologies in Taipei City. Thanks to the efforts of the people from different areas, the ASUS Campus Executive Officer Program became a response to the World Design Capital Taipei 2016 and one of the annual large events in Taipei City. More than 200 employees from ASUS Toastmasters, ASUS National Music Club, ASUS Tea Art Club, randomly formed teams, Monster, competitive cheerleading teams, and ASUS Volunteer Club introduced the parade, street performance and charity bazaar activity in 2016. Even Zenny, the mascot of ASUS, came to the great event and everybody came to enjoy the Zenny Dance on the streets and in the lanes of Kuandu. All the proceeds from the charity bazaar were donated to North Taipei Children and Families Center to help disadvantaged children.

d. DaAi TV Public Welfare Advertisement

ASUS sponsored DaAi TV to produce advertisements since 2008. The public service advertisement in 2016, for example, was presented with the “Bridge” as the theme to communicate a linking and inheriting concept, and promoting humanistic education from different perspectives and thoughts. It encourages honest, integrity, earnest contribution, and presentation of endless power beneficial to the public welfare to enrich every portion of the land we go through with emotions and stories.

e. Development and growth of children with mental disabilities

ASUS has cared about disadvantaged people for a long time and supported their lifelong development by taking feasible actions in addition to providing specific learning opportunities to remedy digital divides and supporting them with grant-in-aid. ASUS has recruited 9 full-time employees with mental disabilities since 2008. The "Xihaner Baker’s House - ASUS Branch" is established permanently in the ASUS staff canteen, and all the proceeds are donated to Children Are Us Foundation to help more children with mental disabilities.

From shy and embarrassed interaction with people, to feeling comfortable to approach coworkers, thanks to the enthusiasm of ASUS folks, the employees with mental disabilities work happily in ASUS every day. They learn skills and build self-confidence during work. Their parents are comfortable to leave their lovely angels in ASUS for training without need to take care of them the whole day long, reducing the burden of the family and society to a great extent. To improve their skill, the Xihaner Baker’s House introduces different products continuously to help them learn new skills and have more feeling of freshness and achievement in addition to simple calculation and customer reception service.

f. Sponsor MONSTER competitive cheerleading

Since 2011, ASUS has sponsored the MONSTER competitive cheerleading for six years to upgrade the training environment and equipment as well as reduce possible risks that may occur during the training. By doing so, MONSTER does not need to worry about the support any more and can develop and grow continuously in this area. ASUS also support MONSTER to interact with other cheerleading teams in Taiwan and foreign countries to establish a closer relationship with each other and expand the global vision by sharing what they have learnt during the training. This would improve the strength of the cheerleading to compete with international teams and create great achievement on the stage.

g. ASUS New Youth e-Entrepreneurship Volunteer Initiative

The year 2016 marks the 8th year for the organization of ASUS volunteer program by ASUS United Technology. With the objectives of helping the disadvantaged minorities with technology, closing the digital divide, and helping undergraduates to boost their competence for employment, ASUS United Technology has continued to collaborate with China Association for Science and Technology by upgrading the ASUS Undergraduate Science Popularization Volunteer Program to ASUS New Youth e-Entrepreneurship Volunteer Initiative. Not only that, ASUS United Technology has also been working with three charitable organizations to launch a series of exciting and diverse charity events, which further inspire volunteers' passion and enthusiasm for charity while broadening their vision for the cause of charity. The ASUS New Youth e-Entrepreneurship Volunteer Initiative encourages college students to:

(1) Bring people in the hometown the most practical mobile phone applications and computer knowledge;
(2) Smartly identify the possibility of change in the hometown;
(3) Identify and share the experience in successful startup;
(4) Use a good e-Creative ideal to initiate an action beneficial to the public welfare of the hometown.

The ASUS New Youth e-Entrepreneurship Volunteer Initiative recruited 2,536 young students in 2016 based on the Focus on Popular Science and Solid Foundation for Public Welfare. It nationally carries out e-Creative Practical Project on weekends and during the summer vacation to help and influence almost 600 thousand people and build 6 popular science libraries. The donation of building 1,068 ASUS popular science libraries has been made since 2009. The e-Creative Practical Project provides more opportunities for the volunteers to approach countries and form grass-root organizations. The volunteers may identify the opportunity to start a business and create wealth.

h. Money collection, fund raising, and donation of materials

ASUS spent NT$ 17,464 thousand on public welfare in 2016. The major recipients were ASUS Foundation and educational and social organizational of public interest.

Activity	Donation (Thousand)
Donations to ASUS Foundation	$15,000
Donations to public educational and social interest	$2,464

ASUS built a public welfare donation platform for employees to make their donations. The amount of the donation that the employees made in 2016 amounted to NT$ 3,002 thousand. It is mainly used for the care of the disadvantaged people at the end of the year. ASUS has raised funds annually since 2011 to take care of the disadvantaged people before Chinese New Year and accumulatively a total amount of NT$ 9,256 thousand has been raised to this day for the benefits of 16 public welfare organizations. A donation to the amount of NT$ 2,063,538 was made at the end of 2016.

In addition to the public welfare donation platform, ASUS builds a material collection platform of public interest for the employees and encourages them to donate what they do not need any more at home, regardless of their quality, through this platform. Some of the materials collected through the platform in 2016 were selected for sale at the charity fair and people who needed these materials could buy them to extend their service life. Some of the materials were donated to Swaziland, Kenya, and other countries in African that have formal diplomatic relationship with Taiwan, so the children there have clothes to put on and shoes to wear. ASUS also collected 100 boxes of shoes for Christmas Day and New Year for the students of Penghu junior and senior high schools that ASUS has given long-term care through World Vision Taiwan.

i. The inn of public interest

ASUS takes actual actions to care about disadvantaged people and invites sheltered workshops and social welfare organizations to set up booths at ASUS every month and for Dragon Boat Festival, Moon Festival, and on the ASUS Family Day. They may sell products made by the social welfare organizations and disseminate what social welfare stands to encourage acceptance of them among the ASUS folks and take actions to support them. In 2016, 34 social welfare organizations were invited and the revenue of charity shops was NTD 951 thousand.

For the latest news and promotional activities about ASUS social and environmental responsibility, please view the Company’s website at:
http://csr.asus.com/chinese/

ASUS Corporate Sustainability Report (Chinese version) (English version)
http://csr.asus.com/chinese/index.aspx#120
http://csr.asus.com/english/index.aspx#114

(VII) Ethical Corporate Management

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
1. Establishment of ethical corporate management policies and programs				
(1) Does the Company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		1. Modesty, Integrity, Diligence, Flexibility, and Bravery are the inborn DNA in all ASUS employees while integrity and rightfulness are the core management principles of ASUS. ASUS has developed the "Employee Moral Conduct Principles" which clearly states that all employees, including the directors, supervisors, and managers shall strictly abide by the performance of relevant integral policies to prevent and eliminate any business conducts of deception. The Annual Report and CSR Report will describes in details the policy of company's management of integrity as well as the commitment from the Board of Directors and Managerial Level for progressive implementation.	There have been no differences
(2) Does the Company establish policies to prevent unethical conduct with clear statements regarding relevant procedures, guidelines of conduct, punishment for violation, rules of appeal, and the commitment to implement the policies?	V		2. To advocate and promote integral conducts, ASUS not only announces relevant standards on the internal website for employee review but also provides training and test on the five characteristics of ASUS, ASUS DNA, ASUS Culture, and employee's moral conducts.	There have been no differences
(3) Does the Company establish appropriate precautions against high-potential unethical conducts or listed activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		3. It is specified in "Employee Code of Conduct" that illegitimate political contribution, improper charity donation or sponsorship, unreasonable gifs, treatment or other illegitimate interests are prohibited.	There have been no differences
2. Fulfill operations integrity policy				
(1) Does the Company evaluate business partners' ethical records and include ethics-related clauses in business	V		1. To put into effect the avoidance of transaction with suppliers of deceitful conducts, the Company also	There have been no differences

Evaluation Item	Implementation Status			Deviations from “the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	Abstract Illustration	
contracts?			developed Supplier Conduct Standards for new suppliers to present “Declaration of ASUS Group Contractor/Supplier Conduct Compliance” upon conducting qualification assessment in addition to requesting transacting suppliers to sign the “Supplier Integrity Commitment Letter.”	
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		3. To improve management of integral operation, the Human Resources Division is responsible for formulation of integral operation policies and preventions with responsibilities in the supervision and implementation, as well as routing reporting to the Board of Directors.	There have been no differences
(3) Does the Company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		4. The Company has specified regulation related to the prevention of conflict of interests in “Employee Ethical Conduct Principles” and “Integral Management Principles” The Company also suggests the complaint reporting mailbox on the quality card given to employees and internal Company EIP website, providing employees to report the improper behavior.	There have been no differences
(4) Has the Company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they audited by either internal auditors or CPAs on a regular basis?	V		5. In addition to establishing proper accounting system and internal control system, the Company may not retain external account or secret accounts. The internal auditors shall routinely audit the compliance of previous system in addition to reporting to the Board of Directors.	There have been no differences
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		6. “Employee Ethical Conduct Principles” is required course for all ASUS employees and new employees must complete the course within specified period of time upon reporting to work.	There have been no differences

Evaluation Item	Implementation Status			Deviations from "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies" and Reasons
	Y	N	Abstract Illustration	
3. Operation of the integrity channel				
(1) Does the Company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		1. Reporting channel: audit@asus.com / Employee mailbox. Punishment and complaint filing system: Handled in accordance with the "Work Rules " of the Company. The Human Resources Division accepted the reporting of the employee and supervisor.	There have been no differences
(2) Does the Company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		2. The processing procedures include: 1. Acceptance of reporting. 2. Collection and validation. 3. Appointment with stakeholders. 4. Discussion of punishment. 5. Signing and approval. 6. Execution Disposition operations.	There have been no differences
(3) Does the Company provide proper whistleblower protection?	V		3. The Company will adopt confidential and necessary protection measures accordingly.	There have been no differences
4. Strengthening information disclosure				
(1) Does the Company disclose its ethical corporate management policies and the results of its implementation on the Company's website and MOPS?	V		1. Disclose integrity management related information at the Company's Corporate Social Responsibility (CSR) and investor website when necessary.	There have been no differences
			2. In addition to the Company website, disclosure the implementation of integral operation on the financial statement and public statement.	There have been no differences
5. If the Company has established the ethical corporate management policies based on the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies, please describe any discrepancy between the policies and their implementation There have been no differences				
6. Other important information to facilitate a better understanding of the Company's ethical corporate management policies (e.g., review and amend its policies). In addition to this Annual Report, please refer to the information of disclosure related to ASUS's Corporate Social Responsibility (CSR). (http://csr.asus.com/chinese/index.aspx)				

(VIII) Approach to search the corporate governance best-practice principles defined by the Company and related regulations:

The Company has defined its “corporate governance best-practice principles”. Please see the “important internal rules” in the “corporate governance” section on the Company’s investor relation website: http://www.asus.com/tw/Investor/。

(VIIII) Other important information that helps understand corporate governance:

3. Execution of Rights for Investor Relationship, Supplier Relationship, Stakeholder Relationship: ASUS upholds to integrity and maintains long-term cooperation for co-prosperity with various business partners. Please attain critical information from the investor relationship website and Corporate Social Responsibility website.
4. Pursuit of Study for Directors: Please refer to the disclosure matters on this Annual Report.
5. Director and Supervisor Liability Insurance: The Company has insured liability insurance for all directors and supervisors.
6. Establish a good internal material inside information and disclosure mechanism in accordance with the ASUS “Procedures for Handling Insider Material Information” to avoid improper leakage of information and assure consistency and correctness in the announcement of public ASUS information. The operating procedures and the educational advocacy for relevant laws and regulations shall be notified to the Company directors, supervisors, managers, and all employees through internal company website, contracts, and courses and announcements for education and training for due compliance of relevant procedures.

   Please refer to the “internal rules” of “corporate governance” on the Company’s homepage for the operating procedure in details: http://tw.asus.com/investor.aspx

(X) Enforcement of internal control

1. Declaration of Internal Control: Please refer to Page 154.
2. If the Company is requested by the SEC to retain CPA’s service for examining internal control system, the Independent Auditor’s Report must be disclosed: None

(XI) The punishment delivered to the Company and the staff of the Company, or, the punishment delivered by the Company to the staff for a violation of internal control system, the major nonconformity, and the corrective action in the most recent years and up to the date of the annual report printed: None

(XII) Resolutions reached in the Shareholders’ Meeting or by the board of directors in the most recent years and up to the date of the annual report printed:

1. The important resolutions of the general shareholder meeting:

Date	Subjects	Review of execution
Jun 8, 2016 AGM	1. Proposition to amend the “Articles of Incorporation”	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	2. The recognition of 2015 Final Accounts and Consolidated Financial Statements and Report.	The proposition was adopted through voting and used as reference for the 2015 surplus distribution.

	3. Proposition to recognition of 2015 surplus distribution.	The proposition was adopted through voting. The board of directors set the record date of allocation of dividend on August 13, 2016, and date of allocation of cash dividend on August 31, 2016.
Jul 28, 2016 EGM	1. Proposition to amend the "Articles of Incorporation"	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	2. Proposition to amend the "Rules of Election of Directors and Supervisor"	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	3. Proposition to amend the "Procedures for Acquisition or Disposal of Assets"	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	4. Proposition to amend the "Loans and Endorsement & Guarantee Operational Procedures"	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	5. Proposition to elect the directors of the 11th term	13 directors (including 3 independent directors) were elected by voting under the proposition with a term from July 28, 2016 to July 27, 2019. The name list of the directors: Directors: Jonney Shih, Jonathan Tsang, Ted Hsu, Jerry Shen, Eric Chen, S.Y. Hsu, Joe Hsieh, Samson Hu, Jackie Hsu, Tze-Kaing Yang Independent Director: Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu Change of the corporate registration with the Ministry of Economic Affairs was made on August 10, 2016 according to the name list of the elected directors.
	6. Proposition to release the non-competition clause for new directors	The proposition was adopted through voting, which was enforced pursuant to the resolution of the shareholders' meeting.

2. The important resolutions of the Board of Directors:

Date	Major resolutions
Jan 28, 2016	Adopted 2016 contribution proposition from the Company to "ASUS Culture Foundation"
Mar 17, 2016	1. Adopted the Company's business report 2015 2. Adopted the proposition to evaluate the independence of the Company's external auditor 2015 3. Adopted the Company's individual and consolidated financial statements 2015 4. Adopted the proposition to allocate the Company's earnings 2015 5. Adopted the proposition to amend the Company's "Articles of

Date	Major resolutions
	Incorporation” 6. Adopted the proposition to amend the Company’s “Parliamentary Rules for Directors’ Meetings’ 7. Adopted the proposition for the Company’s “Statement of Declaration for Internal Control System” 2015 8. Adopted the causes for calling the Company’s general shareholders’ meeting 2016
May 11, 2016	Adopted the consolidated financial statement of the first quarter, 2015
Jun 8, 2016	1. Adopted the subject for convention of the first special shareholders’ meeting 2016 2. Adopted the proposition to completely re-elect the Company’s directors of the 11th term 3. Adopted the director candidates list of the 11th term nominated by the Board of Directors
Jul 1, 2016	1. Adopted the proposition to amend the Company’s “Articles of Incorporation” 2. Adopted the proposition to amend the Company’s “Rules of Election of Directors and Supervisor” 3. Adopted the proposition to amend the Company’s “Procedures for Acquisition or Disposal of Assets” 4. Adopted the proposition to amend the Company’s “Loans and Endorsement & Guarantee Operational Procedures” 5. Adopted review of the Company’s director and independent director candidates list of the 11th term 6. Adopted the proposition to release the non-competition clause for the Company’s new directors
Jul 20, 2016	1. Adopted renewal of the Company’s bank credit agreement 2. Adopted the proposition to determine the base date for cash dividend payout 2015
Jul 28, 2016	1. Adopted the proposition to elect the chairman and vice chairman of the Board 2. Adopted the proposition to amend the Company’s “Best Practice Principles of Corporate Governance” 3. Adopted the proposition to amend the Company’s “Rules Governing the Authority of the Independent Directors” 4. Adopted setup of the Company’s “Audit Committee” and establishment of the “Audit Committee Constitution” 5. Adopted the proposition to appoint the member of the Company’s 3rd “Salary and Remuneration Committee”
Aug 12, 2016	1. Adopted the consolidated financial statement of the second quarter, 2015 2. Adopted the proposition to purchase real estate for the Company and other related matters
Nov 11, 2016	1. Adopted the consolidated financial statement of the third quarter, 2015 2. Adopted renewal of the Company’s bank credit agreement 3. Adopted the proposition to amend the Company’s “Best Practice Principles of Corporate Governance” 4. Adopted the proposition to submit the Company’s “2017 Audit Plan”
Jan 19, 2018	1. Proposition of the report to take out 2017 director and supervisor liability insurance 2. Adopted the proposition to establish the Company’s “ASUS Sustainable Risk Management Platform” 3. Adopted the proposition to amend the Company’s “Rules and Procedures of Board of Directors Meetings”

Date	Major resolutions
	4. Adopted the proposition to amend the Company's "Compensation Committee Charter" 5. Adopted 2017 contribution proposition from the Company to "ASUS Culture Foundation"
Mar 17, 2017	1. Adopted the proposition of the Company to make donations in kind to the "ASUS Foundation" 2. Adopted the reservation amount of the remuneration for the directors, supervisors, and employees of the Company 2016 3. Adopted the proposition to evaluate the independence of the Company's external auditor 2016 4. Adopted the Company's business report and financial statement 2016 5. Adopted the proposition to allocate the Company's earnings 2016 6. Adopted the proposition for the Company's "Statement of Declaration for Internal Control System" 2016 7. Adopted the causes for calling the Company's general shareholders' meeting 2017

(XIII) Major Issues of Record or Written Statements Made by Any Director or Supervisor Dissenting to Important Resolutions Passed by the Board of Directors: None

(XIIII) Resignation or Dismissal of the Company's Key Individuals, Including the Chairman, CEO, and Heads of Accounting, Finance, Internal Audit and R&D: None.

IV. CPAs fees

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
PricewaterhouseCoopers, Taiwan	CHOU TSENG HUI-CHIN	CHANG, MING-HUI	Jan 1, 2016~ Dec 31, 2016	

Unit: NT$ thousands

Fee Range \ Fee Items		Auditing fee	Non-auditing fee	Total
1	Below 2,000 thousand			
2	2,000 thousands（included）~4,000 thousand		V	
3	4,000 thousands（included）~6,000 thousand			
4	6,000 thousands（included）~8,000 thousand	V		
5	8,000 thousands（included）~10,000 thousand			
6	Over 10,000 thousand（included）			V

(I) The non-auditing fees paid to CPAs, CPA firm, and the CPA firm's related party accounted for over a quarter of the total auditing fees, the auditing amount and non-auditing amount; also, the non-auditing service must be disclosed:

CPA firm	Name of CPA	Audit fee	Non-auditing fees					Period Covered by CPA's Audit	Remarks
			System of Design	Company Registration	Human Resource	Others	Subtotal		
Pricewater houseCoopers, Taiwan	CHOU TSENG HUI-CHIN	7,800	0	0	0	3,700	3,700	Jan 1, 2016~ Dec 31, 2016	Non-audit fees – Other fees are the subsidiary's re-examined financial

	CHANG, MING-HUI								information NT$ 1,000,000; disposal, supervision and destruction of overseas inventory equipment NT$ 150,000; CSR report project consultation NT$ 850,000; BEPS counseling service fee NT$ 1,700,000.

(II) In case the auditing fee paid in the year retaining service from another CPA Firm is less than the auditing fee paid in the year before, the amount of auditing fee before / after the change of CPA Firm and the reasons for the said change must be disclosed: None.

(III) In case the auditing fee paid in the year retaining service from another CPA Firm is over 15% less than the auditing fee paid in the year before, the amount and ratio of auditing fee reduced and the reasons for the said change must be disclosed: None.

V. CPA's information: None.

VI. If the chairman, president, and financial or accounting manager of the Company who had worked for the independent auditor or the related party in the most recent year, the name, title, and the term with the independent auditor or the related party must be disclosed: None.

VII. Information on Net Change in Shareholding and Net Change in Shares Pledged by Directors, Supervisors, Department Heads and Shareholders of 10% Shareholding or More:

(1) Information on Net Change in Shareholding

Title (Note 1)	Name	2016		As of April 10, 2017	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Chairman & Chief Branding Officer	Jonney Shih	0	0	0	0
Vice Chairman	Jonathan Tsang	0	0	0	0
Director & Chief Strategy Officer	Ted Hsu (Note 1)	0	0	0	0
Director & Chief Executive Officer	Jerry Shen	0	0	0	0
Director	Eric Chen	0	0	0	0
Director & Chief Operating Officer	S.Y. Hsu	0	0	0	0
Director & Chief Operating Officer	Samson Hu	0	0	0	0
Director & Corporate V.P.	Joe Hsieh	0	0	0	0
Director	Jackie Hsu (Note 1)	0	0	0	0
Director	Tze-Kaing Yang (Note 2)	0	0	0	0
Supervisor	Chung-Jen Cheng (Note 3)	0	0	-	-
Supervisor	L.H. Yang (Note 3)	0	0	-	-
Independent Director	Chung-Hou Tai (Note 1)	0	0	0	0

Title (Note 1)	Name	2016		As of April 10, 2017	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Independent Director	Ming-Yu Lee (Note 1)	0	0	0	0
Independent Director	Chun-An Sheu (Note 1)	0	0	0	0
Corporate V.P.	Henry Yeh	0	0	0	0
Corporate V.P.	Benson Lin	0	0	0	0
Corporate V.P.	Alex Sun	0	0	0	0
Chief Financial Officer	Nick Wu	0	0	0	0
Comptroller	Winnie Liu	0	0	0	0

Note 1: The Company's new directors of the 11th term

Note 2: The Company's Board supervisors of the 10th term were elected to be directors of the 11th term

Note 3: The Company's Board supervisors of the 10th term

Note 4: The parties involved in shares transfer or equity pledge are known as the related party and they must have the following forms filled out.

(2) Information of shares transferred: There is no party involved in shares transfer known as the related party.

(3) Information of equity pledged: There is no party involved in equity pledge knows as the related party.

VIII. Relationship among the Top Ten Shareholders:

Base Date: April 9, 2017

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
National Westminster Bank First State Asia Pacific Leaders Fund	46,193,000	6.22%	0	0	0	0	None	None
Jonney Shih	30,093,638	4.05%	0	0	0	0	None	None
Chase Bank managed Saudi Arabia Central Bank investment account	28,918,000	3.89%	0	0	0	0	None	None
ASUS's Certificate of Depository with CitiBank (Taiwan)	27,063,242	3.64%	0	0	0	0	None	None

Name	Current Shareholding		Spouse's/minor's Shareholding		Shareholding by Nominee Arrangement		Name and Relationship Between the Company's Top Ten Shareholders, or Spouses or Relatives Within Two Degrees	
	Shares	%	Shares	%	Shares	%	Name	Relation
Cathay United Bank managed Expert Union Limited Investment account	20,869,542	2.81%	0	0	0	0	None	None
Citi (Taiwan) Bank in Custody for Government of Singapore Investment Corporation	14,022,714	1.89%	0	0	0	0	None	None
Standard Chartered managed Van Gardner emerging market stock index fund account	11,905,958	1.60%	0	0	0	0	None	None
Labor Insurance Funds	11,732,040	1.58%	0	0	0	0	None	None
New Labor Pension Fund	9,415,580	1.27%	0	0	0	0	None	None
Chase Bank managed Norges Bank investment account	8,763,191	1.18%	0	0	0	0	None	None

IX. Ownership of Shares in Affiliated Enterprises:

Total Shareholding Ratio

Base date: Dec.31.2016, Unit: Share; %

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS TECHNOLOGY INCORPORATION	19,000,000	100.00			19,000,000	100.00
ASKEY COMPUTER CORP.	480,000,000	100.00			480,000,000	100.00
AGAIT TECHNOLOGY CORPORATION	14,000,000	100.00			14,000,000	100.00
HUA-CHENG VENTURE CAPITAL CORP.	114,500,000	100.00			114,500,000	100.00
HUA-MIN INVESTMENT CO., LTD.	68,000,000	100.00			68,000,000	100.00
UNIMAX ELECTRONICS INC.			21,300,000	100.00	21,300,000	100.00
ASUS CLOUD CORPORATION	45,027,789	90.06			45,027,789	90.06
ASMEDIA TECHNOLOGY INC.	23,248,727	41.08	6,955,947	12.29	30,204,674	53.37
AAEON TECHNOLOGY INC.	43,756,000	45.58	16,718,000	17.42	60,474,000	63.00
ONYX HEALTHCARE INC.	1,018,250	5.60	9,389,553	51.63	10,407,803	57.23
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	11,401,092	56.72	1,000	0.01	11,402,092	56.73
UPI SEMICONDUCTOR CORP.	33,812,819	37.50	13,101,500	14.53	46,914,319	52.03
SHINEWAVE INTERNATIONAL INC.	5,468,750	50.99	1,000	0.01	5,469,750	51.00
JOINT POWER EXPONENT, LTD.	1,040,000	14.86	960,000	13.72	2,000,000	28.58
YU-LIAN TECHNOLOGY CO., LTD.	5,250,000	16.55	2,625,000	8.28	7,875,000	24.83
JIE-LI TECHNOLOGY CO., LTD.	2,317,888	7.53	4,111,660	13.36	6,429,548	20.89
ASUS COMPUTER INTERNATIONAL	50,000	100.00			50,000	100.00
ASUS HOLLAND B. V.	3,000,000	100.00			3,000,000	100.00
ASUS INTERNATIONAL LIMITED	89,730,042	100.00			89,730,042	100.00
ASUSTEK HOLDINGS LIMITED	20,452,104	100.00			20,452,104	100.00
ASUS GLOBAL PTE.LTD	28,000,000	100.00			28,000,000	100.00
ASUS DIGITAL INTERNATIONAL PTE. LTD.	830,001	100.00			830,001	100.00
DEEP DELIGHT LIMITED			11,422,000	100.00	11,422,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
CHANNEL PILOT LIMITED			30,033,000	100.00	30,033,000	100.00
ASUS TECHNOLOGY PTE. LIMITED			44,419,424	100.00	44,419,424	100.00
ASUS EGYPT L. L. C.			-	100.00	-	100.00
ASUS MIDDDLE EAST FZCO			5	100.00	5	100.00
ASUS COMPUTER (SHANGHAI) CO., LTD.			-	100.00	-	100.00
ASUS TECHNOLOGY (HONG KONG) LIMITED			500,000	100.00	500,000	100.00
ASUS TECHNOLOGY (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.			-	100.00	-	100.00
ASUSTEK Computer (Chongqing) CO., LTD.			-	100.00	-	100.00
ASUS INVESTMENTS (SUZHOU) CO., LTD.			-	100.00	-	100.00
ASUS COMPUTER GMBH			-	100.00	-	100.00
ASUS FRANCE SARL			5,300	100.00	5,300	100.00
ASUSTEK (UK) LIMITED			50,000	100.00	50,000	100.00
ASUS KOREA CO., LTD.			358,433	100.00	358,433	100.00
ASUSTEK COMPUTER (S) PTE. LTD.			20,002	100.00	20,002	100.00
ASUS POLSKA SP. Z O. O.			1,000	100.00	1,000	100.00
ASUS TECHNOLOGY PRIVATE LIMITED			20,134,400	100.00	20,134,400	100.00
ASUS EUROPE B. V.			375,000	100.00	375,000	100.00
ASUS TECHNOLOGY (VIETNAM) CO., LTD.			-	100.00	-	100.00
ASUSTEK ITALY S. R. L.			-	100.00	-	100.00
ASUS IBERICA S. L.			3,000	100.00	3,000	100.00
ASUS JAPAN INCORPORATION			20,500	100.00	20,500	100.00
ASUS COMPUTER CZECH REPUBLIC S. R. O.			-	100.00	-	100.00
ASUS CZECH SERVICE S. R. O.			-	100.00	-	100.00
ASUS SERVICE AUSTRALIA PTY LIMITED			950,000	100.00	950,000	100.00
ASUS AUSTRALIA PTY LIMITED			350,000	100.00	350,000	100.00
ASUS INDIA PRIVATE LIMITED			33,500,000	100.00	33,500,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ASUS ISRAEL (TECHNOLOGY) LTD.			50,000	100.00	50,000	100.00
PT. ASUS SERVICE INDONESIA			1,500,000	100.00	1,500,000	100.00
ACBZ IMPORTACAO E COMERCIO LTDA.			549,469,000	100.00	549,469,000	100.00
ASUS PERU S. A. C.			1,000	100.00	1,000	100.00
ASUS HOLDINGS MEXICO, S. A. DE C. V.			51,120	100.00	51,120	100.00
ASUS MEXICO, S. A. DE C. V.			132	100.00	132	100.00
ASUS COMPUTER COLOMBIA S. A. S.			74,489	100.00	74,489	100.00
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY			-	100.00	-	100.00
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.			30,000	100.00	30,000	100.00
ASUS SWITZERLAND GMBH			3,400	100.00	3,400	100.00
ASUS NORDIC AB			3,000	100.00	3,000	100.00
ASUS MARKETING (THAILAND) COMPANY LIMITED			20,000	100.00	20,000	100.00
eMES (SHUZHOU) CO., LTD.			-	100.00	-	100.00
UNIMAX HOLDINGS LIMITED			6,500,000	100.00	6,500,000	100.00
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED			18,820,000	100.00	18,820,000	100.00
AGAITECH HOLDING LTD.			1,000,000	100.00	1,000,000	100.00
AGAIT TECHNOLOGY (SHENZHEN) LIMITED			-	100.00	-	100.00
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.			-	100.00	-	100.00
ASUS CLOUD SINGAPORE PTE. LTD.			1	100.00	1	100.00
ASUS CLOUD (LUXEMBOURG) S. A R. L			-	100.00	-	100.00
ASUS LIFE CORPORATION			500,000	50.00	500,000	50.00
ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD.			-	100.00	-	100.00
ASKEY INTERNATIONAL CORP.			10,000,000	100.00	10,000,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
DYNALINK INTERNATIONAL CORP.			8,160,172	100.00	8,160,172	100.00
MAGIC INTERNATIONAL CO., LTD.			117,525,738	100.00	117,525,738	100.00
EcoLand Corporation			780,000	33.91	780,000	33.91
ASKEY (VIETNAM) COMPANY LIMITED			2,883,359	100.00	2,883,359	100.00
WISE ACCESS (HK) LIMITED			1,600,000	100.00	1,600,000	100.00
SILIGENCE SAS			780,000	80.00	780,000	80.00
MAGICOM INTERNATIONAL CORP.			91,030,000	100.00	91,030,000	100.00
LEADING PROFIT CO., LTD.			50,050,000	100.00	50,050,000	100.00
UNI LEADER INTERNATIONAL LTD.			50,000	100.00	50,000	100.00
OPENBASE LIMITED			50,000	100.00	50,000	100.00
ASKEY DO BRASIL TECHNOLOGY LTDA.			1,500,000	100.00	1,500,000	100.00
ASKEY COMMUNICATION GMBH			100,000	100.00	100,000	100.00
ASKEY TECHNOLOGY (SHANGHAI) LTD.			-	100.00	-	100.00
ASKEY TECHNOLOGY (JIANGSU) LTD.			-	100.00	-	100.00
ASKEY MAGICXPRESS (WUJIANG) CORP.			-	100.00	-	100.00
AAEON ELECTRONICS,INC.			490,000	100.00	490,000	100.00
AAEON DEVELOPMENT INCORPORATED			559,822	100.00	559,822	100.00
AAEON TECHNOLOGY CO., LTD.			8,807,097	100.00	8,807,097	100.00
AAEON TECHNOLOGY (EUROPE) B. V.			1,000	100.00	1,000	100.00
AAEON TECHNOLOGY GMBH			300	100.00	300	100.00
AAEON INVESTMENT CO., LTD.			15,000,000	100.00	15,000,000	100.00
AAEON TECHNOLOGY SINGAPORE PTE. LTD.			438,840	94.20	438,840	94.20
ONYX HEALTHCARE (SHANGHAI) LTD.			-	100.00	-	100.00
AAEON TECHNOLOGY (SUZHOU) INC.			-	100.00	-	100.00
ONYX HEALTHCARE USA, INC.			200,000	100.00	200,000	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ONYX HEALTHCARE EUROPE B. V.			100,000	100.00	100,000	100.00
LITEMAX ELECTRONICS INC.			5,015,050	14.69	5,015,050	14.69
UBIQ SEMICONDUCTOR CORP.			20,000,000	100.00	20,000,000	100.00
UPI SEMICONDUCTOR CORPORATION (HK) LTD.			3,150,000	100.00	3,150,000	100.00
UPI SOLUTIONS CO., LTD			1,400	100.00	1,400	100.00
UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.			-	100.00	-	100.00
NEXT SYSTEM LIMITED			8,560,974	43.48	8,560,974	43.48
POTIX CORPORATION (CAYMAN)			5,000,000	22.22	5,000,000	22.22

Note 1: Company investment under Equity Method.

IV. Stock Subscription

I. Capital and shares

(1) History of capitalization

1. Type of shares

Base date: As of April 9, 2017 / Unit: Shares

Type of Shares	Authorized Shares			Remarks
	Outstanding Shares (Note)	Unissued shares	Total	
Order common stock	742,760,280	4,007,239,720	4,750,000,000	

Note: Listed stock

2. Issued Shares

Month / Year	Par value (NT$)	Authorized shares		Paid-in Capital		Remarks		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	Source of capital	Capital Increased by Assets Other than Cash	Approval date and approval no. of capitalization by the SEC, Ministry of Finance
1990.03	10	3,000	30,000	3,000	30,000	Incorporation	–	–
1990.11	10	8,000	80,000	8,000	80,000	Cash $50 million	–	–
1991.12	10	15,000	150,000	15,000	150,000	Cash $40 million Retained earnings $30 million	–	–
1993.04	10	19,900	199,000	19,900	199,000	Cash $49 million	–	–
1993.09	10	30,845	308,450	30,845	308,450	Retained earnings $109.45 million	–	1993.08.27 SFE Ruling (82) Tai-Tsai-Cheng (1) No. 30832
1994.08	10	45,033.7	450,337	45,033.7	450,337	Retained earnings $141.887 million	–	1994.07.21 SFE Ruling (83) Tai-Tsai-Cheng (1) No. 32675
1995.06	10	60,000	600,000	60,000	600,000	Retained earnings $149.663 million	–	1995.06.15 SFE Ruling (84) Tai-Tsai-Cheng (1) No. 35196
1996.09	10	200,000	2,000,000	120,000	1,200,000	Cash $12 million Retained earnings $588 million	–	1996.06.28 SFE Ruling (85) Tai-Tsai-Cheng (1) No. 40947
1997.05	10	650,000	6,500,000	323,000	3,230,000	Cash (GDR) $210 million Retained earning $1.82 billion	–	1997.05.05 SFE Ruling (86) Tai-Tsai-Cheng (1) No. 30903 1997.04.17 SFE Ruling (86) Tai-Tsai-Cheng (1) No. 30279
1998.06	10	1,400,000	14,000,000	811,500	8,115,000	Retained earning $4.885 billion	–	1998.05.21 SFE Ruling (87) Tai-Tsai-Cheng (1) No. 44748
1998.10	10	1,400,000	14,000,000	813,500	8,135,000	Cash $20 million	–	1998.08.30 SFE Ruling (87) Tai-Tsai-Cheng (1) No. 35007
1999.06	10	1,400,000	14,000,000	1,144,900	11,449,000	Retained earning $3.314 billion	–	1999.05.20 SFE Ruling (88) Tai-Tsai-Cheng (1) No. 47786
1999.08	10	1,400,000	14,000,000	1,146,400	11,464,000	Cash $15 million	–	1999.06.16 SFE Ruling (88) Tai-Tsai-Cheng (1) No. 53605
2000.06	10	2,000,000	20,000,000	1,567,104	15,671,040	Retained earnings $4.20704 billion	–	2000.05.26 SFE Ruling (89) Tai-Tsai-Cheng (1) No. 45450
2001.06	10	2,100,000	21,000,000	1,976,880	19,768,800	Retained earnings $4.09776 billion	–	2001.06.06 SFE Ruling (90) Tai-Tsai-Cheng (1) No. 135654
2002.07	10	2,100,000	21,000,000	1,998,880	19,988,800	Retained earnings $220 million	–	2002.06.26 SFE Ruling (91) Tai-Tsai-Cheng (1) No. 0910134921

Month / Year	Par value (NT$)	Authorized shares		Paid-in Capital		Remarks		
		Shares	Amount (NT$ thousands)	Shares	Amount (NT$ thousands)	Source of capital	Capital Increased by Assets Other than Cash	Approval date and approval no. of capitalization by the SEC, Ministry of Finance
2003.07	10	2,450,000	24,500,000	2,281,740	22,817,400	Retained earnings $2.8286 billion	—	2003.07.08 SFE Ruling Tai-Tsai-Cheng (1) No. 0920130466
2004.08	1 0	2,872,000	28,720,000	2,552,914	25,529,140	Retained earnings $2.71174 billion	—	2004.07.12 FSC Ruling Jin-Kwong-Cheng (1) No. 0930130836
2005.07	1 0	3,380,000	33,800,000	2,861,205	28,612,054	Retained earnings $3.082914 billion	—	2005.06.23 FSC Ruling Jin-Kwong-Cheng (1) No. 0940125161
2005.12	1 0	3,380,000	33,800,000	2,920,798	29,207,982	Stock shares $595,928,350	—	2005.12.22 FSC Ruling Jin-Kwong-Cheng (1) No. 0940157381
2006.01	1 0	3,380,000	33,800,000	2,924,521	29,245,209	Convertible bond for stock $37,226,200	—	2006.02.03 Jin-So-Son-Tzi No. 09501019910
2006.03	1 0	3,380,000	33,800,000	2,998,184	29,981,838	Stock shares $736,629,610	—	2006.01.13 FSC Ruling Jin-Kwong-Cheng (1) No. 0940161197 2006.02.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0950106726
2006.04	1 0	3,380,000	33,800,000	3,040,064	30,400,638	Convertible bond for stock $418,799,510	—	2006.04.21 Jin-So-Son-Tzi No. 09501073310
2006.08	1 0	3,860,000	38,600,000	3,407,070	34,070,701	Retained earnings $3.67006377 billion	—	2006.06.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0950126632
2007.04	1 0	3,860,000	38,600,000	3,412,083	34,120,829	Convertible bond for stock $50,127,660	—	2007.04.26 Jin-So-Son-Tzi No. 09601090540
2007.09	1 0	4,250,000	42,500,000	3,652,687	36,526,871	Retained earnings $2.40604146 billion	—	2007.06.29 FSC Ruling Jin-Kwong-Cheng (1) No. 0960033204
2007.09	1 0	4,250,000	42,500,000	3,682,512	36,825,116	Stock share $298,245,610	—	2007.08.27 FSC Ruling Jin-Kwong-Cheng (1) No. 0960044647
2007.10	1 0	4,250,000	42,500,000	3,708,507	37,085,068	Convertible bond for stock $259,951,830	—	2007.10.22 Jin-So-Son-Tzi No. 09601256950
2008.01	1 0	4,250,000	42,500,000	3,728,359	37,283,589	Convertible bond for stock $198,521,460	—	2008.01.17 Jin-So-Son-Tzi No. 09701012350
2008.04	1 0	4,250,000	42,500,000	3,740,652	37,406,517	Convertible bond for stock $122,927,710	—	2008.05.13 Jin-So-Son-Tzi No. 09701109460
2008.08	1 0	4,250,000	42,500,000	3,751,832	37,518,315	Convertible bond for stock $111,798,020	—	2008.08.19 Jin-So-Son-Tzi No. 09701207890
2008.09	1 0	4,750,000	47,500,000	4,245,897	42,458,967	Retained earnings $4.94065172 billion	—	2008.07.17 Jin-So-Son-Tzi No. 0970036193
2008.10	1 0	4,750,000	47,500,000	4,246,051	42,460,513	Convertible bond for stock $1,545,780	—	2008.10.22 Jin-So-Son-Tzi No. 09701269640
2009.07	1 0	4,750,000	47,500,000	4,219,926	42,199,262	Purchased Treasury stock for cancellation with decrease of $261,250,000	—	2009.07.15 Jin-So-Son-Tzi No. 09801153240
2009.08	1 0	4,750,000	47,500,000	4,246,777	42,467,77	Retained earnings $268,512,150	—	2009.07.01 Jin-So-Son-Tzi No. 0980032762
2010.06	10	4,750,000	47,500,000	637,016	6,370,166	spin-off and capital reduction $36,097,608,610	—	2010.04.09 Jin-So-Son-Tzi No. 0990013609
2010.09	10	4,750,000	47,500,000	627,016	6,270,166	Purchased Treasury stock for cancellation with decrease of $100,000,000	—	2010.09.14 Jin-So-Son-Tzi No. 09901209730
2011.03	10	4,750,000	47,500,000	617,016	6,170,166	Purchased Treasury stock for cancellation with decrease of $100,000,000	—	2011.04.01 Jin-So-Son-Tzi No. 10001064750
2011.08	10	4,750,000	47,500,000	752,760	7,527,603	Retained earnings $1,357,436,570	—	2011.06.29 Jin-So-Son-Tzi No. 1000030060
2013.11	10	4,750,000	47,500,000	742,760	7,427,603	Purchased Treasury stock for cancellation with decrease of $100,000,000	—	2013.11.21 Jin-So-Son-Tzi No. 10201237880

3. Self-registration system: None

(2) Status of shareholders

Status of Shareholders

Base date: As of April 9, 2017

Status of shareholders / QTY	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	18	306	95,895	1,177	97,400
Shareholding (shares)	10	22,461,188	67,116,284	176,107,776	477,075,022	742,760,280
Percentage	0.00	3.02	9.04	23.71	64.23	100.00

(3) Shareholding Distribution Status

1. Common Shares

Base date: As of April 9, 2017

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1- 999	74,715	18,532,417	2.50
1,000- 5,000	19,231	34,933,821	4.70
5,001- 10,000	1,533	10,989,374	1.48
10,001- 15,000	498	6,112,998	0.82
15,001- 20,000	255	4,516,076	0.61
20,001- 30,000	246	6,081,633	0.82
30,001- 50,000	214	8,468,705	1.14
50,001- 100,000	231	16,949,904	2.28
100,001- 200,000	170	24,763,129	3.33
200,001- 400,000	82	23,970,029	3.23
400,001- 600,000	55	27,744,281	3.74
600,001- 800,000	35	24,501,421	3.30
800,001-1,000,000	23	20,601,004	2.77
Over 1,000,001	112	514,595,488	69.28
Total	97,400	742,760,280	100.00

2. Preferred Shares: None

(4) List of Major Shareholders

Base date: As of April 9, 2017

Shareholder's Name / Shareholding	Shareholding	Percentage
National Westminster Bank First State Asia Pacific Leaders Fund	46,193,000	6.22%
Jonney Shih	30,093,638	4.05%

Shareholder's Name \ Shareholding	Shareholding	Percentage
Chase Bank managed Saudi Arabia Central Bank investment account	28,918,000	3.89%
ASUS's Certificate of Depository with CitiBank (Taiwan)	27,063,242	3.64%
Cathay United Bank managed Expert Union Limited Investment account	20,869,542	2.81%
Citi (Taiwan) Bank in Custody for Government of Singapore Investment Corporation	14,022,714	1.89%
Standard Chartered managed Van Gardner emerging market stock index fund account	11,905,958	1.60%
Labor Insurance Funds	11,732,040	1.58%
New Labor Pension Fund	9,415,580	1.27%
Chase Bank managed Norges Bank investment account	8,763,191	1.18%

(5) Market Price, Net Worth, Earnings, and Dividends per Share

Unit: NT$/Share

Item \ Fiscal year			2015	2016	As of March 31, 2017 (Note 9)
Market price per share (Note 1) (Note 3)	Highest Market Price		359	291.5	300.0
	Lowest Market Price		243.5	252.0	262.0
	Average Market Price		299.6	274.19	279.83
Net worth per share (Note 2)	Before Distribution		225.31	244.34	-
	After Distribution		210.31	(Note 8)	
Earnings per share	Weighted average shares (Note 3)		742,760 thousand shares	742,760 thousand shares	-
	Earnings per shares (Note 3)	Before adjustment	23.02	25.85	-
		After adjustment	23.02	(Note 8)	
Dividends per share	Cash dividends		15	(Note 8)	-
	Stock dividends	Dividends from Retained earnings	0	(Note 8)	-
		Dividends from Capital Surplus	0	(Note 8)	-
	Accumulated undistributed dividends (Note 4)		-	-	-
Analysis of return on investment	Price/Earning Ratio (Note 5)		13.01	10.61	-
	Price/Dividend Ratio (Note 6)		19.97	(Note 8)	-
	Cash dividends yield rate (Note 7)		5.01%	(Note 8)	-

Note 1: List the highest and lowest market price per share; also, calculate the average market price per share in accordance with the trade amount and shares.

Note 2: Please base the information on the shares issued at yearned and the resolution for stock distribution in shareholders meeting.

Note 3: If the stock dividend is to be adjusted retroactively, please list the earnings per share before and after the adjustment.

Note 4: According to the regulations of security issuance, if the dividend that is not distributed can be accumulated till the year with retained earnings, the accumulated unpaid dividend of the year must be disclosed.

Note 5: Profit ratio = Closing price per share of the year / Earning per share.

Note 6: Earning ratio = Closing price per share of the year / Cash dividend per share

Note 7: Cash dividend yield rate = Cash dividend per share / Closing price per share of the year

Note 8: Subject to the approval of the annual shareholders meeting.

Note 9: The data collected up to March 31, 2017 were included in the report printed on April 10, 2017 for data accuracy.

(6) Execution of Dividend Policy

1. Dividend Policy

The Company's dividend policy is set by the board of directors subject to the Company's overview of business, need for funding, capital expenditure and budget, internal and external environmental changes and shareholders' equity. The dividend shall be no less than 50% of the earnings after tax of the current year, if no other special circumstances shall be taken into consideration. The industrial environment in which the Company operates is changeable and the Company is still growing for the time being. In consideration of the Company's long-term financial planning and to satisfy shareholders' need toward cash inflow, the cash dividend to be allocated each year shall be no less than 10% of the total stock dividend.

2. Proposed Distribution of Dividends:

(1) The Company's income tax after was NT$19,202,736,663 in 2016. The reversal of special reserve was NT$5,290,612, plus the unallocated earnings for the previous years, NT$82,585,125,836, and the earnings allocable in the current period is NT$101,793,153,111. After providing the legal reserve, NT$1,920,273,666, the bonus to be allocated to shareholders was NT$12,626,924,760, and all in cash. (Please see the Company's statement of allocation of earnings 2016)

(2) If shareholder's cash dividend is less than NT$ 1, the distribution will be made in the form of cash rounded and adjusted by a specific represent arranged by the Chairman of the Board of Directors.

(3) For earnings distribution, in case of changes in outstanding shares that causes changes in payout ratios and require modification, the shareholder meeting is hereby requested to authorize the board of directors for process within the scope of the said amount and stock shares.

(4) The board of directors is authorized upon the resolution of the general shareholder meeting to define the dividend, distribution base date, and the related events.

Distribution of Retained Earnings

In 2016 Unit: NT$

Account	Amount	Note
Unappropriated earnings - beginning	82,585,125,836	
2016 Net Income	19,202,736,663	
(+)Reversal of special reserve	5,290,612	
Distributable earnings - current	101,793,153,111	
(-)Appropriated 10% legal reserve	1,920,273,666	
(-)Distributions：		
Shareholder bonus	12,626,924,760	NT$17 per share
2016 Unappropriated earnings	4,655,538,237	
Unappropriated earnings - ending	87,245,954,685	

Note: The proposed profit distribution is allocated from 2016 retained earnings available for distribution.

(7) Impact of the proposed stock dividend in shareholders meeting on business performances and EPS: None

(8) Remuneration to employees, directors and supervisors

1. Scope of remuneration to employees, directors and supervisors referred to in the Articles of Incorporation

The amount to cover accumulated loss shall be reserved from the earnings of this year, and no less than 1% of the balance as the remuneration to employees and no more than 1% of the balance as the remuneration to directors/supervisors.

The counterparts entitled to receive remuneration to employees referred to in the preceding paragraph shall include employees of the Company's subsidiaries.

2. The basis for estimating the remuneration to employees, directors, and supervisors, for calculating the number of shares to be distributed as remuneration to employees, and the accounting treatment of the discrepancy, if any, between the actual distributed amount and the estimated figure, for the current period:

When allocating remuneration to employees from stock, the basis for estimation shall be based on the closing price on the day prior to resolution of the board of directors and by taking into consideration the ex-right and ex-dividend effect. Notwithstanding, in the case of the accounting treatment of the discrepancy between the actual distributed amount and the estimated figure, it shall be identified as accounting changes and stated as the income of the year of allocation.

3. Allocation of remuneration adopted by the board of directors in 2016

(1) Remuneration to employees, directors and supervisors to be allocated in cash:

	Amount (NT$)
Remuneration to employees	1,364,456,565
Remuneration to directors/supervisors	71,813,503

Any discrepancy between that amount and the estimated figure for the fiscal year these expenses are recognized: N/A

(2) The amount of remuneration to employees distributed in stocks, and the size of that amount as a percentage of the sum of the after-tax net income stated in the parent company only financial reports or individual financial reports for the current period and total remuneration to employees: N/A, in order to deal with the expensed remuneration to employees, directors and supervisors.

(3) Imputed EPS after taking into consideration the remuneration to be allocated to employees, directors and supervisors: N/A, in order to deal with the expensed remuneration to employees, directors and supervisors.

4. The actual remuneration allocated to employees, directors and supervisors actually in 2015:

(1) The actual remuneration allocated to employees, directors and supervisors actually in 2014:

	Amount (NT$)
Remuneration to employees	1,273,281,240
Remuneration to directors/supervisors	67,014,802

(2) Discrepancy between said amount and remuneration to employees, directors and supervisors: None

(9) Purchase of Treasury stock in 2016: None.

II. Arrangement of corporate bond:

(I) Arrangement of corporate bond: None

(II) Convertible Bonds: None

(III) Information of CB: None

(IV) Self registration of CB: None

(V) Bond with stock option: None

III. Preferred stock (with stock option): None

IV. Issuance of global depository receipts:

GDR

Item / Date of issuance (process)			May 30, 1997
Issue date			May 30, 1997
Location of issuance and trade			London / Luxembourg Note 1: Location for issuance and trade changed from London to Luxemburg starting March 28, 2013.
Total amount			US$235, 830,000
Unit Price			US$11.23 / GDR
Total issuance			21,000,000 GDRS
Source of common stock recognition			One GDR stands for one common stock share of ASUS Note 2: The Company's stock exchange ratio has changed from one GDR for one common stock share to one GDR to five common stock shares since January 2, 2008. Note 3: ASUS had capital reduction arranged on June 24, 2010. The proportion of outstanding convertible is 1,000 shares for 150 shares.
Total marketable security shares recognized			Stands for 21,000,000 common stock shares of ASUS
Rights and obligations of GDR holders			Please refer to Attachment A
Trustee			None
GDR institute			CITIBANK, NA
Depository institute			Citibank Taiwan Limited
Outstanding GDR			5,693,674 GDRS (December 31, 2016)
Issuance and expense amortization throughout the issuance period			It is to be amortized in three years on average after issuance according to Article 243 of Company Law
GDR agreement and depository agreement			Please refer to Attachment B
Market price per unit	2016	Highest	US$ 48.00
		Lowest	US$ 38.67

(US$)		Average	US$ 42.57			
	As of April 10, 2017	Highest	US$ 50.42			
		Lowest	US$ 41.38			
		Average	US$ 45.07			
Item	GDR				Total marketable security shares recognized	
	Date	Amounts	Price	Issue Amount	Shares	Price / Per share
Date and remainder of initial issuance A	86/05/30	21,000,000	USD11.23	235,830,000	21,000,000	0
Date and Remainder of Additional Issuance After the Initial Issuance B	87/06/15	25,478,476	0	0	25,478,476	0
	87/10/26	56,628	0	0	56,628	0
	88/06/14	18,893,413	0	0	18,893,413	0
	88/08/30	69,309	0	0	69,309	0
	89/08/11	23,830,652	0	0	23,830,652	0
	90/08/30	20,663,365	0	0	20,663,365	0
	92/08/01	6,256,511	0	0	6,256,511	0
	93/08/15	10,924,803	0	0	10,924,803	0
	94/08/29	10,654,365	0	0	10,654,365	0
	95/09/21	13,439,142	0	0	13,439,142	0
	96/09/20	6,310,972	0	0	6,310,972	0
	97/01/02	-126,062,109	0	0	0	0
	97/09/30	3,142,032	0	0	15,710,161	0
	98/09/23	64,927	0	0	324,639	0
	99/06/24	-29,514,114	0	0	-147,570,571	0
	100/09/01	1,111,472	0	0	5,557,362	0
Total Number of Remainder for Issuance D	6,319,844				31,599,227	

Attachment A

1. Voting rights: No voting rights may be exercised directly but the GDR institute shall be instructed to exercise voting rights according to the GDR agreement.
2. Dividend distribution, stock option, and other rights:
   (1) Entitled to distribution of dividend and stock shares just like the common shareholders of ASUS. GDR institute may have GDR issued proportionally to shareholdings or increase the common stock shares recognized with each GDR or have stock dividend sold on behalf of GDR holders and with the income distributed to GDR holders proportionally.
   (2) GDR institute reserves the said rights provided to GDR holders within the scope defined by the law of R.O.C. or international law, or, GDR institute may have the said rights sold on behalf of GDR holder and with the income distributed to GDR holders proportionally.

Attachment B

1. GDR agreement:
   (1) Transfer/split: The ownership of GDR is evidenced by EUROCLEAR and CEDEL book transaction and split system.
   (2) Dividend and others:
      ① Cash dividend in US$ net of GDR institute fees and tax withholding is distributed to GDR holders proportionally to their holdings.
      ② For the distribution of stock dividend, GDR holders are to have the total GDR adjusted proportionally to the shareholding ratio recognized with GDR holdings; also, adjusted the GDR of GDR holders accordingly. GDR institute may have the income distributed to GDR holders proportionally.
      ③ When issuing new stock shares for cash capitalization or arranging stock option, GDR institute may (I) arrange stock subscription or (II) entrust the said right to GDR holders; however, the new stock shares for cash capitalization are limited to the exemption registered with SFC.
      ④ GDR institute must strive to have cash dividend and stock dividend distributed to GDR holders.
   (3) Voting rights: Unless otherwise agreed upon, GDR institute must base on the GDR agreement, law of R.O.C., and the instruction of GDR holders to exercise the voting rights of the marketable security recognized with GDR.
2. Depository agreement:
   (1) Submit marketable security for the issuance of GDR.
   (2) Inform GDR institute to have GDR issued.
   (3) Deliver marketable security for the exchange of GDR
   (4) Confirm the volume of GDR monthly
   (5) Confirm the volume of GDR on the registration date

V. Employee stock option certificates: None

VI. Limit on Employee New Bonus Share: None

VII. Merger and acquisitions or stock shares transferred with new stock shares issued:

(1) The merger completed, stock shares transferred, and new stock shares issued in recent years and up to the date of the annual report printed:
   1. The opinions of the security underwriter who is responsible for merger, accepting other company's stock share, and issuing new stock shares in the most recent quarter: None
   2. If the business performance of the last quarter does not meet expectation, please state the impact on shareholder's equity and the corrective action proposed: None

(2) If the merger is completed, stock shares is transferred, and new stock shares are issued in recent years and up to the date of the annual report printed, the information of the merger and the merged or acquired company must be disclosed: None

VIII. Fund implementation plan

Up to the last quarter before the printing of the financial statements, outstanding equity issuance or marketable security subscription or the completed equity issuance or subscribed marketable security without success: Not Applicable

V. Overview of Business Operation

I. Principal activities

(I) Operating Scope

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.). The Company's products received many honors for their excellent quality and advanced technology this year. In 2016, ASUS received 4,385 awards worldwide from media and professional rating institutes. ASUS generated sales revenue of NTD428.7 billion in 2016.

1. Company product lines:
   a. Desktops / Servers / Motherboards
   b. Graphics cards
   c. Soundcards
   d. Laptops
   e. Tablets
   f. Smartphones
   g. LED displays
   h. Networking devices
   i. Advanced servers
   j. Portable projectors
   k. Wearable Devices
   l. Smart home devices
   m. Gaming Hardware and Peripheral
   n. Cloud Service

2. Product development projects:
   a. Digital control wireless transmission technology CPU MB
   b. Advanced 3D graphics cards
   c. Smartphone
   d. High performance Ultrabook
   e. High-speed router / Network switch / Firewall / VPN
   f. New-generation advanced server
   g. Professional Gaming LED display & PC
   h. Tablets and Computer 2-in-1 laptops
   i. ZenPad tablets
   j. Chrome OS devices
   k. Wearable electronic products
   l. VR(Virtual Reality) / AR(Augmented Reality)
   m. Robot

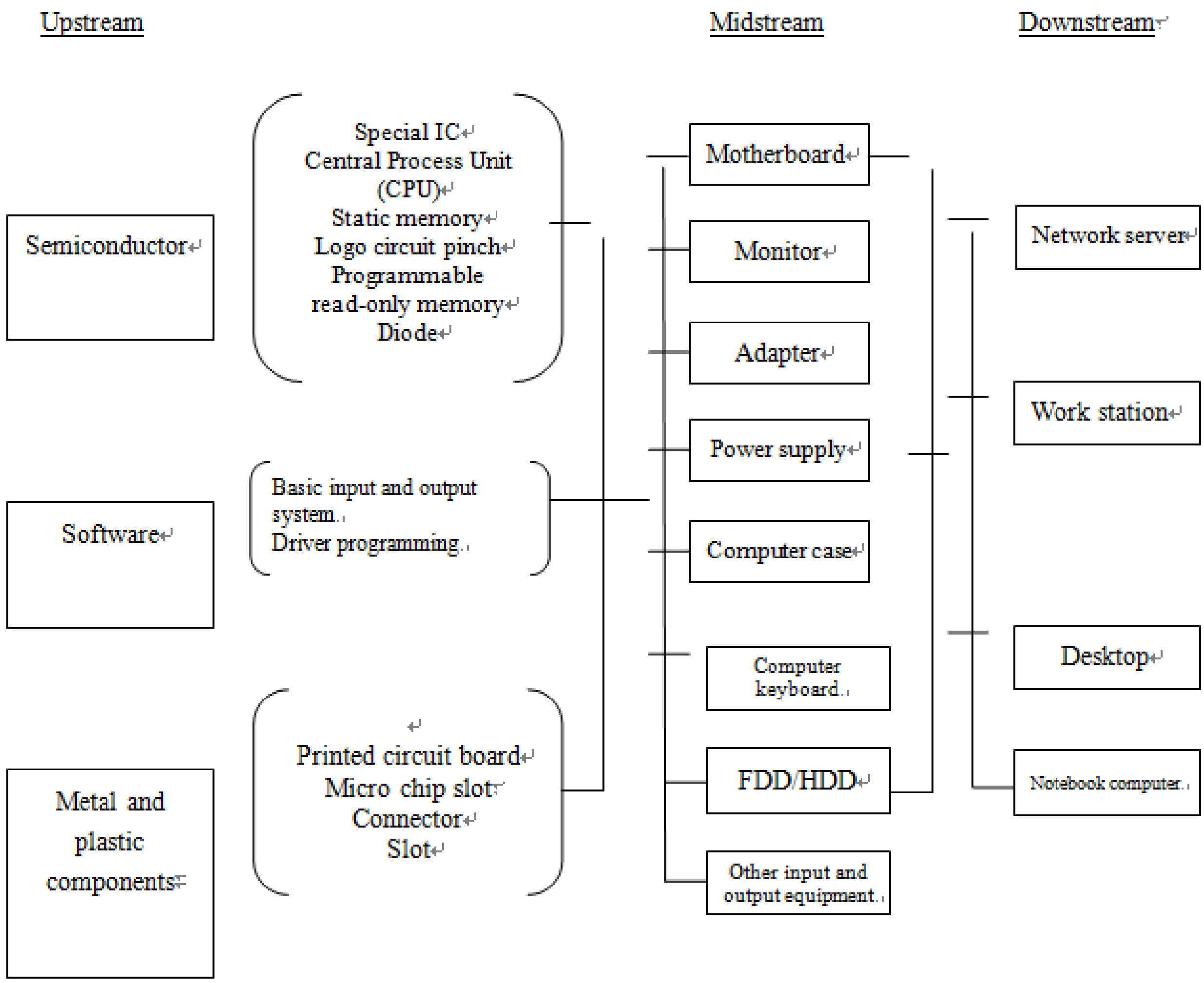
(II) Industry Overview

1. Progress and development of the industry:

The market of thin & light laptop computers has expanded increasingly. The emerging digital content and multimedia entertainment industries as well as the needs of the PC game players drive the demand for 3D multimedia and high-performance video & audio. It is foreseeable that multimedia entertainment will create more demands for laptop computers with advanced equipment. The development of our laptops incorporates not only the qualities of 'lightweight, thin, small, and visually attractive' but also of 'personalization, video and audio entertainment, wireless communication, and our commitment to a green environment.'

2. Correlation of the upstream, midstream, and downstream of the industry:

In terms of the correlation of upper-stream, mid-stream, and down-stream of the industry, the upper-stream industry includes semiconductor (IC design, wafer foundry, and testing and packaging), electronic parts (passive components, rectifier diode, etc.), and others (LED, printed circuit board, connector, etc.). Mid-stream industry includes optoelectronic (monitor, LCD, etc.), electronic parts (motherboard, VGA, etc.), and computer peripherals (computer case, mouse, keyboard, etc.). Down-stream industry includes table-top computers and notebook computers.



3. Product development trends:

Cloud computing generally means that the user connects from a terminal to a remote sever or device via the Internet for access to data or application services. This is an important emerging business opportunity of the technology industry. AI and deep learning of the computer as well as development of automatic equipment brand-new in types will change the work and life of human beings. This will be the focus in the development of the technology industry

ASUS plans to invest resources in the development and promotion of various products and solutions for cloud services, robots, smart homes, and high-speed computation applications in order to enhance their portability, easy-to-use property, connection capability and service depth, and provide the user with ultimate application experience.

4. Competition:

Shipments for the laptop computer industry are gradually slowing down, and some competitors have withdrawn from the market. Nonetheless the laptop market competition is still intense and the impact of low-priced products continues. Product design remains important with emphasis on personalized design to stimulate consumer demand. Manufacturers also emphasize product differentiation and segmentation to meet the requirements of individual target consumers. Therefore, the use of marketing strategy is also significantly important in creating opportunities for profits between individual industries.

The future laptop computer trends also drive the integration of new technology to increase product value. For example, ASUS' strengths in compactness, thinness, portability, power-saving and environmental-friendliness contribute to its growing market share.

MB, VGA, and CD-ROM are key segments of the computer components industry that form a supply chain along with CPU, chips, and PCB connectors. ASUS has kept a profound and excellent relationship with these businesses. To upgrade the product development technique and ensure stable supply of components, ASUS cooperates with many agents and distributors in the global channel architecture. ASUS is the leading brand in many markets including Europe, Asia and America, and the value of the brand and its identification are widely recognized by the users.

(III) Research and Development

ASUS has committed to R&D excellence since the day of its incorporation to rely on in-house innovation for the R&D, production, and marketing of advanced motherboards, graphics cards, laptops, tablets, servers and smartphones; and to develop 4C (computers, communications, consumer electronics, and automobile electronics) integrated products. For ASUS, the R&D Division and the R&D Center have a positive correlation working together. The R&D Center focuses on technology studies and commercialization of creativity. The R&D Center is entrusted with the responsibility to conduct preliminary studies and assessments on the key software and hardware technology, modules, and applied program development platform in depth. This work provides reference for the R&D director in judging technology trends and partner selection. The R&D Division focuses on system integration, product introduction and commercialization. Technology is transformed to generate income, and then part of that income is contributed back to support the creativity or technology supplier. This cycle allows R&D substain continuous development. These commitments to R&D, and the incentives provided by the Company's management, allow ASUS to continuously recruit talented R&D. In the constantly-changing computer world, the Company has key technologies and leading products enabling it to compete in the market and to create product value. ASUS R&D

expense of NTD 8.41 billion for 2016; consolidated R&D expense is NTD 13.3 billion for 2016. R&D budget in 2017: NT$12~13 billion.

The specific product in the recent year:

1. R&D Products introduced in 2016:
   a. Digital control wireless transmission technology CPU MB
   b. Advanced 3D graphics cards
   c. Smartphone
   d. High performance ultrabook
   e. High-speed router / network switch / firewall / VPN
   f. New-generation advanced server
   g. Professional gaming LED display
   h. Tablets and Computer 2-in-1 laptops
   i. ZenPad tablets
   j. Chrome OS devices
   k. Wearable electronic products
   l. VR(Virtual Reality) / AR(Augmented Reality)
   m. Robot

2. R&D planned in 2017:
   a. Digital control wireless transmission technology CPU MB
   b. Advanced 3D graphics cards
   c. Smartphone
   d. High performance ultrabook
   e. High-speed router / network switch / firewall / VPN
   f. New-generation advanced server
   g. Professional gaming LED display & PC
   h. Tablets and Computer 2-in-1 laptops
   i. ZenPad tablets
   j. Chrome OS devices
   k. Wearable electronic products
   l. VR(Virtual Reality) / AR(Augmented Reality)
   m. Robot

(IV) Short-term and long-term development plan:

1. Short-term development plan;

   ASUS will continue to follow the brand spirit of ‘In Search of Incredible’ to develop green technology products, entertainment, and cloud computing. Product development covers two platforms, blending advanced digital technology with the user’s life experience. Open platform products include motherboards, graphic cards, LCD monitors and servers; system products include laptops, smartphones, tablets and desktops.

2. Long-term development plan:

   We have entered a people-oriented mobile computing era, where all physical and virtual computation, data access and interaction are integrated via the internet. In the future, users will not have to adapt to product functions but the product functions will be reconfigured to conform to user demand. The boundaries between mobile, tablet, laptop and other mobile devices will eventually be eliminated. In the new digital era, the power of the internet will eventually turn the screens of mobile devices into media centers connected to the cloud. Information will not be owned exclusively but will be readily available to all; transmission and sharing will be the key. As the leader of brand technology, ASUS believes in the power of the open platform. We must embrace the ubiquitous era of cloud computing with an open mind, building a versatile solution for the next generation of cloud computing.

II. Market analysis and the conditions of sales and production:

(1) Market analysis:

1. Sales regions:

Unit: NT$ thousands

Year / Item	2015		2016	
	Subtotal	Total	Subtotal	Total
Sales to TW		32,213,733		29,291,956
Sales to region outside of		440,121,585		437,510,750
Taiwan	100,280,583		97,254,700	
America	191,260,122		181,764,938	
Asia Pacific / Oceania	146,460,777		156,141,491	
Europe	2,120,103		2,349,621	
Africa		472,335,318		466,802,706
Net sales				

2. Market share and market demand and supply and market growth:

(1) Market demand and supply of computer components:

ASUS motherboards have taken the largest global market share for several years in a row, mainly because of our superior R&D design capacity, massive production scale, complete upstream/downstream component supply chain, product quality, and controlled production costs; all of which become our powerful competitive advantage.

ASUS released the high-quality, high-performance and high-price optimized motherboards with respect to the high-rank, mid-rank and low-rank markets, in order to domain the global motherboard market absolutely and continue the most advantaged product and leadership in the industry. Since ASUS was founded in 1989, the sales of its motherboards have exceeded 500 million pieces, leading ahead of the others in the same trade absolutely.

(2) Market demand and supply of NB:

The availability of laptop computers has grown substantially throughout the world. ASUS has worked in the laptop computer industry for over 15 years, demonstrating a remarkably-sustained performance in product quality, R&D technology, and business development. According to research conducted by an international market survey institute, ASUS stands in the world's top four laptop computer suppliers and constantly leads the industry in terms of product innovation, attaining high brand value and consumer recognition. The 2016 research institute estimated the shipment of ASUS laptop computers to take over 10~11% of the global market share.

(3) Short-term development of IT industry:

With the arrival of the cloud computing era, ASUS plans to introduce a series of cloud computing-related services and products with a specific solution designed to provide cloud computing for mobile computing, multimedia entertainment, and electronic commerce. This solution will embrace the quality of portability, ease-of-use, connection, and in-depth service, all reinforced to provide users with information at their fingertips, anywhere and at any time. Professionals can use cloud computing business tools to explore business opportunities and upgrade competitiveness, while also sharing rich and diversified multimedia entertainment with family members.

3. Business goals

The Company's strategic planning has matched market development trends in recent years. ASUS generated sales revenue of NTD428.7 billion in 2016. In addition to caring for the core businesses, ASUS will strategically initiate diversified business operations. Sales of new products have grown by several-fold. ASUS will continue to serve customers with world-class technology innovation, and excellent product quality as well as a practical and stable business operation.

4. Competitiveness, advantages and disadvantages of development, and responsive strategies

Industrial development and vision:

(1) Advantages

a. For the rise of mobile computing, lightweight and thin have became the trend for laptop computers. Consumers seek better user experience and higher product value. This complies with the persistent operating philosophy and the product development capability of ASUS, and will be the focus in our business operation.

b. The market development of laptop computers has slowed down in recent years and more consumers become used to having multiple electronic products used at the same time. This will produce more important influence on the personal mobile computing devices. New types of computer products, such as gaming and thin & light laptops, will continuously create new markets and demands. ASUS will, depending on the change of the market ecology, plan operating objectives and invest resources suitable for individual markets and segments to expand the products and service of new types including our smart robot Zenbo. The ASUS mobile phone, Zenfone, has been well evaluated and created excellent sales. ASUS will have competitive advantages in the evolution of the hardware industry with the support of our products.

(2) Disadvantages and responsive strategies

Both the computer and smart phone industries are at a standstill and it is difficult to see a substantial growth of the total sales volume. This will affect the production value of the industry and the profitability of the manufacturer. The politics and economy of the countries all over the world changed increasingly to a great extent in recent years. Many unusual incidents have not only affected the global economy and consumer markets, but also brought about fluctuation of the demand, exchange rate, (raw) material cost, and so on to increase the difficulty of operation.

ASUS expects to have a more flexible and efficient organizational operation, with two business groups being formed including: System Business Group and Open Platform Business Group in order to aggregate recourses and be more responsive to market changes. Each business group will then be able to focus on improving procedure, form optimal strategy, and execute strategy completely.

ASUS will continue to invest resources in products that have economies of scale and competitive advantages as well to support the two business groups having the most competitive product lines and sales channels. ASUS is dedicated to providing consumers with better products and services, to upgrade the brand value in the minds of consumers and ultimately to turn consumer's brand recognition into market share.

Operating environment:

(1) Advantages

a. ASUS is capable of leading the industry in developing advanced technology and specifications using its excellent R&D resources, and gaining favorable market penetration and solidifying its market leadership.
b. ASUS controls its costs with excellent innovative concepts in high-efficiency channel and digital marketing, which reduce operational expenditures and achieve effective marketing.
c. ASUS has long been committed to eco-friendliness, energy-saving and sustainability with multiple green technology products based on innovative core technology. ASUS intends to acquire business opportunities and market recognition for products fulfilling the global trend for green and eco-friendly appeal.

(2) Disadvantages:

Export industries are subject to substantial fluctuations in foreign exchange. Managers must consider risks associated with fluctuations in foreign exchange rates. The market demand changes due to economic factors. The fluctuation of the raw material cost in recent years is another factor that affects the cost of production.

(3) Responsive strategies:

ASUS will closely watch the change of the exchange rate, implement supply chain management adequately, and balance the exchange rate risk and cost fluctuation appropriately.

Internal conditions

(1) Advantages

a. Stable financing with sufficient funds.
b. Improved inventory management system.
c. Develop an excellent pool of talent, manage the R&D direction and schedule effectively, and lead the industry with technical capacity.
d. The overall strategic planning also takes consideration short-term indicators and long-term development objectives to keep ahead of industry development trends.
e. The Company values people and continues to improve employee welfare treatment and welfare facilities.

(2) Disadvantages:

As ASUS grows significantly in both business operation and organizational structure, it is crucial to expand and improve the effectiveness of our management.

Product and technological development:

(1) Advantages:

a. ASUS has created a strong R&D team. The excellent R&D talents of ASUS are recognized in the industry, with many patents awarded and many new products constantly in development.

b. Many of the department heads and management of ASUS have a technological background. They thoroughly understand industrial trends and product development technology enabling them to take full advantage of development-to-plan product lines in depth, to apply recourses effectively, and to generate added value.

c. The Company made early investments in important new products such as wearable devices, robotics and intelligent home products, with considerable R&D and marketing resources to ensure that the products lead the competition.

(2) Disadvantages:

Currently the sales channel for mobile computing device products differs from computer products, and requires the deployment of highly-efficient channel partners in addition to improving the sales operation efficiency.

Sales and marketability:

(1) Advantages

a. Under the operation of a strong sales management program, ASUS has achieved competitive computer sales in most regions, limiting the impact that adverse economic situations in one area has on the corporate operations. By deploying product lines across the market, the Company can properly reduce the impact of economic risks.

b. The Southeast Asian and Indian markets have been upgraded into global markets with better growth momentum in recent years. ASUS has planned and acquired good brand and channel positioning.

c. In terms of multiple product lines, the Company has won a leading role in the industry, while its motherboard sales account for the top position in the global market. As for the laptop computer, ASUS is ranked first in the Taiwan Area and as one of the Top 4 laptop computer manufactures in the global market, demonstrating an outstanding performance in the world. The official ASUS global website is available with multi-language versions to realize the localized operating strategy and take root in the local market.

(2) Disadvantages:

The operating performance of overseas subsidiaries depends on effective management of channels and creation of brand orientation and value. The overseas subsidiaries' HR and management mechanism must meet said two important objectives.

(2) Application and production process of major products:

1. Application of major products:

a. Motherboards, graphics cards, and optical drives are important elements for desktop computers and servers. ASUS is in a leading position worldwide with all the aforementioned products.
b. There is an increasingly ambiguous boundary between the market for laptop computers, tablets and smartphones. The market scale is massive, and ASUS is capable of managing the production and sales of all three products at the same time. This operating synergy is far superior to others in the industry.
c. The quality and technical demand for wireless broadband communication products is extremely high and ASUS holds the key technologies allowing it to develop high-quality products with trust and word-of-mouth reputation from customers.

2. Production Process of Major Products
a. MB and VGA: Automatic SMT → Pick and place → soldering pot → burning → test.
b. NB, tablet and other products: Automatic SMT → pick and place → soldering pot → burning → PCB test → assemblying → system test。

(III) Supply of major raw materials:

Major raw materials	Suppliers
Chips	AMD, Intel, Nvidia, Qualcomm
Logic IC	Newland, RT, RICHTEK, ASMedia
PCB	HSB, WUS, Nova
Connectors	HON HAI, LOTES
MEMORY	HYNIX, SAMSUNG, MICRON, SANDISK
LCD	AUO, INX, BOE, LGD, TIANMA

Most of the aforementioned manufacturers have been doing business with ASUS for years.

(IV) Major Customers with over 10% net sales and Suppliers with over 10% total purchases of the last two fiscal years

1. Major Suppliers of the last two fiscal years

Unit: NT$ thousands

	2015				2016				2017Q1 (Note 1)			
Item	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net annual purchase (%)	Relation with issuer	Name	Amount	Percentage of net purchase of Q1 (%)	Relation with issuer
1	F Suppliers	82,880,066	23	None	F Suppliers	69,082,432	21	None				
	Others	277,135,322	77		Others	266,205,638	79					
	Net purchase amount	360,015,388	100		Net purchase amount	335,288,070	100				100	

Note 1: The 2017Q1 financial statements audited by the CPA were not yet available up to the print of annual report on April 10, 2017.
Note 2: Causes of increase and decrease: The major suppliers of the ASUS Group did not change substantially in 2016 and 2015

2. Major Customers of the last two fiscal years:
The sales income of one customer from the consolidated company between 2016 and 2015 did not show 10% of the consolidated net operating income.

(V) Production/Sales Quantities and Value over the Past Two Year: Not Applicable.

(VI) Sales quantities and values of the last two fiscal years:

Unit: Piece (unit); NT$ thousands

Major product \ year	2015				2016			
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
IT products	4,349,873	24,651,713	71,580,768	343,989,388	3,925,067	22,782,804	69,651,517	331,966,891
Others	-	3,114,315	-	5,319,052	-	1,490,853	-	4,355,137
Total	-	27,766,028	-	349,308,440	-	24,273,657	-	336,322,028

Note: The abovementioned information refers to ASUSTek Computer Inc. Refer to the annual report of other listed subsidiary companies for more information.

III. Employees

Status of employees over the past two years and up to the date of the report printed

April 10, 2017

Year		2015	2015	As of April 10, 2017
Employee	Direct Labor	0	0	0
	Indirect labor	6,629	6,870	6,743
	Total	6,629	6,870	6,743
Average age		33.07	33.52	33.81
Average years of service		4.6	5.12	5.37
Education (%)	Ph. D.	0.89%	0.89%	0.88%
	Masters	58.86%	58.88%	58.83%
	College /University	37.46%	37.23%	37.34%
	Senior High School	2.56%	2.75%	2.71%
	Junior High School and below	0.23%	0.25%	0.24%

Note: The abovementioned information refers to ASUSTek Computer Inc. Refer to the annual report of other listed subsidiary companies for more information。

IV. Expenditure on environmental protection

(I) Material capital expenditure invested in environmental protection activity:

1. The Company established GreenASUS and SERASUS Committee dedicated to boosting the sustainability management system certification, international environmental protection awards and green innovation projects. Please see Section III. Corporate Governance Report (6) Corporate Social Responsibility herein.
2. ASUS fellows will join environmental protection organizations and get involved in environmental protection activities.
3. ASUS has joined Taipei Environmental Protection Volunteers Squad to help clean up the beach and perform environmental protection community service in Beitou are. ASUS has striven to fulfill social responsibility and protect our environment as a green corporate shall do.
4. Arrange environmental protection, recycling, and merciful donation activities from time to time; also, contribute the income generated to charities activities.

(II) The total amount of loss and fine paid for environmental pollution in 2016 and up to the date of the report printed: None

(III) Estimated environmental protection expenses:

1. ASUS will introduce energy management system forcefully to save energy and reduce green house gas emission, and introduce the ISO 50001 energy management system in line with the policy of the government. We will establish an energy baseline, set an energy saving goal, and carry out continual improvement with PDCA to lower the goal to be achieved every year.
2. ASUS will continue to invest in green design, green procurement, green production, and green marketing for fulfilling corporate social responsibility to the earth.
3. The Company will plan the capital expenditure related to environmental protection based on GreenASUS and SERASUS.

V. Employee/employer relations

The realization of business goals relies on the commitment, deduction, and effort of employees; however, employees cannot exercise their talents without the support of the employer; therefore, a harmonious employer-employee relation is what ASUS after. ASUS has treated employees with an honest and open attitude; also, has working regulations and rules defined in the Company's Work Code for the reference of employees. In terms of salary, benefit, and training policy, it is designed to help employees realize their objectives; therefore, they are able to have themselves heard and to have their working safety secured; also, their work satisfaction and profound economic interest fulfilled without the need of organizing an union. Employer and employees are unified and share the same concept to work for the future of the organization.

(I) Employee's welfare package

ASUS has made the "respecting humanity and caring for employees" one of the operating concepts. For the purpose of taking care of employees sufficiently and protecting their living security in order to work for the Company worry-free, ASUS provides basic protection to employees; also, provides or sponsors welfare projects specially. Employee's Welfare Committee is formed by the employees to plan and enforce welfare activities as follows:

1. ASUS has the following benefits provided in accordance with Company Law:
   Health insurance, labor insurance, group insurance, pension reserve, accrual pension reserve according to old contribution plan deposited in Bank of Taiwan, arrearage reserve, and appropriating welfare fund with a percentage of sales revenue and paid-in capital.
2. ASUS has the following benefits provided specially:
   Season-greeting bonus and performance bonus, annual physical health check up, E-Library, Employee Assistance Programs(EAP), Employee Sports and Recreational Center – Taoran Hall: offering lukewarm swimming pool/SPA, gym, pool room, and aerobics room as well as employee café, featuring multiple functional sites and welfare measures.
3. "Employee Welfare Committee"
   Birthday & Season-greeting bonus, wedding/funeral/celebration and emergency financial aid, group activities, scholarship and financial aid to employee's children, Winter & Summer vocations' children's winter & summer camp, employee benefits Vouchers, and using departmental-based "Teamwork" activities and cooperate with

literary units for discount offers so that the peers can implement art and literature appreciation.

(II) Education and training

ASUS has years of experience in cultivating talents in accordance with operating concepts of “cultivation, cherishment, caring for employees, and helping ASUS fellows reaching their potential;” moreover, ASUS has a profound operating model setup in education and training and with excellent internal tradition formed. The talents cultivation and development is illustrated as follows:

1. Personal learning & growth plan

ASUS has promoted the “Learning & Growth Plan”, manager assist employees developing capability; also, to provide alternatives in conformity with organizational and personal development. Base on the concept of “individualization” to plan personal learning and growth plan by the management and the staff together in accordance with the core value of the Company and the occupational ability needed for job performance. The idea is to have the learning process become more systematic and effective. There were 2,106 individuals participated in the learning and growth plan in 2016. Please refer to the learning and growth plan procedure below:

Figure 1: Learning & Growth Plan Procedure

2. Diversified learning resources

Talents are the key to the success of an enterprise. ASUS has never taken it light in terms of talents training. The mission of ASUS is to help each worker learn and grow at work continuously; also, to exercise their potentials to the extreme. ASUS has a series of training course and learning resources planned for the staffs taking as a whole. The training course included orientation, newly promoted directors training, core value training, management functions training, and professional competence training. In addition to the internal training courses, external training courses, on-job training, and self-development training are also available.

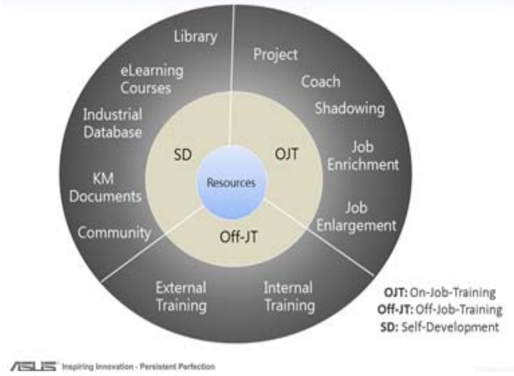


Figure2: Diversify Learning & Development Resources

(1) Internal training courses - Management and core vocational training

AUSU plans comprehensive learning blueprint for each employee to help build up their occupational competence. Annual management training program including junior management training and management competency training in all level is to help the management upgrade managing ability systematically and exercise management effectiveness. Plan core value training courses to help staff generate ASUS DNA and upgrade staff's work skills and performance. Individual received 5.16 hours of training in average in 2016 with the following courses:

Course Type	Course	Cumulative hours (hr.)	Cumulative attendance times	Expense (NTD)
Classroom	136	541.5	5,961	767,684
E-learning	63	104	16,926	857,900
Total	199	645.5	22,887	1,625,584

(2) Internal training courses - Professional training

ASUS has new recruits trained with various professional and practical courses to help them adapt to working culture and accumulate professional skills in width and depth. Professional training courses arranged by each department in 2016 included 1,297 courses. The expenses produced due to professional training provided by each department were amounted up to $652,294 in 2016

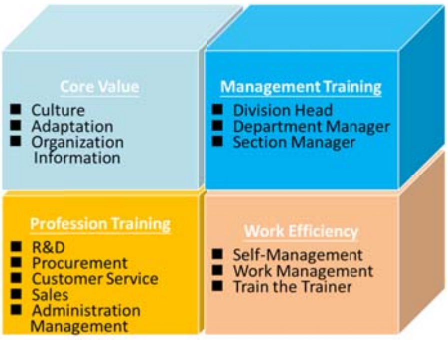


Figure 3: Internal Training Course

(3) Self-development resources and seminars

For the purpose of encouraging staffs for independent study, ASUS provides various learning resources for independent development, such as, ASUS Library, industry database, E-Book, document sharing, and community discussion of diverse topics. Build up colleague's active learning and personal capability and positive work attitude and sense of value. ASUS library, MP talking book, and VCD / DVD are 822 items in total in 2016. The costs of self - learning development resource is NT$2,283,280.

(4) On-job training

Directors have on-the-job training arranged in accordance with the mission assigned and personal development added it with the participating in the projects, coaching, internship, job enlargement, and job enrichment to upgrade employee's competence. Let employees learn from daily operation systematically and apply the learned skills to work. Directors have 365 on-job training programs planned and arranged in 2016, representing 0.73% of learning and growth plan.

(5) External training

In addition to the internal training courses planned in accordance with the demands of the staff taking as a whole, employees are assigned to be trained externally in response to the demand of each individual in order to upgrade the professional ability needed for performing the task. ASUS grants employees financial support for the external training courses related to their job performance. ASUS had 411 external training courses arranged in 2016 with NT$2,044,171 granted as follows:

Item	Course	Expense (NTD)
Professional	359	1,781,233
Management	16	68,900
Language	22	183,770
Others	14	10,268
Total	411	2,044,171

(III) Code of employee's conducts and ethics

The "sincerity, thrift, profundity, and practicality" is one of the Company's operating concepts. For the common understanding of ASUS fellows, the Company has the Chinese traditions "modesty, sincerity, theft, swiftness, courage" made to be the code of employee's conduct socially and personally.

The importance of industry's moral and social responsibility cannot be stressed enough internationally; therefore, industry with the continuous trust and respect of consumers, business partners, and the public will be able to operate permanently. Honesty and integrity are the core values in the corporate culture of ASUS. The Company does business based on sincerity and never allows corruption or fraud in any form. ASUS established the "Code of Employee's Conducts and Ethics" to ensure that all employees act in compliance the ethic norms of the Company and the stakeholders of the Company can understand more about the compliance of the employees with the ethic criteria of the Company when doing their jobs. An internal mailbox (audit@asus.com) is available to the employees to report any suspicious incompliance incident. ASUS also produces a digital teaching material, the "Code of Employee's Conducts and Ethics" and presents it as a compulsory training course for every employee. The material is produced in multi-language versions. All employees in service have taken the training since 2012. ASUS also explicitly requires that all the newcomers read the material within one month after taking employment to ensure that the ideals are practiced and communicated. Dissemination and explanation are made to employees on an irregular basis in order to enhance the awareness of ethics at both the Company and employee levels. In addition to the professional capability, ASUS expects all employees to demonstrate required ethic behavior to make ASUS a recognized benchmark in ethics.

ASUS has based on the "Electronic Industry Code of Conduct (EICC)" and "Listed Companies to set standards of ethical conduct" to stipulate the "Code of Ethics" as follows:

Chapter 1 General Provisions
Chapter 2 Regulatory compliance
Chapter 3 Preventing conflict of interest
Chapter 4 Gifts, business entertainment, and social standard
Chapter 5 Avoid the personal gain chance
Chapter 6 Information fully preserved and disclosure
Chapter 7 Fair trade, advertisement, and competition
Chapter 8 Safeguard the interest
Chapter 9 Community watch
Chapter 10 Punishment
Chapter 11 Others

(IV) Working environment and worker's safety protection:

1. Establish occupational health and safety management department

   The Company establishes occupation health and safety management department according to the law to prepare occupational health and safety specialists in charge of the planning, supervision and operation of corporate environment and occupational health and safety system.

2. Routinely execute occupational health and safety education and training and health examination

   In addition to establishing occupational health and safety department, the Company also implements occupational health and safety education and training for all employees and contractors. Special operations shall require assigning special operation supervisors at site in addition to cooperating with laws and regulations to carry out various environmental monitoring. In addition to routinely implementing education and training on special personnel, each year the Company arranges physical examination for special operations to protect the health and safety of employees.

3. Establishment of medical units

   The Company establishes medical office by employing full-time registered nurse according to the law, who is responsible for the health management of employees and organization of different health promotion activities, including: employee welfare health examination, health stairs climbing, weight loss competition, physical fitness examination, vision health, cancer prevention and screening, liver protection activities, and ergonomic improvement program. The Company also employs occupational disease department physician to station for outpatient and consultation.

4. The Company establishes EAP psychological consultation service hotline to provide consultation services for employees in terms of work, life and law, implementing the management philosophy of "cultivation, cherish and care for employees."

5. ASUS passed the healthy workplace accreditation and acquired the Badge of Accredited Healthy Workplace in 2016. The Company also won the Taipei Excellent Healthy Workplace Award, Taipei Excellent Labor Safety Workplace and Contest Award, and Large Workplace Lightening Excellence Award. ASUS is widely recognized in the safety of the employees, their physical and spiritual care, and environmental protection.

6. Fire Management and Emergency Response Training

   The Company develops fire protection proposal according to the Fire Service Act. In addition to routinely conduct safety inspection on firefighting equipment, the Company also organizes various disaster emergency responses training to strengthen the disaster prevention and response capacity of all employees and contractors.

7. Routine implementation of operating environment test

   The Company develops operating environment test sampling program according to the domestic laws and regulations. Each year the Company conducts testing on the operating environment and develops health and safety improvement objectives according to the testing results.

(V) Retirement plan

In response to the Company's having the business operation dividend into brand name business and OEM/ODM since 2008, the seniority of the workers with ROC nationality was settled and with the pension paid on the end of January 2008. Workers with ROC nationality who have been employed in 2008 are entitled to the Defined Contribution Pension Plan. Foreign workers are subject to adaption of new-pension plan or old pension plan according to the law.

(VI) Other agreements

The Company's loss from employee-employer dispute in recent years and up to the date of the report printed: None

VI. Major agreements:

April 10, 2017

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Credit Contracts	Taipei Fubon Bank	Aug 18, 2016 ~ Jul 28, 2017	Unsecured loan, totaling NT$2 billion	N/A
Credit Contracts	Mega International Commercial Bank, Lanya Branch	Aug 17, 2016 ~ Aug 16, 2017	Unsecured loan, totaling NT$3 billion	N/A
Credit Contracts	The Shanghai Commercial & Savings Bank, Ltd.	Aug 16, 2016 ~ Aug 15, 2017	Unsecured loan, totaling NT$1 billion and USD 40 millions	N/A
Real estate contract	Cornerstone Assets Management Company Limited	Signed on Aug 12, 2017	ASUS and Cornerstone entered into an agreement for purchase of a parcel of land. The total contractual price was NT$7,878,692,912 only (including land price and construction planning fee).	N/A

VI. Financial Information

I. Condensed balance sheet, income statement, and auditor's opinions over the last five years

(I) Condensed balance sheets (consolidated)

Unit: NT$ thousands

Item \ Year		Financial information in the past five years (Note 2)					As of April 10, 2017
		2012	2013	2014 (Adjustment)	2015	2016	
Current Assets		214,271,675	238,864,019	274,913,727	258,336,700	273,972,099	(Note 3)
Property, plant and equipment		10,764,132	10,746,683	9,581,880	9,042,789	13,743,767	
Intangible Assets		2,023,127	2,159,156	2,148,541	1,996,495	1,898,724	
Other Assets		40,974,443	44,302,897	65,777,365	64,228,889	74,605,336	
Total Assets		268,033,377	296,072,755	352,421,513	333,604,873	364,219,926	
Current Liabilities	Before allocation	134,303,079	151,095,249	178,987,351	152,738,006	168,496,912	
	After allocation	148,605,524	165.579,074	191,614,276	163,879,410	(Note 1)	
Total non-current liabilities		5,942,643	8,006,022	7,911,099	11,438,921	11,505,800	
Total Liabilities	Before allocation	140,245,722	159,101,271	186,898,450	164,176,927	180,002,712	
	After allocation	154,548,167	173,585,096	199,525,375	175,318,331	(Note 1)	
Share capital		7,527,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,305,220	4,452,237	4,452,757	4,719,653	5,079,722	
Retained earnings	Before allocation	111,704,586	116,472,478	121,463,998	125,934,543	133,995,876	
	After allocation	97,402,141	101,988,653	108,837,073	114,793,139	(Note 1)	
Other Equity		2,460,065	6,847,184	30,297,852	29,270,140	34,982,282	
Treasury shares		-	-	-	-	-	
Non-controlling interest		1,790,181	1,771,982	1,880,853	2,076,007	2,731,731	
Total Equity	Before allocation	127,787,655	136,971,484	165,523,063	169,427,946	184,217,214	
	After allocation	113,485,210	122,487,659	152,896,138	158,286,542	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 10, 2017; therefore, the amount after adjustment is not disclosed.

Note 2: The above financial information for each year was audited by CPA.

Note 3: The 2017Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 10, 2017.

Condensed statements of comprehensive income (consolidated)

Unit: NT$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 10, 2017
	2012	2013	2014 (Adjustment)	2015	2016	
Operating revenue	448,684,621	463,286,507	477,408,049	472,335,318	466,802,706	(Note 2)
Gross Profit	61,117,687	59,970,065	65,383,788	67,885,370	66,227,367	
Operating Income	21,831,860	19,836,010	21,709,964	21,006,376	18,751,955	
Non-operating Income and Expenses	5,231,353	7,190,092	3,687,550	1,436,944	5,529,994	
Profit before income tax	27,063,213	27,026,102	25,397,514	22,443,320	24,281,949	
Income (Losses) from Continuing Operations for the year	22,537,178	21,531,664	19,714,405	17,285,917	19,618,404	
Losses from Discontinued Operations	-	-	-	-	-	
Profit for the year (Losses)	22,537,178	21,531,664	19,714,405	17,285,917	19,618,404	
Other comprehensive income for the year(Net of income tax)	(403,854)	4,382,949	23,461,100	(1,029,629)	5,708,881	
Total comprehensive income for the year	22,133,324	25,914,613	43,175,505	16,256,288	25,327,285	
Profit attributable to shareholders of the parent	22,463,572	21,449,895	19,470,409	17,097,470	19,202,737	
Profit attributable to Non-controlling interests	73,606	81,769	243,996	188,447	415,667	
Total comprehensive income attributable to shareholders of the parent	22,061,034	25,826,521	42,926,013	16,069,758	24,914,879	
Total comprehensive income attributable to Non-controlling interests	72,290	88,092	249,492	186,530	412,406	
Earnings per share (non-retroactive)	29.84	28.66	26.21	23.02	25.85	

Note 1: The above financial information for each year was audited by CPA.

Note 2: The 2017Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 10, 2017.

(II) Condensed balance sheets (separate)

Unit: NT$ thousands

Item \ Year		Financial information in the past five years (Note 2)					As of April 10, 2017
		2012	2013	2014 (Adjustment)	2015	2016	
Current Assets		130,453,670	130,087,168	155,550,385	135,861,965	137,328,384	(Note 3)
Property, plant and equipment		4,002,107	4,440,336	3,241,556	3,155,770	7,008,339	
Intangible Assets		110,730	313,928	358,199	273,810	191,765	
Other Assets		72,784,708	86,063,086	117,045,866	119,819,832	137,888,365	
Total Assets		207,351,215	220,904,518	276,196,006	259,111,377	282,416,853	
Current Liabilities	Before allocation	75,803,458	78,436,223	104,274,665	81,556,623	89,805,339	
	After allocation	90,105,903	92,920,048	116,901,590	92,698,027	(Note 1)	
Total non-current liabilities		5,550,283	7,268,793	8,279,131	10,202,815	11,126,031	
Total Liabilities	Before allocation	81,353,741	85,705,016	112,553,796	91,759,438	100,931,370	
	After allocation	95,656,186	100,188,841	125,180,721	102,900,842	(Note 1)	
Share capital		7,527,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,305,220	4,452,237	4,452,757	4,719,653	5,079,722	
Retained earnings	Before allocation	111,704,586	116,472,478	121,463,998	125,934,543	133,995,876	
	After allocation	97,402,141	101,988,653	108,837,073	114,793,139	(Note 1)	
Other Equity		2,460,065	6,847,184	30,297,852	29,270,140	34,982,282	
Treasury shares		-	-	-	-	-	
Total Equity	Before allocation	125,997,474	135,199,502	163,642,210	167,351,939	181,485,483	
	After allocation	111,695,029	120,715,677	151,015,285	156,210,535	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 10, 2017; therefore, the amount after adjustment is not disclosed

Note 2: The above financial information for each year was audited by CPA.

Note 3: The 2017Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 10, 2017.

Condensed statements of comprehensive income (separate)

Unit: NT$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 10, 2017
	2012	2013	2014 (Adjustment)	2015	2016	
Operating revenue	375,118,873	358,741,099	384,234,950	377,074,468	360,595,685	(Note 2)
Realized gross profit	24,482,294	23,195,769	24,427,785	24,098,655	22,662,633	
Operating Income	14,765,207	9,775,216	10,685,311	9,263,997	9,080,820	
Non-operating Income and Expenses	11,899,543	15,786,546	12,690,772	11,733,974	13,420,744	
Profit before tax	26,664,750	25,561,762	23,376,083	20,997,971	22,501,564	
Income (Losses) from Continuing Operations for the year	22,463,572	21,449,895	19,470,409	17,097,470	19,202,737	
Losses from Discontinued Operations	-	-	-	-	-	
Profit for the year	22,463,572	21,449,895	19,470,409	17,097,470	19,202,737	
Other comprehensive income for the year (Net of income tax)	(402,538)	4,376,626	23,455,604	(1,027,712)	5,712,142	
Total comprehensive income for the year	22,061,034	25,826,521	42,926,013	16,069,758	24,914,879	
Earnings per share (non-retroactive)	29.84	28.66	26.21	23.02	25.85	

Note 1: The above financial information for each year was audited by CPA.

Note 2: The 2017Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 10, 2017.

(III) Auditing by CPAs

CPAs and their auditing opinions in the past five years

Auditing Year	CPAs	Opinions
2012	Chou Tseng Hui-Chin, Hsuen Ming Ling	Modified unqualified
2013	Chou Tseng Hui-Chin, Hsuen Ming Ling	Modified unqualified
2014	Chou Tseng Hui-Chin, Hsuen Ming Ling	Modified unqualified
2015	Chou Tseng Hui-Chin, CHANG, MING-HUI	Modified unqualified
2016	Chou Tseng Hui-Chin, CHANG, MING-HUI	Unqualified Opinion

II. Financial analysis in the past five years

(I) Financial analysis for consolidated report

Item (Note 3) \ Year (Note 1)		2012	2013	2014 (Adjustment)	2015	2016	As of April 10, 2017
		Financial analysis in the past five years					
Financial structure (%)	Ratio of liabilities to assets	52.32	53.74	53.03	49.21	49.42	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	1,242.37	1,349.04	1810.02	2,000.12	1424.09	
Solvency	Current ratio (%)	159.54	158.09	153.59	169.14	162.60	
	Quick ratio (%)	94.53	101.94	93.16	96.34	107.33	
	Times interest earned	309.99	77.72	95.67	61.74	389.85	
Operating ability	Account receivable turnover (times)	7.49	6.34	5.94	5.58	5.37	
	Days sales in accounts receivable	48.73	57.57	61.44	65.41	67.97	
	Inventory turnover (times)	5.15	4.58	4.10	3.48	3.60	
	Account payable turnover (times)	6.65	6.27	5.48	5.63	6.06	
	Average days in sales	70.87	79.69	89.02	104.88	101.38	
	Property, plant and equipment turnover (times)	43.07	43.07	46.97	50.72	40.97	
	Total assets turnover (times)	1.82	1.64	1.47	1.38	1.34	
Profitability	Ratio of return on total assets (%)	9.20	7.73	6.14	5.12	5.64	
	Ratio of return on equity (%)	18.48	16.27	13.03	10.32	11.09	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	359.52	363.86	341.93	302.16	326.92	
	Profit ratio (%)	5.02	4.65	4.13	3.66	4.20	
	Earnings per share ($) (non-retroactive)	29.84	28.66	26.21	23.02	25.85	
Cash flow (%)	Cash flow ratio	16.19	19.78	14.64	(6.92)	29.26	
	Cash flow adequacy ratio	130.40	145.59	97.63	65.41	90.54	
	Cash reinvestment ratio	7.66	10.03	6.33	(12.00)	18.33	
Leverage	Degree of operating leverage	2.91	3.38	3.19	2.95	3.19	
	Degree of financial leverage	1.00	1.02	1.01	1.02	1.00	

The root causes of the financial ratio change in the last two years:

Long-term funds to property, plant and equipment: The balance of the property, plant and equipment increased this year, causing a decrease in long-term funds to property, plant and equipment ratio.
Times interest earned: The current average total asset amount decreased, causing the current return on assets to increased.
Cash flow ratio: The cash flow from operation increased this year, causing an increased cash flow ratio.
Cash flow adequacy ratio: The cash flow from operation increased and the increase of the inventory declined in the recent 5 years, causing an increased cash flow adequacy ratio.
Cash reinvestment ratio: The cash flow from operation increased this year, causing an increased cash reinvestment ratio.

(II) Financial analysis for separate report

Item (Note 3) / Year (Note 1)		Financial analysis in the past five years					As of April 10, 2017
		2012	2013	2014 (Adjustment)	2015	2016	
Financial structure (%)	Ratio of liabilities to assets	39.23	38.80	40.75	35.41	35.74	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	3,148.28	3,044.80	5,303.67	5,626.35	2,748.32	
Solvency	Current ratio (%)	172.09	165.85	149.17	166.59	152.92	
	Quick ratio (%)	131.49	130.03	113.06	112.54	115.37	
	Times interest earned	5,332,951.00	5,112,353.40	1744.31	1,166,554.94	202,717.79	
Operating ability	Account receivable turnover (times)	5.98	5.13	4.70	4.29	4.03	
	Days sales in accounts receivable	61.03	71.15	77.65	85.08	90.57	
	Inventory turnover (times)	13.69	11.66	10.79	8.36	8.44	
	Account payable turnover (times)	6.77	6.04	5.58	5.68	5.99	
	Average days in sales	26.66	31.30	33.82	43.66	43.24	
	Property, plant and equipment turnover (times)	97.82	84.99	100.04	117.89	70.95	
	Total assets turnover (times)	1.93	1.68	1.55	1.41	1.33	
Profitability	Ratio of return on total assets (%)	11.58	10.02	7.84	6.39	7.09	
	Ratio of return on equity (%)	18.65	16.42	13.03	10.33	11.01	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	354.23	344.15	314.72	282.70	302.95	
	Profit ratio (%)	5.99	5.98	5.07	4.53	5.33	
	Earnings per share ($) (non-retroactive))	29.84	28.66	26.21	23.02	25.85	
Cash flow	Cash flow ratio	20.87	9.38	20.87	(8.73)	13.57	
	Cash flow adequacy ratio	114.10	79.65	114.10	44.46	46.69	
	Cash reinvestment ratio	1.41	(2.65)	1.41	(10.78)	0.53	
Leverage	Degree of operating leverage	1.34	1.70	1.90	2.11	1.95	
	Degree of financial leverage	1.00	1.00	1.00	1.00	1.00	

The root causes of the financial ratio change in the last two years:

Long-term funds to property, plant and equipment: The balance of the property, plant and equipment increased this year, causing a decreased long-term funds to property, plant and equipment ratio

Times interest earned: The interest expenses increased this year, causing a decreased times in interest earned.

Property, plant and equipment turnover rate: The property, plant and equipment balance increased this year, causing a decreased property, plant and equipment turnover rate.

Cash flow ratio: The cash flow from operation increased this year, causing an increased cash flow ratio.

Cash reinvestment ratio: The cash flow from operation increased this year, causing an increased cash reinvestment ratio.

Note 1: The financial information is audited by CPA.

Note 2: The 2017Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 10, 2017.

Note 3: Equations:

1. Financial structure
   (1) Ratio of liabilities to assets = Total liabilities / Total assets
   (2) Ratio of long-term capital to property, plant and equipment = (Total equity + non-current liabilities) / Net property, plant and equipment
2. Solvency
   (1) Current ratio = Current assets / Current liabilities
   (2) Quick ratio = (Current assets – Inventory – Prepaid expenses) / Current liabilities
   (3) Times interest earned = Net income before tax and interest expense / Interest expense of the year
3. Operating ability
   (2) Account receivable turnover (including accounts receivable and notes receivable derived from business operation) = Net sales / Average accounts receivable (including accounts receivable and notes receivable derived from business operation)
   (3) Days sales in accounts receivable = 365 / Account receivable turnover
   (4) Inventory turnover = Cost of goods sold / Average inventory amount
   (5) Account payable turnover (including accounts payable and notes payable derived from business operation) = Cost of goods sold/ Average accounts payable (including accounts payable and notes payable derived from business operation)
   (6) Average days in sales = 365 / Inventory turnover
   (7) Property, plant and equipment turnover = Net sales / Average net property, plant and equipment
   (8) Total assets turnover = Net sales / Average total assets
4. Profitability
   (1) Ratio of return on total assets = [Net income (loss) + interest expense x (1-tax rate)] / Average total assets
   (2) Ratio of return on equity = Net income (loss) / Net average total equity
   (3) Ratio of profit before tax to paid-in capital = Net income before tax / Paid-in capital
   (4) Profit ratio = Net income (loss) / Net sales
   (5) Earnings per share = (Profit attributable to shareholders of the parent – preferred stock dividend) / Weighted average stock shares issued (Note 4)
5. Cash flow
   (1) Cash flow ratio = Net cash flow from operating activity / Current liabilities
   (2) Cash flow adequacy ratio = Net cash flow from operating activity in the past five years / (Capital expenditure + Inventory increase + Cash dividend) in the past five years
   (3) Cash reinvestment ratio = (Net cash flow from operating activity – Cash dividend) / (Gross property, plant and equipment + Gross Investment property + Long-term investment + Other non-current assets + Working capital) (Note 5)
6. Leverage:

(1) Degree of operating leverage = (Net operating revenue – Variable operating cost and expense) / Operating income (Note 6)

(2) Degree of financial leverage = Operating income / (Operating income – interest expense)

Note 4: The following factors are to be included for consideration for the calculation of earnings per share:

1. It is based on the weighted average common stock shares instead of the outstanding stock shares at yearend.
2. For capitalization with cash or Treasury stock trade, the stock circulation must be included for consideration to calculate weighted average stock shares.
3. For capitalization with retained earnings and capital surplus, the earnings per share calculated semi-annually and annually must be adjusted retroactively and proportionally to the capitalization but without considering the issuance period of the capitalization.
4. If preferred stock shares are nonconvertible and cumulative, the dividend of the year (whether it is distributed or not) shall be deducted from net income or added to the net loss. If preferred stock shares are not cumulative, preferred stock dividend shall be deducted from net income if there is any but it needs not be added to net loss if there is any.

Note 5: The following factors are to be included for consideration for the analysis of cash flow:

1. Net cash flow from operating activity meant for the net cash inflow from operating activity on the Statement of Cash Flow.
2. Capital expenditure meant for the cash outflow of capital investment annually.
3. Increase of inventory is counted only when ending inventory exceeds beginning inventory. If the ending inventory is decreased, it is booked as zero value.
4. Cash dividend includes the amount for common stock and preferred stock.
5. Gross Property, plant and equipment meant for the total Property, plant and equipment before deducting the accumulated depreciation.
6. Gross investment property means the total investment property before deduction of the accumulated depreciation.

Note 6: Issuers are to have operating cost and operating expenses classified into the category of fixed and variable. If the classification of operating cost and operating expense involves estimation or discretional judgment, it must be made reasonably and consistently.

Note 7: For company shares without face value or each face value not equivalent to NTD10, the aforementioned calculation of paid-in capital ratio is calculated on the equity ratio under the parent company proprietors on the balance sheet.

III. Supervisors' report in the most recent years

Audit Committee's Review Report of ASUSTeK Computer Inc.

The Board of Directors has prepared the ASUSTeK Computer Inc. ("the Company") 2016 Business Report, financial statements, and proposal for earnings distribution. The CPA firm of PwC was retained to audit the Company's financial statements and has issued an audit report relating to financial statements. The above Business Report, financial statements, and earnings distribution proposal have been examined and determined to be correct and accurate by the Audit Committee of ASUSTeK Computer Inc. According to Article 14-4 of the Securities and Exchange Act and Article 219 of the Company Law, we hereby submit this report.

ASUSTek Computer Inc.

Chairman of the Audit Committee: Mr. Chung-Hou, Ta 邰中和

March 17, 2017

IV. Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries in the most recent years: Please refer to Page 155-236 for details.

V. Separate Financial Statements and Report of Independent Accountants in the most recent years: Please refer to Page 237-288 for details.

VI. Financial difficulties faced by the Company and the related party in the most recent years and up to the date of the annual report printed: None

VII. Review of financial position, management performance and risk management

I. Analysis of financial position

Consolidated Comparison of Financial Position

Unit: NT$ thousands

Item \ Year	2015	2015	Difference	
			Amount	%
Current assets	273,972,099	258,336,700	15,635,399	6.05
Property, plant and equipment	13,743,767	9,042,789	4,700,978	51.99
Long-term investment, intangible assets and other assets	76,504,060	66,225,384	10,278,676	15.52
Total assets	364,219,926	333,604,873	30,615,053	9.18
Current liabilities	168,496,912	152,738,006	15,758,906	10.32
Non-current liabilities	11,505,800	11,438,921	66,879	0.58
Total liabilities	180,002,712	164,176,927	15,825,785	9.64
Share capital	7,427,603	7,427,603	-	-
Capital surplus	5,079,722	4,719,653	360,069	7.63
Retained earnings	133,995,876	125,934,543	8,061,333	6.40
Other equity	34,982,282	29,270,140	5,712,142	19.52
Total equity attributable to shareholders of the parent	181,485,483	167,351,939	14,133,544	8.45
Total equity	184,217,214	169,427,946	14,789,268	8.73
Analysis of financial ratio change: Property, plant and equipment: Caused by purchase of property, plant and equipment in the current period.				

<u>Separate Comparison of Financial Position</u>

Unit: NT$ thousands

Item \ Year	2016	2015	Difference	
			Amount	%
Current assets	137,328,384	135,861,965	1,466,419	1.08
Property, plant and equipment	7,008,339	3,155,770	3,852,569	122.08
Long-term investment, intangible assets and other assets	138,080,130	120,093,642	17,986,488	14.98
Total assets	282,416,853	259,111,377	23,305,476	8.99
Current liabilities	89,805,339	81,556,623	8,248,716	10.11
Non-current liabilities	11,126,031	10,202,815	923,216	9.05
Total liabilities	100,931,370	91,759,438	9,171,932	10.00
Share capital	7,427,603	7,427,603	-	-
Capital surplus	5,079,722	4,719,653	360,069	7.63
Retained earnings	133,995,876	125,934,543	8,061,333	6.40
Other equity	34,982,282	29,270,140	5,712,142	19.52
Total equity	181,485,483	167,351,939	14,133,544	8.45

Analysis of financial ratio change:
Property, plant and equipment: Caused by purchase of property, plant and equipment in the current period.

II. Business performance

(I) Consolidated Comparison of Business Performance

Unit: NT$ thousands

Item	2016	2015	Amount change	Ratio change (%)
Operating revenues	466,802,706	472,335,318	(5,532,612)	(1.17)
Operating costs	(400,575,339)	(404,449,948)	3,874,609	(0.96)
Gross profit	66,227,367	67,885,370	(1,658,003)	(2.44)
Operating expenses	(47,475,412)	(46,878,994)	(596,418)	1.27
Operating profit	18,751,955	21,006,376	(2,254,421)	(10.73)
Non-operating income and expenses				
Other income	3,717,455	3,098,220	619,235	19.99
Other gains (losses)	1,861,529	(1,312,494)	3,174,023	(241.83)
Finance costs	(62,445)	(369,478)	307,033	(83.10)
Share of profit of associates and joint ventures accounted for under equity method	13,455	20,696	(7,241)	(34.99)
Total non-operating income and expenses	5,529,994	1,436,944	4,093,050	284.84
Profit before income tax	24,281,949	22,443,320	1,838,629	8.19
Income tax expenses	(4,663,545)	(5,157,403)	493,858	(9.58)
Profit for the year	19,618,404	17,285,917	2,332,487	13.49
Other comprehensive income (loss)				
Components of other comprehensive income that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	(35,593)	(40,924)	5,331	(13.03)
Income tax relating to the components of other comprehensive income	15,979	88	15,891	18,057.95
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(923,066)	1,194,332	(2,117,398)	(177.29)
Unrealized gain on valuation of available-for-sale financial assets	6,136,840	(2,511,540)	8,648,380	(344.35)
Gain on effective portion of cash flow hedges	395,549	521,463	(125,914)	(24.15)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(137)	408	(545)	(133.58)

Item	2016	2015	Amount change	Ratio change (%)
Income tax relating to the components of other comprehensive income	119,309	(193,456)	312,765	(161.67)
Other comprehensive income for the year	5,708,881	(1,029,629)	6,738,510	(654.46)
Total comprehensive income for the year	25,327,285	16,256,288	9,070,99717)	55.80
Profit attributable to shareholders of the parent	19,202,737	17,097,470	2,105,267	12.31
Total comprehensive income attributable to shareholders of the parent	24,914,879	16,069,758	8,845,121	55.04

Analysis of financial ratio change:

1. Non-operating income and expenses: Mainly caused by increased profits from financial derivatives and decreased net foreign exchange losses.
2. Other comprehensive income: Caused by increase of the recognized unrealized gains on available-for-sale financial assets in the current period.

Separate Comparison of Business Performance

Unit: NT$ thousands

Item	2016	2015	Amount change	Ratio change (%)
Operating revenue	360,595,685	377,074,468	(16,478,783)	(4.37)
Operating costs	(337,844,298)	(351,287,072)	13,442,774	(3.83)
Gross profit	22,751,387	25,787,396	(3,036,009)	(11.77)
Unrealized profit from sales	(88,754)	(1,688,741)	1,599,987	(94.74)
Realized gross profit	22,662,633	24,098,655	(1,436,022)	(5.96)
Operating expenses	(13,581,813)	(14,834,658)	1,252,845	(8.45)
Operating profit	9,080,820	9,263,997	(183,177)	(1.98)
Non-operating income and expenses				
Other income	2,848,216	2,509,894	338,322	13.48
Other gains (losses)	1,386,853	1,871,168	(484,315)	(25.88)
Finance costs	(111)	(18)	(93)	516.67
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	9,185,786	7,352,930	1,832,856	24.93
Total non-operating income and expenses	13,420,744	11,733,974	1,686,770	14.38
Profit before income tax	22,501,564	20,997,971	1,503,593	7.16
Income tax expenses	(3,298,827)	(3,900,501)	601,674	(15.43)
Profit for the year	19,202,737	17,097,470	2,105,267	12.31
Other comprehensive income				
Components of other comprehensive income that will not be reclassified to profit or loss				
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	(19,365)	(39,583)	20,218	(51.08)
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(979,560)	1,975,951	(2,955,511)	(149.57)
Unrealized gain on valuation of available-for-sale financial assets	6,150,310	(2,512,144)	8,662,454	(344.82)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	466,181	(225,040)	691,221	(307.15)
Income tax relating to the components of other comprehensive income	94,576	(226,896)	321,472	(141.68)

Item	2016	2015	Amount change	Ratio change (%)
Other comprehensive (loss) income for the year	5,712,142	(1,027,712)	6,739,854	(655.81)
Total comprehensive income for the year	24,914,879	16,069,758	8,845,121	55.04
Analysis of financial ratio change: Other comprehensive income: Caused by decrease in unrealized evaluation gains on available-for-sale financial assets stated in current period.				

III. Analysis of cash flow

(I) Consolidated liquidity analysis of the last two years

Year / Item	2016	2015	Financial ratio change
Cash flow ratio	29.26%	(6.92)%	N/A
Cash flow adequacy ratio	90.54%	65.41%	38.42%
Cash reinvestment ratio	18.33%	(12.00)%	N/A

Analysis of financial ratio change:

1. Increase of cash flow ratio this year:
   The cash flow from operation increased this year, causing an increased cash flow ratio.
2. Increase of Cash flow adequacy ratio this year:
   The cash flow from operation increased and the increase of the inventory declined in recent 5 years, causing an increased cash flow adequacy ratio
3. Increase of cash reinvestment ratio this year:
   The cash flow from operation increased this year, causing an increased cash reinvestment ratio.

Separate liquidity analysis of the last two years

Year / Item	2015	2014	Financial ratio change
Cash flow ratio	13.57%	(8.73)%	N/A
Cash flow adequacy ratio	46.69%	44.46%	5.02%
Cash reinvestment ratio	0.53%	(10.78)%	N/A

Analysis of financial ratio change:

1. Increase of cash flow ratio this year:
   The cash flow from operation increased this year, causing an increased cash flow ratio.
2. Increase of cash reinvestment ratio this year:
   The cash flow from operation increased this year, causing an increased cash reinvestment ratio.

(II) Analysis of cash liquidity in one year: N/A

IV. The impact of significant capital expenditure on finance in recent years:

Unit: NT$ thousands

Project plan	Actual/expected funds source	Actual/ expected completion date	Required funds (to 2016)	Actual use of funds	
				2016	2015
Self-owned office building extension plan	Private capital	June, 2019	7,877,738	7,877,738	-

Note: Expected benefits: Sustainable operation of the global brand business, gathering of outstanding talents, provision of suitable and good working environment for employees, offer of additional land for rent to increase rental income.

V. Reinvestment in recent years:

Unit: NT$ thousands

Item (Note)	Amount	Policy	Gain or Loss in 2016	Root cause of profit or loss	Corrective action	Investment Plans
Own brand business	-	Develop brand business to improve competitiveness and operating performance	8,273,890	Focus on brand marketing and business development	-	-

Note: Own brand business included: ASUS GLOBAL PTE. LTD., ASUS TECHNOLOGY PTE. LIMITED, ASUS TECHNOLOGY INCORPORATION, ASUSTEK COMPUTER (SHANGHAI) CO. LTD., ASUS COMPUTER INTERNATIONAL, ASUSTEK Computer (Chongqing) CO., LTD., ACBZ IMPORTACAO E COMERCIO LTDA., ASUS JAPAN INCORPORATION, ASUS INDIA PRIVATE LIMITED, ASUS COMPUTER GMBH, ASUS HOLDINGS MEXICO, S.A. DE C. V. and ASUS EUROPE B.V.

VI. Risk analysis and evaluation in recent years and up to the date of the annual report printed:

(I) The impact of interest rate, exchange rate, and inflation on the Company's income and expense and the responsive measures:

1. The impact of interest rate on the Company's income and expense and the responsive measures:
   The ratio of 2016 interest income and interest expense for ASUS Group to the 2016 revenue were 0.19% and 0.01% respectively, which accounted considerably low ratio of revenue after evaluation. Hence variance of interest rate did not have any significant impact on the Group.
2. The impact of exchange rate on the Company's income and expense and the responsive measures:
   The 2016 net foreign exchange gain recognized by the Group accounted the ratio to 2016 revenue was -0.11%, and therefore variance in foreign exchange rate did not have any significant impact on the Group.
3. The impact of inflation on the Company's income and expense and the responsive measures:
   The global major economies in 2016 did not have significant inflation after evaluation and hence did not have any significant impact on the Group. The Company will continue to pay close attention to this issue in the future.

(II) Conducting high-risk and high-leverage investment, granting loans to others, endorsement & guarantee and directives policy, root cause of profit and loss, and the responsive measures:

The Group engages in borrowing funds to others, endorsement guarantee and derivate products transactions according to the policies and countermeasures developed from "Acquisition or Disposition of Information Asset Process" and "Endorsement and Guarantee Operation Procedure. The Group follows the procedures with prudent execution.

(III) R&D plans and budgeted R&D expense:

ASUS cannot stress enough the importance of R&D team cultivation and training since the incorporation. ASUS is capable of owning key technology of products controlled to secure the schedule of mass production. ASUS will base on the said fine tradition to reinforce the R&D capability of the Company and add it with market movement to have unique and innovative information products developed.

1. Products development planned in 2017:
   (1) Digital control wireless transmission technology CPU MB
   (2) Advanced 3D image display and wireless TV transmission graphic card
   (3) Smartphone
   (4) Ultra Mobile PC
   (5) High-speed router / exchanger / firewall / VPN
   (6) New-generation advanced server
   (7) Professional LED display & PC
   (8) All-In-One PC, Transformer AIO
   (9) Transformer Pad
   (10) Touch Windows Notebook & Tablet
   (11) Wearable electronic products
   (12) VR(Virtual Reality) / AR(Augmented Reality)
   (13) Robot
2. R&D budget in 2017: NT$12~13 billion

(IV) The impact of domestic and international policies and law change on the Company's finance and the responsive measures: None.

(V) The impact of technology change and industrial change on the Company's finance and the responsive measures:

ASUS constantly strives to be an integrated 3C solution provider (Computer, Communications, Consumer electronics). Technology change provides the Company with business opportunity for new products. The Company was with 3.60 times of inventory turnover in 2016; apparently, there was not any significant negative impact on finance.

(VI) The impact of industrial image change on business risk management and the responsive measures:

ASUS has maintained a fine industrial image and there is not any negative report on the Company's image.

(VII) The expected effect, potential risk, and responsive measures of merger:

The Company's did not have any merger conducted in 2016 and up to the date of the annual report printed: Not Applicable

(VIII) The expected effect, potential risk, and responsive measures of plant expansion: Not Applicable

(IX) The risk faced by procurements and sales hub and the responsive measures:

The Company's procurements and sales are not centralized and with a good customer relationship established; therefore, no risk of procurements and sales centralization.

(X) The impact of massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding, the risk, and the responsive measures:

There was not any massive stock transfer or change by directors, supervisors, and shareholders with over 10% shareholding in 2016 and up to the date of the annual report printed.

(XI) The impact of right to operate change on the Company, the risk, and the responsive measures: Not Applicable

(XII) Legal and non-legal events:

1. The Company's major legal issues, non-legal issues, or administrative lawsuits settled or in pending:

(1) Several patentees filed lawsuits or investigations for patent infringement including the patent of Blu-Ray, thermal management method and device, multi-core ARM processor products, notebooks, Eee PC, Wireless, DVD player subtitle, mobile payment, Pad, desktop, User Interface, audio signal encoding and decoding system, Audio stream, products with UMTS, products with Android 4.0 or later version and remote upgrade code function against the Group. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Delaware court, in a Germany court, in a French court, in a Netherlands court and in an England court. The Group cannot presently determine the ultimate outcome of these lawsuits, but has already recognized the possible loss in the financial statements.

(2) Several patentees filed lawsuits or investigations for patent infringement including liquid-crystal display module for cellphone, Pad and notebook, smartwatch, battery charger technology for gaming notebook, smart lock for Android 5.0, Zhuyin input function, DVD player restriction technology, mobile devices, the structure of microphone hole, entertaining communication system, notebook with dust filter, MP3 function for desktop and notebook, Broadcom chip, notebooks, Pad, motherboard, wearable devices, desktop, home entertainment products and computer accessories, panel antenna for ZenPad 10, cellphone and Pad with proximity sensor, notebook with Nvidia CPU, products with Win10 supporting Miracast and Snap Assist, SDRAM function, trademark of ZenFone, ASUS WebStorage and router against the Group. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Colorado court, in a Virginia court, in a Massachusetts court, United States International Trade Commission, in a Germany court, in an India court and in a Taiwan court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

(3) A plaintiff filed a criminal suit for copyright infringement and trade secret misappropriation of USB 3.0 products against the subsidiary, ASMEDIA, and a supplementary civil action against the Company and its subsidiary, ASMEDIA on August 21, 2012. The Company and its subsidiary, ASMEDIA, have appointed an attorney to deal with the cases through the legal process and go through subsequent related matters. This case is in preliminary proceeding and is not yet in judiciary proceedings in Taiwan Taipei District Court. The plaintiff also filed a lawsuit for patent infringement and trade secret misappropriation of USB 3.0 products against the Company and its subsidiaries, ASMEDIA and ACI, in a California court, USA, in August, 2014. The lawsuit has gone to trial, but the

Company and its subsidiaries cannot presently determine the outcome of the lawsuit. The Group however expects that the above cases will have no material effect on its operating and financial position

2. The related party's major legal issues, non-legal issues, or administrative lawsuits settled or in pending: N/A

(XIII) Other significant risks and responsive measures: Not Applicable

VII. Other material events: None

VIII. Special disclosures

I. Related party

(II) Consolidated financial statements of the related party

1. Related party

(1) Organizational structure of related party: Please refer to Page 131-134.

(2) Company profile of related party: Please refer to Page 135-139.

(3) A controlling and hierarchical relationship according to Article 369.3 of Company Law: None

(4) Business scope of ASUS Group:

The business scope of ASUS and the related parties include computer-related product design, production, processing, and sales. Some related parties are in the business of investment. In general, the collaboration within the organization is to generate the best result through reciprocal support in technology, production, marketing, and sales.

(5) Directors, supervisors, and president of the related party: Please refer to Page 140-146.

2. Business operation of the related party: Please refer to Page 147-153.

(II) Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries: Please refer to Page 154-226.

(III) Related Party Report: Not Applicable

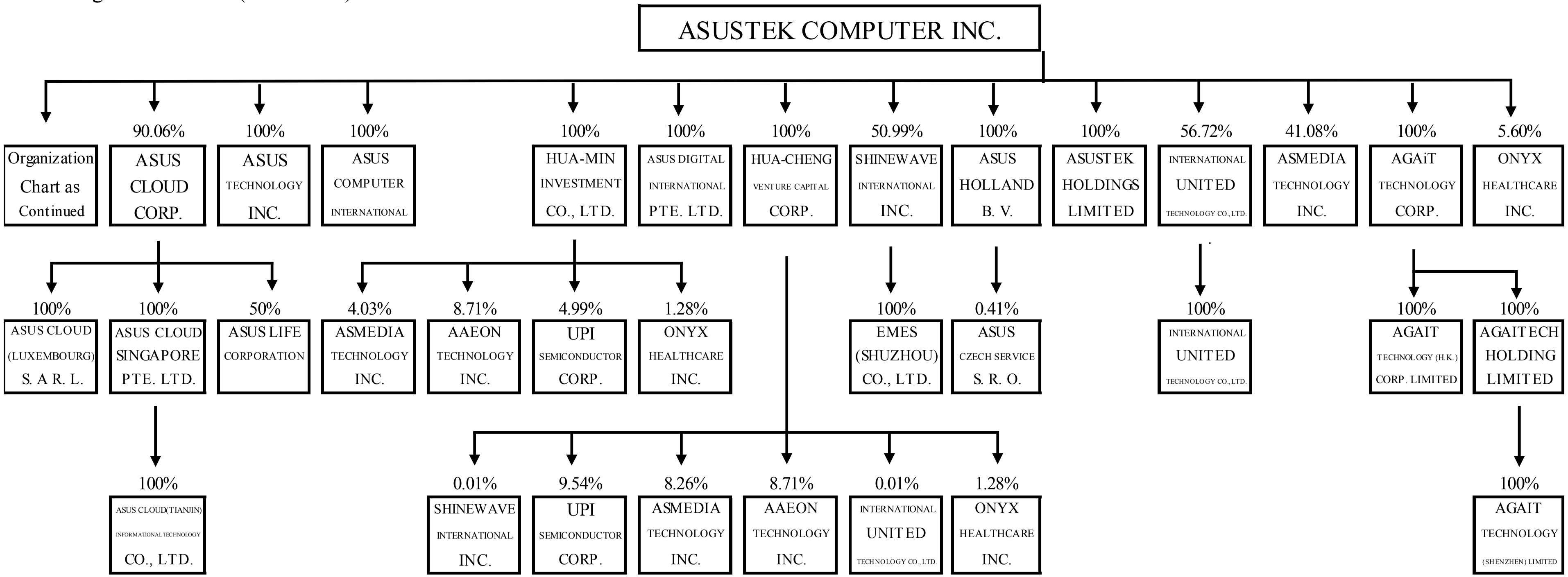
II. Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None

III. The stock shares of the Company held or disposed by the subsidiaries in the most recent years and up to the date of the report printed: None

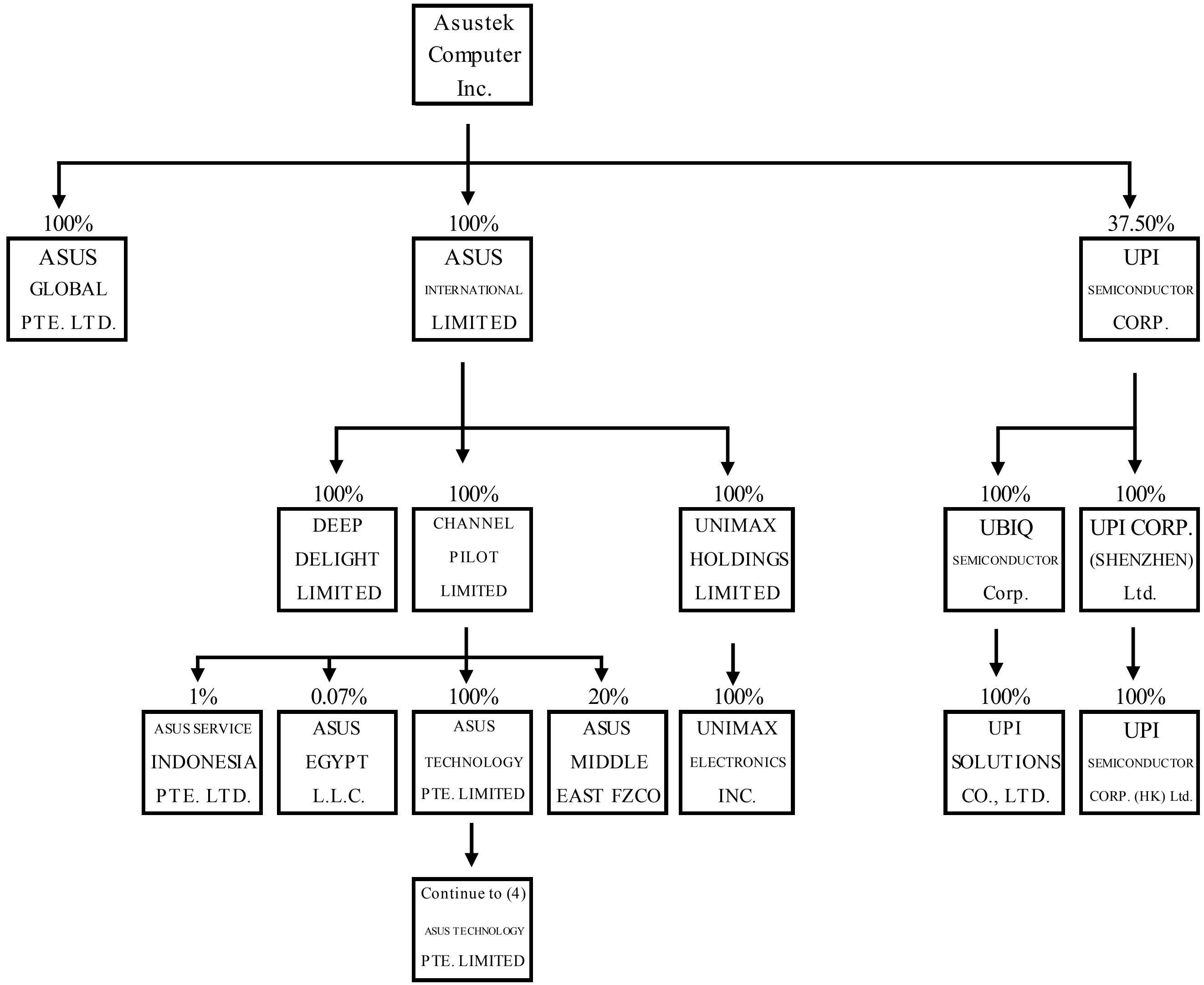
IV. Supplementary disclosures: None

V. Occurrence of events defined in Securities Transaction Law Article 36.2.2 that has great impact on shareholder's equity or security price in the most recent years and up to the date of the report printed: None

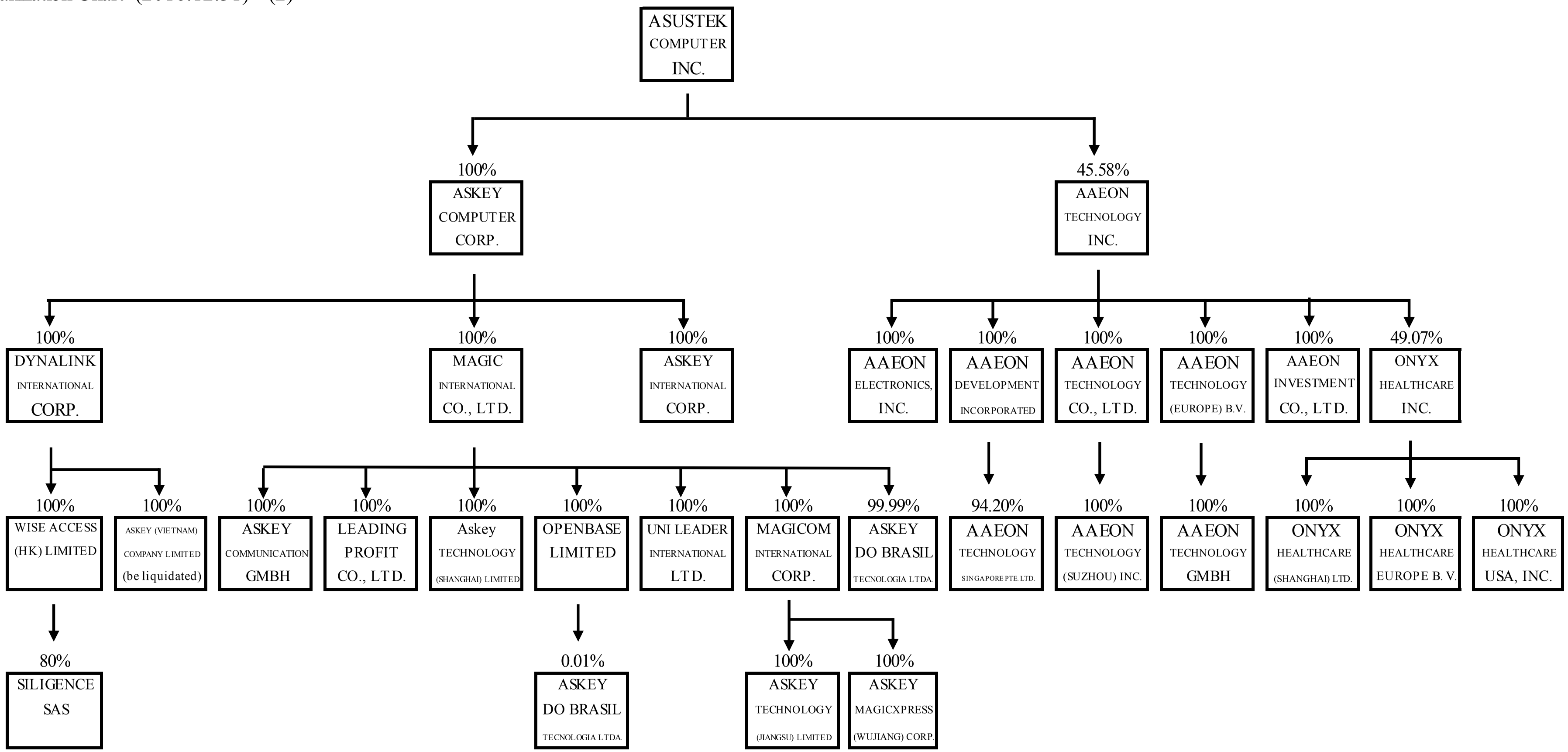
ASUS Organization Chart (2016.12.31)



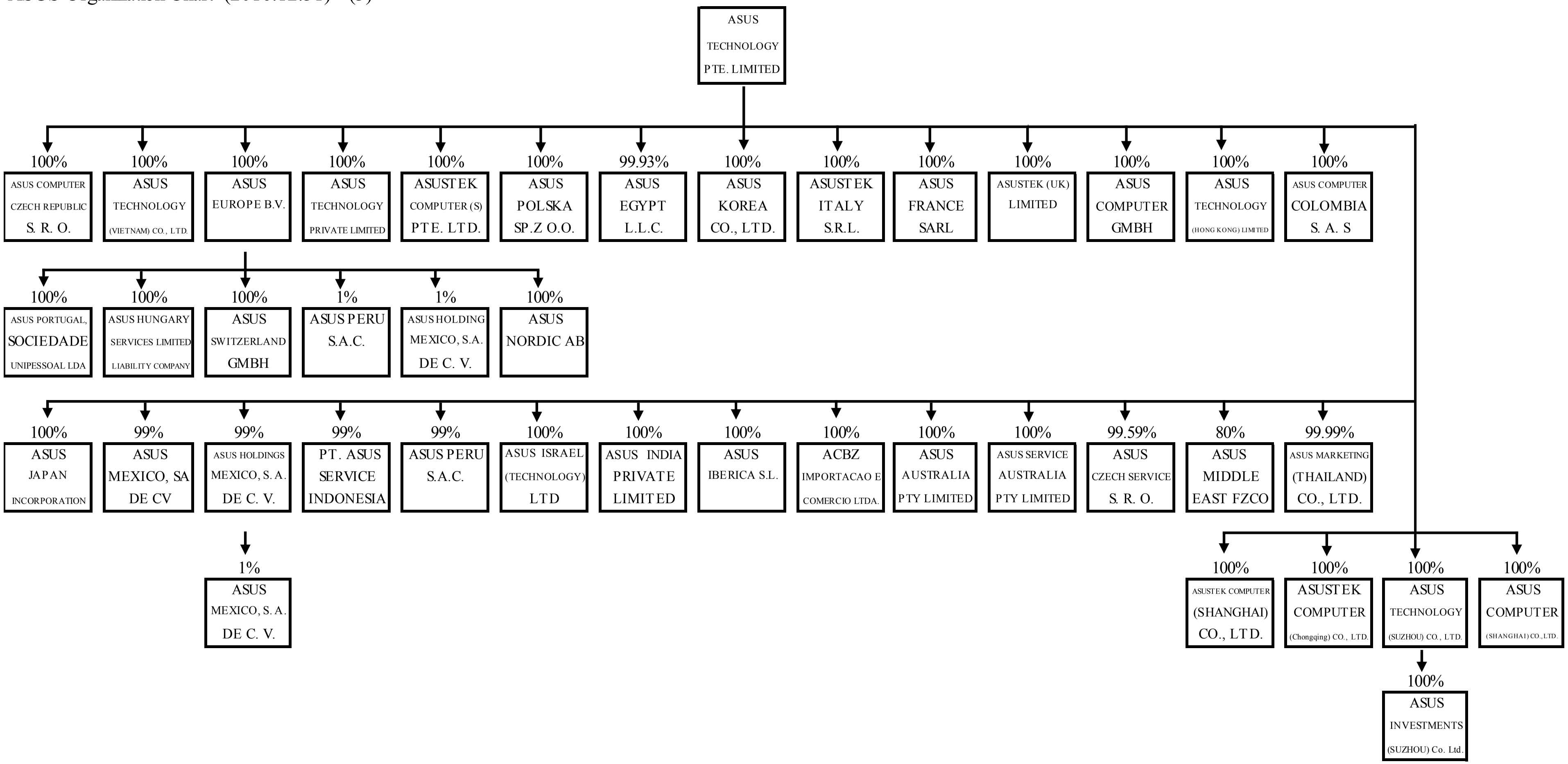
ASUS Organization Chart (2016.12.31) - (1)



ASUS Organization Chart (2016.12.31) - (2)



ASUS Organization Chart (2016.12.31) - (3)



(2)Basic Data of Affiliated Enterprises

In thousand NTD / as of Dec 31, 2016

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS COMPUTER INTERNATIONAL	June 21, 1994	USA	16,125	Selling 3C products in North America
ASUS TECHNOLOGY INCORPORATION	April 20, 1999	Taiwan	190,000	Selling 3C products in Taiwan
ASUS HOLLAND B. V.	March 29, 2000	Netherlands	46,151	Repairing 3C products
ASUSTEK HOLDINGS LIMITED	September 20, 1999	Cayman Islands	691,278	Investing in computer peripherals business
HUA-CHENG VENTURE CAPITAL CORP.	May 27, 2008	Taiwan	1,145,000	Investing in computer peripherals business
HUA-MIN INVESTMENT CO., LTD.	May 27, 2008	Taiwan	680,000	Investing in computer peripherals business
ASUS GLOBAL PTE. LTD.	March 15, 2013	Singapore	903,000	Selling 3C products
ASUS DIGITAL INTERNATIONAL PTE. LTD.	November 2, 2014	Singapore	26,768	Selling 3C products
ASMEDIA TECHNOLOGY INC.	March 31, 2004	Taiwan	570,708	Designing, developing and manufacturing high-speed analog circuit
SHINEWAVE INTERNATIONAL INC.	August 6, 1997	Taiwan	107,250	Developing, selling and consulting about information system software
EMES (SUZHOU) CO., LTD.	March 22, 2002	China	9,675	Developing, selling and consulting about information system software
INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN)	June 16, 1998	Taiwan	201,000	Developing, manufacturing and selling ink-jet print heads and ink-jet digital image output technology
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	May 21, 2003	Samoa	- (Note 1)	Investing in ink-jet print heads and ink-jet digital image output technology business
ASKEY COMPUTER CORP.	November 10, 1989	Taiwan	4,800,000	Designing, manufacturing, repairing and selling communication products and computer peripheral spare parts
ASKEY INTERNATIONAL CORP.	June 28, 1996	USA	322,500	Selling and servicing about communication products
DYNALINK INTERNATIONAL CORP.	October 1, 1996	British Virgin Islands	263,166	Investing in communication business
MAGIC INTERNATIONAL CO., LTD.	May 13, 1999	British Virgin Islands	3,790,205	Investing in computer peripherals business
ASKEY (VIETNAM) COMPANY LIMITED	November 1, 1996	Vietnam	184,939	Manufacturing and selling communication products
WISE ACCESS (HK) LIMITED	September 21, 2011	Honk Kong	43,586	Investing in communication and computer peripherals business
MAGICOM INTERNATIONAL CORP.	June 23, 1999	Cayman Islands	2,935,718	Investing in communication business

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
OPENBASE LIMITED	Jan 10, 2005	British Virgin Islands	1,613	Selling communication products and computer peripherals
LEADING PROFIT CO., LTD.	March 12, 2004	Mauritius	1,614,113	Selling communication products and computer peripherals
UNI LEADER INTERNATIONAL LTD.	September 2, 2004	Mauritius	1,613	Selling communication products and computer peripherals
ASKEY COMMUNICATION GMBH	April 11, 2013	Germany	3,390	Selling and servicing about communication products
ASKEY DO BRASIL TECNOLOGIA LTDA.	April 20, 2016	Brasil	14,788	Services about communication products
SILIGENCE SAS	July 19, 2011	France	33,054	Selling and servicing about communication products
ASKEY TECHNOLOGY (SHANGHAI) LTD.	July 1, 2003	China	96,750	Developing and selling communication products
ASKEY TECHNOLOGY (JIANGSU) LTD.	August 30, 2001	China	2,902,500	Manufacturing and selling communication products
ASKEY MAGICXPRESS (WUJIANG) CORP.	September 27, 2012	China	96,750	Manufacturing and selling communication products
ASUS CLOUD CORPORATION	March 24, 2000	Taiwan	500,000	Selling and consulting about e-commerce service
ASUS CLOUD SINGAPORE PTE. LTD.	December 14, 2012	Singapore	19,935	Investing in e-commerce service
ASUS CLOUD (LUXEMBOURG) S.A R.L	December 3, 2013	Luxembourg	18,065	Services information software
ASUS LIFE CORPORATION	September 9, 2016	Taiwan	10,000	Selling e-commerce information service
ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD.	January 17, 2013	China	19,769	Selling e-commerce service
AGAIT TECHNOLOGY CORPORATION	June 6, 2009	Taiwan	140,000	Designing and selling computer peripheral and smart vacuums
AGAITECH HOLDING LTD.	June 3, 2009	Samoa	32,250	Investing in computer peripherals business
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	November 11, 2009	Hong Kong	78,235	Investing in computer peripherals business
AGAIT TECHNOLOGY (SHENZHEN) LIMITED	January 18, 2010	China	32,250	Selling smart vacuums
AAEON TECHNOLOGY INC.	December 1, 2010	Taiwan	960,000	Manufacturing and selling industrial computers and computer peripherals
AAEON ELECTRONICS, INC.	June 6, 1995	USA	158,025	Selling industrial computers and computer peripherals
AAEON DEVELOPMENT INCORPORATED	November 21, 1997	British Virgin Islands	18,375	Selling industrial computers and computer peripherals
AAEON TECHNOLOGY CO., LTD.	September 11, 2001	British Virgin Islands	291,468	Investing in industrial computers and interface cards business
AAEON TECHNOLOGY (EUROPE) B. V.	March 4, 2005	Netherlands	3,390	Selling industrial computers and computer peripherals

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
AAEON INVESTMENT CO., LTD.	June 6, 2009	Taiwan	150,000	Investing in industrial computers and computer peripherals business
ONYX HEALTHCARE INC.	February 2, 2010	Taiwan	181,886	Designing, manufacturing and selling medical computers
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	March 30, 2004	Singapore	10,384	Selling industrial computers and computer peripherals
AAEON TECHNOLOGY GMBH	October 23, 2007	Germany	1,017	Selling industrial computers and computer peripherals
ONYX HEALTHCARE USA, INC.	October 27, 2011	USA	64,500	Selling medical computers and peripherals
ONYX HEALTHCARE EUROPE B.V.	May 16, 2012	Netherlands	3,390	Selling medical computers and peripherals
AAEON TECHNOLOGY (SUZHOU) INC.	November 1, 2001	China	280,261	Manufacturing and selling industrial computers and interface cards
ONYX HEALTHCARE (SHANGHAI) LTD.	September 15, 2014	China	22,575	Selling medical computers and peripherals
UPI SEMICONDUCTOR CORP.	December 23, 2005	Taiwan	901,669	Selling integrated circuits and technical support consulting
UBIQ SEMICONDUCTOR CORP.	November 25, 2008	Taiwan	200,000	Designing, developing and selling integrated circuits
UPI SEMICONDUCTOR CORPORATION (HK) LTD.	May 9, 2011	Hong Kong	101,588	Selling integrated circuits and investing in technical support consulting business
UPI SOLUTIONS CO., LTD.	May 25, 2015	Japan	19,189	Designing and developing integrated circuits
UPI SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.	September 5, 2011	China	8,869	Selling integrated circuits and technical support consulting
ASUS INTERNATIONAL LTD.	March 8, 2002	Cayman Islands	2,893,794	Investing in 3C information and computer peripheral business
DEEP DELIGHT LTD.	January 23, 2002	British Virgin Islands	368,360	Investing in computer peripherals business
CHANNEL PILOT LIMITED	March 30, 2005	British Virgin Islands	968,564	Investing in 3C business
UNIMAX HOLDINGS LIMITED	February 15, 2007	Cayman Islands	209,625	Investing in automotive electronics and computer peripherals business
UNIMAX ELECTRONICS INC.	April 17, 2007	Taiwan	212,947	Manufacturing and selling automotive electronics and computer peripherals
ASUS TECHNOLOGY PTE. LIMITED	April 26, 2005	Singapore	1,432,526	Investing in 3C information business
ASUS COMPUTER GMBH	June 19. 1991	Germany	8,667	Marketing support and selling 3C products in Germany
ASUS FRANCE SARL	July 12, 2002	France	3,594	Marketing support 3C products in France
ASUSTEK (UK) LIMITED	April 3, 2006	UK	1,980	Marketing support 3C products in United Kingdom

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS TECHNOLOGY (HONG KONG) LIMITED	November 25, 2005	Hong Kong	2,079	Marketing support and repairing 3C products in Hong Kong
ASUS KOREA CO., LTD.	July 1, 2006	Kore	47,972	Marketing support and repairing 3C products in South Korea
ASUSTEK COMPUTER (S) PTE. LTD.	October 21, 2003	Singapore	446	Repairing 3C products in Singapore
ASUS POLSKA SP.Z O.O.	July 31, 2005	Polska	385	Marketing support 3C products in Polska
ASUS TECHNOLOGY PRIVATE LIMITED	September 13, 2006	India	95,452	Marketing support and repairing 3C products in India
ASUS EUROPE B. V.	March 6, 2007	Netherlands	14,408	Selling 3C products
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	March 1, 2007	Vietnam	1,831	Repairing 3C products in Vietnam
ASUSTEK ITALY S. R. L.	July 21, 2000	Italy	1,627	Marketing support 3C products in Italy
ASUS MIDDLE EAST FZCO	October 22, 2007	Dubai	4,391	Marketing support and repairing 3C products in Middle East
ASUS IBERICA, S. L.	May 19, 2004	Spain	1,017	Marketing support 3C products in Spain
ASUS JAPAN INCORPORATION	May 28, 2008	Japan	56,196	Selling 3C products in Japan
ASUS COMPUTER CZECH REPUBLIC S. R. O.	October 31, 2005	Czech Republic	252	Marketing support 3C products in Czech Republic
ASUS EGYPT L. L. C.	September 11, 2008	Egypt	1	Marketing support 3C products in Egypt
ASUS CZECH SERVICE S. R. O.	February 15, 2010	Czech Republic	6,769	Repairing 3C products in Europe
ASUS SERVICE AUSTRALIA PTY LIMITED	February 10, 2011	Australia	22,120	Repairing 3C products in Australia
ASUS AUSTRALIA PTY LIMITED	January 5, 2011	Australia	8,150	Marketing support 3C products in Australia
ACBZ IMPORTACAO E COMERCIO LTDA.	January 5, 2011	Brazil	5,417,119	Selling 3C products in Brazil
ASUS INDIA PRIVATE LIMITED	July 5, 2011	India	158,815	Selling 3C products in India
ASUS ISRAEL (TECHNOLOGY) LTD	March 12, 2012	Israel	420	Marketing support 3C products in Israel
ASUS PERU S. A. C.	April 25, 2013	Peru	10	Marketing support 3C products in Peru
PT. ASUS SERVICE INDONESIA	May 21, 2013	Indonesia	34,648	Repairing 3C products in Asia-pacific and America
ASUS HOLDINGS MEXICO, S. A. DE C. V.	March 27, 2013	Mexico	79,628	Selling 3C products in Mexico
ASUS MEXICO, S. A. DE C. V.	April 22, 2013	Mexico	206	Marketing support 3C products in Mexico
ASUS COMPUTER COLOMBIA S. A. S	February 19, 2015	Columbia	800	Marketing support 3C products in Columbia
ASUS MARKETING (THAILAND) CO., LTD.	January 6, 2016	Thailand	14,500	Marketing support 3C products in Thailand
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	May 10, 2007	Hungary	1,355	Marketing support and repairing 3C products in Hungary

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.	May 21, 2008	Portugal	1,017	Marketing support 3C products in Portugal
ASUS SWITZERLAND GMBH	May 10, 2009	Switzerland	10,718	Marketing support 3C products in Switzerland
ASUS NORDIC AB	July 10, 2004	Sweden	1,062	Marketing support 3C products in North Europe
ASUSTEK COMPUTER (SHANGHAI) CO., LTD.	June 9, 2000	China	261,225	Selling 3C products in China
ASUS COMPUTER (SHANGHAI) CO., LTD.	June 30, 2000	China	64,500	Repairing 3C products
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	March 12, 2008	China	1,580,250	Researching and developing 3C products
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	May 9, 2011	China	2,225,250	Selling 3C products in China
ASUS INVESTMENTS (SUZHOU) CO., LTD.	December 6, 2013	China	529,381	Leasing real estate

Note 1: ASUSTeK had International United Co., Ltd. setup in SAMOA WESTERN in 2002. As of the end of the financial reporting period ASUSTeK had not transferred out any fund up to December 31, 2009.

Note 2: The paid-in capital involved foreign currency was exchanged under foreign exchange rate at the end of the financial reporting period.

(5) Directors, Supervisors and Presidents of Affiliated Enterprises

As of Dec 31, 2016

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
ASUS TECHNOLOGY INC.	Chairman & President	ASUSTEK COMPUTER INC.（Representative: Kevin Lin）	19,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Sandy Wei）	—	—
ASKEY COMPUTER CORP	Chairman & President	ASUSTEK COMPUTER INC.（Representative: Lin, Cheng-kuei*）	480,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Steve Kuo）	—	—
AGAIT TECHNOLOGY CORPORATION	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	14,000,000	100.00%
	Director & President	ASUSTEK COMPUTER INC.（Representative: Gary Lien）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Charlene Hsu）	—	—
HUA-CHENG VENTURE CAPITAL CORP.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	114,500,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Nick Wu）	—	—
HUA-MIN INVESTMENT CO., LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	68,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	—	—
	Supervisor	ASUSTEK COMPUTER INC.（Representative: Nick Wu）	—	—
ASUS CLOUD CORPORATION	Chairman	ASUSTEK COMPUTER INC.（Representative: Eric Chen）	45,027,789	90.06%
	Director	ASUSTEK COMPUTER INC.（Representative: Jimmy Chan）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Samson Hu）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jerry Lee）	—	—
	Director	(Vacancy)	—	—
	Director & President	Wu, Han-Chang*	428,583	0.86%
	Supervisor	Alan Hsieh	0	0.00%
ASMEDIA TECHNOLOGY INC.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	23,248,727	41.08%
	Director & President	ASUSTEK COMPUTER INC.（Representative: Chewei Lin）	—	—
	Director	Ted Hsu	—	—
	Director	Hsu, Chin-Chuan*	—	—
	Independent director	Chan, Hung-Chih*	—	—
	Independent director	Hsieh, Chieh- Ping*	—	—
	Independent director	Wu, Ching-Chi*	—	—
	Supervisor	Li, Tsung-Chieh*	—	—
	Supervisor	Liang, Chi-Yen*	—	—
	Supervisor	Absent	—	—
AAEON TECHNOLOGY INC.	Chairman	RUI HAI INVESTMENT CO., LTD.（Representative: Chuang, Yung-Shun）	4,603,000	5.60%
	Director	RUI HAI INVESTMENT CO., LTD.（Representative: Lee Ing-Jen）	—	—
		RUI HAI INVESTMENT CO., LTD.（Representative: David Yen）	—	
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	43,756,000	45.58%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	—	—
	Independent Director	Lin Chan Juan（Resigned on Feb 24, 2017）	—	—
	Independent Director	Jimmy Hsieh	—	—
	Independent Director	Chris Kao	—	—
	General Manager	Howard Lin	68,000	0.07%
INTERNATIONAL UNITED	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	11,401,092	56.72%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
TECHNOLOGY CO., LTD.	Director & President	ASUSTEK COMPUTER INC.（Representative: Daniel Lan）	—	—
	Director	HUA ENG WIRE & CABLE CO.,LTD. （Representative: MS Lin）	1,917,194	9.54%
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP. （Representative: Charlene Hsu）	1,000	0.01%
UPI SEMICONDUCTOR CORP.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jerry Shen）	33,812,819	37.50%
	Director	ASUSTEK COMPUTER INC.（Representative: S.Y. Shian）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: HH Cheng）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Ricky Huang,）	—	—
	Director	Fu-Shuo Investment Ltd.（Representative: Chu, Hsien-Kuo*）	2,544,338	2.82%
	Director	Lin, Chin-Pao*	—	—
	Director & President	Chang, Tien-Chien*	374,479	0.42%
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP. （Representative: Francy Jeng）	8,601,500	9.54%
	Supervisor	Hsu, Chang-Lung*	285,653	0.32%
SHINEWAVE INTERNATIONAL INC.	Chairman	ASUSTEK COMPUTER INC.（Representative: H.C. Hung）	5,468,750	50.99%
	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	—	—
	Director & President	ASUSTEK COMPUTER INC.（Representative: Yu, Chun-Hua*）	—	—
	Supervisor	Hua-Cheng Venture Capital Corp. （Representative: Chin Wu）	1,000	0.01%
ASUS COMPUTER INTERNATIONAL	Director	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	50,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Jackie Hsu）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Eric Chen）	—	—
	President	Steve Chang	—	—
ASUS HOLLAND B.V.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	3,000,000	100.00%
ASUS INTERNATIONAL LTD	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	89,730,042	100.00%
ASUSTEK HOLDINGS LIMITED	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	20,452,104	100.00%
ASUS GLOBAL PTE. LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonathan Tsang）	28,000,000	100.00%
	Director	ASUSTEK COMPUTER INC.（Representative: Benson Lin）	—	—
	Director	ASUSTEK COMPUTER INC.（Representative: Song, Lai-Chi）	—	—
ASUS DIGITAL INTERNATIONL PTE. LTD.	Chairman	ASUSTEK COMPUTER INC.（Representative: Jonney Shih）	830,001	100.00%
DEEP DELIGHT LIMITED	Chairman	ASUS INTERNATIONAL LIMITED（Representative: Jonney Shih）	11,422,000	100.00%
CHANNEL PILOT LIMITED	Chairman	ASUS INTERNATIONAL LIMITED（Representative: Jonney Shih）	30,033,000	100.00%
ASUS TECHNOLOGY PTE. LIMITED	Chairman	CHANNEL PILOT LTD. （Representative: Jonathan Tsang）	44,419,424	100.00%
	Director	CHANNEL PILOT LTD. （Representative: Benson Lin）	—	—
	Director	CHANNEL PILOT LTD. （Representative: Song, Lai-Chi）	—	—
ASUS EGYPT L.L.C.	Director	CHANNEL PILOT LTD.（Representative: Yu, Chien-Liang）	—	0.07%
	Director	ASUS TECHNOLOGY PTE. LIMITED （Representative: Yu, Chien-Liang）	—	99.93%
ASUS MIDDLE EAST FZCO	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Yu, Chien-Liang）	4	80.00%
	Director	CHANNEL PILOT LTD.（Representative: Yu, Chien-Liang）	1	20.00%
ASUS COMPUTER (SHANGHAI) CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Chen, Hsin-Yi）	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LTD. （Representative: Wang, Hsiang-Huei）	—	—
ASUS TECHNOLOGY (HONG KONG) LIMITED	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Chung, Wei -Kang*）	500,000	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING SHARES	SHAREHOLDING %
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	Executive Director	ASUS TECHNOLOGY PTE LTD. （Representative: Kao, Chih-Yuan）	—	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Shih,Wen-Hung）	—	—
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Joe Hsieh）	—	—
	Supervisor	ASUS TECHNOLOGY PTE LTD. （Representative: Wang, Hsiang-Huei）	—	—
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	Executive Director	ASUS TECHNOLOGY PTE LTD. （Representative: Shih, Wen-Hung）	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LTD. （Representative: Wang, Hsiang-Huei）	—	—
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	Executive Director	ASUS TECHNOLOGY PTE LTD.（Representative: Ernest Ke）	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LTD. （Representative: Wang, Hsiang-Huei）	—	—
ASUS INVESTMENTS (SUZHOU) CO., LTD.	Director	ASUS Technology (Suzhou) Co. Ltd. （Representative：Kao, Chih-Yuan）	—	100.00%
	Supervisor	ASUS Technology (Suzhou) Co. Ltd. （Representative: Wang, Hsiang-Huei）	—	—
ASUS COMPUTER GMBH	Director	ASUS TECHNOLOGY PTE LTD.(Representative: Sean Chen）	—	100.00%
ASUS FRANCE SARL	Director	ASUS TECHNOLOGY PTE LTD.（Representative: Li, Yu-Lin）	5,300	100.00%
ASUSTEK (UK) LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Chu, Chien-Hao）	50,000	100.00%
ASUS KOREA CO., LTD.	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Fu, Szu-Wei）	358,433	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Wang, Shiang-Huei）	—	—
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Su, Shiow-Lin）	—	—
ASUSTEK COMPUTER (S) PTE. LTD.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Lin, Chung-Liang）	20,002	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Song, Lai-Chi）	—	—
ASUS POLSKA SP. Z O. O.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Slawomir Stanik）	1,000	100.00%
ASUS TECHNOLOGY PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Hwang, Sy-Ru）	20,134,400	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Chang, Chi-Chu）	—	—
ASUS EUROPE B. V.	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Jonathan Tsang）	375,000	100.00%
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Lo, Shih-Cheng）	—	100.00%
ASUSTEK ITALY S. R. L.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Steve Chang）	—	100.00%
ASUS IBERICA S. L.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: German Guerra）	3,000	100.00%
ASUS JAPAN INCORPORATION	Director	ASUS TECHNOLOGY PTE LTD.（Representative: Emily Lu）	20,500	100.00%
ASUS COMPUTER CZECH REPUBLIC S. R. O.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Chu,Chien-Hao）	—	100.00%
ASUS CZECH SERVICE S. R. O.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Chou, Chih-Kuang）	—	99.59%
	Director	ASUS HOLLAND B.V.（Representative: Tseng, Wei-Jen）	—	0.41%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
ASUS SERVICE AUSTRALIA PTY LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Huang, Chun-Yung）	950,000	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Tsai, Hsiao-Ming）	–	–
ASUS AUSTRALIA PTY LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Jackie Hsu）	350,000	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Tsai, Hsiao-Ming）	–	–
ASUS INDIA PRIVATE LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Chang, Chi-Chun）	33,500,000	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Hwang, Sy-Ru）	–	–
ASUS ISRAEL (TECHNOLOGY) LTD	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Shawn Chang）	50,000	100.00%
PT. ASUS SERVICE INDONESIA	Chairman	ASUS TECHNOLOGY PTE LTD. （Representative: Chen, Hsin-Yi）	1,485,000	99.00%
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Hung, Tsung-Fu）	–	–
	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Zhao, DongLiang）	–	–
ACBZ IMPORTACAO E COMERCIO LTDA.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Wu, Ming-Tau）	549,442,769	100.00%
	Director	ASUS EUROPE B.V. （Representative: Wu, Ming-Tau）	26,231	0.00%
ASUS PERU S. A. C.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Claudio Sandoval Ferrario）	990	99.00%
	Director	ASUS EUROPE B.V. (Representative: Claudio Sandoval Ferrario）	10	1.00%
ASUS HOLDINGS MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Steve Chang）	50,608	99.00%
	Director	ASUS EUROPE B.V. （Representative: Steve Chang）	512	1.00%
ASUS MEXICO, S. A. DE C. V.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Steve Chang）	130	99.00%
	Director	ASUS EUROPE B.V. （Representative: Steve Chang）	2	1.00%
ASUS COMPUTER COLOMBIA S. A. S.	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Jeremin Hsieh）	74,489	100.00%
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	Director	ASUS EUROPE B.V. （Representative: Zoltan Gyongyosi）	–	100.00%
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA	Director	ASUS EUROPE B.V.（Representative: Helder Basto）	30,000	100.00%
ASUS SWITZERLAND GMBH	Director	ASUS EUROPE B.V.（Representative: Hung, Wen-Chi）	3,400	100.00%
ASUS NORDIC AB	Director	ASUS EUROPE B.V.（Representative: Chu,Chien-Hao）	3,000	100.00%
	Director	ASUS EUROPE B.V.（Representative: Steve Chang）	–	–
ASUS MARKETING (THAILAND) COMPANY LIMITED	Director	ASUS TECHNOLOGY PTE LTD. （Representative: Lo, Shih-Cheng）	20,000	100.00%
eMES (SHUZHOU) CO., LTD.	Chairman	SHINEWAVE INTERNATIONAL INC. （Representative: Yu, Jiunn-Hwa*）	–	100.00%
	Director	SHINEWAVE INTERNATIONAL INC. （Representative: Cheng Shu-Fen*）	–	–
	Director	SHINEWAVE INTERNATIONAL INC. （Representative: Chang Chih-Liang*）	–	–
	Supervisor	SHINEWAVE INTERNATIONAL INC. （Representative: Chin Wu）	–	–

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
UNIMAX HOLDINGS LIMITED	Director	ASUS INTERNATIONAL LIMITED （Representative: Jonney Shih）	6,500,000	100.00%
UNIMAX ELECTRONICS INC.	Chairman & President Director Director Supervisor	UNIMAX HOLDINGS LIMITED(Representative: Kent Chien) UNIMAX HOLDINGS LIMITED(Representative: Wu, Chih-Peng) UNIMAX HOLDINGS LIMITED （Representative: Jonathan Tsang） UNIMAX HOLDINGS LIMITED （Representative: Charlene Hsu）	21,300,000 — — —	100.00% — — —
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	Director	AGAIT TECHNOLOGY CORPORATION （Representative: Jerry Shen）	18,820,000	100.00%
AGAITECH HOLDING LTD.	Director	AGAIT TECHNOLOGY CORPORATION （Representative: Jerry Shen）	1,000,000	100.00%
AGAIT TECHNOLOGY (SHENZHEN) LIMITED	Director	AGAITECH HOLDING LTD. （Representative: T.C. Chen）	—	100.00%
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Director	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (Representative：Jerry Shen)	—	100.00%
ASUS CLOUD SINGAPORE PTE. LTD.	Chairman Director	ASUS CLOUD CORPORATION. （Representative: Wu, Han-Chang） ASUS CLOUD CORPORATION （Representative: Sung, Lai-Chi*）	1 —	100.00% —
ASUS CLOUD (LUXEMBOURG) S. A R. L.	Director	ASUS CLOUD CORPORATION. （Representative: Wu, Han-Chang）	—	100.00%
ASUS LIFE CORPORATION	Chairman Director Director Director Director Supervisor Supervisor	Shangri-La Information Limited*(Representative: Janet Huang) OmniHealth Group, Inc.（Representative: Mingho Huang） ASUS CLOUD CORPORATION（Representative: Eric Chen） ASUS CLOUD CORPORATION（Representative: Joe Hsieh） ASUS CLOUD CORPORATION（Representative: Wjh Chen） Steve Kuo Xin-chen Ji	250,000 250,000 250,000 — — — —	25.00% 25.00% 50.00% — — — —
ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD.	Director	ASUS CLOUD SINGAPORE PTE. LTD. （Representative: Wu, Han-Chang）	—	100.00%
AAEON ELECTRONICS, INC	The Chairman of BOD President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun) Paul Yang	490,000 —	100.00% —
AAEON DELELOPMENT INCORPORATED	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	559,822	100.00%
AAEON TECHNOLOGY CO., LTD.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	8,807,097	100.00%
AAEON TECHNOLOGY (EUROPE) B. V.	Chairman	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	1,000	100.00%
AAEON TECHNOLOGY GMBH	Director Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Chuang, Yung-Shun) AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Fabrizio del Maffeo)	300 —	100.00% —
AAEON INVESTMENT CO., LTD.	Chairman & President Director Director Supervisor	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun) AAEON TECHNOLOGY INC. (Representative: I.J. Lee) AAEON TECHNOLOGY INC. (Representative: Howard Lin) AAEON TECHNOLOGY INC. (Representative: Steve Hsu)	15,000,000 — — —	100.00% — — —
ONYX HEALTHCARE INC.	Chairman & President	AAEON TECHNOLOGY INC.	8,924,253	49.07%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
		(Representative: Chuang, Yung-Shun)		
	Director	AAEON TECHNOLOGY INC. (Representative: Chinlong Hsu)	—	—
	Director	AAEON TECHNOLOGY INC. (Representative: Bob Wang)	—	—
	Director	Lee, Tsu-Der	—	—
	Independent Director	Lee, San-Liang	—	—
	Independent Director	James Chiang	—	—
	Independent Director	Tai, Yi-Hui	—	—
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	Chairman	AAEON DELELOPMENT INC. (Representative: KS Seng)	438,840	94.20%
AAEON TECHNOLOGY (SUZHOU) INC.	Chairman	AAEON TECHNOLOGY CO., LTD. ((Representative: Chuang, Yung-Shun)	—	100.00%
ONYX HEALTHCARE USA, INC.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	200,000	100.00%
ONYX HEALTHCARE EUROPE B. V.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	100,000	100.00%
ONYX HEALTHCARE (SHANGHAI) LTD.	Chairman	ONYX HEALTHCARE INC. (Representative: Chuang, Yung-Shun)	—	100.00%
	Director	ONYX HEALTHCARE INC. (Representative: Chinlong Hsu)	—	—
	Director & President	ONYX HEALTHCARE INC. (Representative: Bob Wang)	—	—
	Supervisor	ONYX HEALTHCARE INC. (Representative: Juno Tu)	—	—
UBIQ SEMICONDUCTOR CORP.	Chairman	UPI SEMICONDUCTOR CORP. (Representative: Chang, Tien-Chien*)	2,000,000	100.00%
	Director	UPI SEMICONDUCTOR CORP. (Representative: CHENG, TSUNG CHIH*)	—	—
	Director	UPI SEMICONDUCTOR CORP. (Representative: Wen, Chao-Chun*)	—	—
	Supervisor	UPI SEMICONDUCTOR CORP. (Representative: Chris Yu)	—	—
UPI SEMICONDUCTOR CORPORATION (HK) LTD.	Director	UPI SEMICONDUCTOR CORP. (Representative: Chris Yu)	3,150,000	100.00%
UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.	Director	UPI SEMICONDUCTOR CORPORATION (HK) LTD. (Representative: Chris Yu)	—	100.00%
	Supervisor	UPI SEMICONDUCTOR CORPORATION (HK) LTD. (Representative: Chiu, Chien-Pang*)	—	—
UPI SOLUTIONS CO., LTD.	Chairman	UBIQ SEMICONDUCTOR CORP. (Representative: Nobuyoshi Matsuura)	1,400	100.00%
	Director	UBIQ SEMICONDUCTOR CORP. (Representative: James Chang)	—	—
	Director	UBIQ SEMICONDUCTOR CORP. (Representative: Dave Wan)	—	—
	Supervisor & Director	UBIQ SEMICONDUCTOR CORP. (Representative: Chris Yu)	—	—
ASKEY INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	10,000,000	100.00%
DYNALINK INTERNATIONAL CORP.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	8,160,172	100.00%
MAGIC INTERNATIONAL CO., LTD.	Director	ASKEY COMPUTER CORP. (Representative: Lin, Cheng-Kuei*)	117,525,738	100.00%
ASKEY (VIETNAM) COMPANY LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei*)	2,883,359	100.00%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
WISE ACCESS (HK) LIMITED	Director	DYNALINK INTERNATIONAL CORP. (Representative: Lei, Han-Wen*)	1,600,000	100.00%
SILIGENCE SAS	Director	WISE ACCESS (HK) LIMITED (Representative: Weng, Ta-Chou*)	780,000	80.00%
MAGICOM INTERNATIONAL CORP.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	91,030,000	100.00%
LEADING PROFIT CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,050,000	100.00%
UNI LEADER INTERNATIONAL LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,000	100.00%
OPENBASE LIMITED	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	50,000	100.00%
ASKEY COMMUNICATION GMBH	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Ou, Ta-Chou*)	100,000	100.00%
ASKEY DO BRASIL ECNOLOGIA LTDA.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	1,499,850	99.99%
	Director	OPENBASE LIMITED (Representative: Kao, Chung- Ming)	150	0.01%
ASKEY TECHNOLOGY (SHANGHAI) LTD.	Chairman	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	—	100.00%
	President	Lei, Han-Wen*	—	—
ASKEY TECHNOLOGY (JIANGSU) LTD.	Chairman & President	MAGICOM INTERNATIONAL CORP. (Representative: Lin, Cheng-Kuei*)	—	100.00%
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Winnie Liu	—	—
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Chin Wu)	—	—
	Supervisor	MAGICOM INTERNATIONAL CORP. (Representative: Charlene Hsu)	—	—
ASKEY MAGICXPRESS (WUJIANG) CORP.	Chairman & President	MAGICOM INTERNATIONAL CORP. (Representative: Lin Cheng-Kuei*)	—	100.00%
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Kao, Chung- Ming)	—	—
	Director	MAGICOM INTERNATIONAL CORP. (Representative: Chang, Chi-Hsish*)	—	—
	Supervisor	MAGICOM INTERNATIONAL CORP. (Representative: Charlene Hsu)	—	—

Note: (*) Standards for the English transliteration of company's name or individual's name.

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2. Summarized Operation Results of Affiliated Enterprises

In thousand NTD / as of 12/31/2016

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS COMPUTER INTERNATIONAL	16,125	32,994,522	32,419,651	574,871	69,569,591	577,348	547,211	-
ASUS TECHNOLOGY INC.	190,000	6,852,000	6,058,284	793,716	25,208,270	483,678	417,855	21.99
ASUS HOLLAND B. V.	46,151	307,769	133,181	174,588	495,706	14,438	11,122	-
ASUSTEK HOLDINGS LIMITED	691,278	649,699	1,463	648,236	-	(159)	(8,956)	-
HUA-CHENG VENTURE CAPITAL CORP.	1,145,000	1,414,624	14,334	1,400,290	-	(168)	91,861	0.80
HUA-MIN INVESTMENT CO., LTD.	680,000	893,987	8,014	885,973	-	(167)	65,747	0.97
ASUS GLOBAL PTE. LTD.	903,000	183,086,371	157,416,997	25,669,374	368,732,232	7,107,769	7,334,775	-
ASUS DIGITAL NTERNATIONAL PTE. LTD.	26,768	6,836	78	6,758	-	(231)	(496)	-
ASMEDIA TECHNOLOGY INC.	570,708	2,002,892	446,554	1,556,338	2,056,711	399,567	350,017	6.19
SHINEWAVE INTERNATIONAL INC.	107,250	200,796	22,614	178,182	136,368	(951)	(1,921)	(0.18)
EMES (SHUZHOU) CO., LTD.	9,675	11,194	1,570	9,624	25,221	(1,015)	(994)	Note 1
INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN)	201,000	160,632	28,095	132,537	114,084	(24,169)	(23,008)	(1.14)
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	-	-	-	-	-	-	-	-
ASKEY COMPUTER CORP.	4,800,000	15,630,643	9,012,167	6,618,476	27,413,879	175,729	134,952	0.00
ASKEY INTERNATIONAL CORP.	322,500	301,524	30,721	270,803	155,837	(46,177)	(44,867)	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
DYNALINK INTERNATIONAL CORP.	263,166	75,958	83,287	(7,329)	-	(78)	27,621	-
MAGIC INTERNATIONAL CO., LTD.	3,790,205	3,939,579	16	3,939,563	-	(142)	(38,627)	-
ASKEY (VIETNAM) COMPANY LIMITED	184,939	140,379	58,303	82,076	-	(97)	(99)	-
WISE ACCESS (HK) LIMITED	43,586	151	83,422	(83,271)	-	(42)	28,794	Note 1
MAGICOM INTERNATIONAL CORP.	2,935,718	3,938,237	-	3,938,237	-	(169)	(65,391)	-
OPENBASE LIMITED	1,613	356,669	321,118	35,551	988,015	13,073	13,145	-
LEADING PROFIT CO., LTD.	1,614,113	1,565,901	1,568,023	(2,122)	13,645,894	5,384	7,758	-
UNI LEADER INTERNATIONAL LTD.	1,613	4,695,309	4,674,385	20,924	17,780,414	6,471	8,740	-
ASKEY COMMUNICATION GMBH	3,390	3,338	110	3,228	542	85	85	-
ASKEY DO BRASIL TECNOLOGIA LTDA.	14,788	12,480	269	12,211	-	(2,349)	(2,351)	-
SILIGENCE SAS	33,054	142,266	246,544	(104,278)	325,059	17,811	28,836	-
ASKEY TECHNOLOGY (SHANGHAI) LTD.	96,750	15,230	2,662	12,568	-	(8,363)	(7,188)	Note 1
ASKEY TECHNOLOGY (JIANGSU) LTD.	2,902,500	13,284,445	9,478,408	3,806,037	24,299,499	(74,785)	(66,731)	Note 1
ASKEY MAGICXPRESS (WUJIANG) CORP.	96,750	93,626	280	93,346	-	(10)	1,219	Note 1
ASUS CLOUD CORPORATION	500,000	156,538	25,060	131,478	49,313	(73,103)	(82,702)	(16.54)
ASUS CLOUD SINGAPORE PTE. LTD.	19,935	444	-	444	-	(4,194)	(4,194)	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS CLOUD (LUXEMBOURG) S. A R. L	18,065	3,596	1,232	2,364	-	(4,083)	(4,083)	-
ASUS LIFE CORPORATION	10,000	9,992	648	9,344	8	(658)	(656)	(0.54)
ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD.	19,769	281	19	262	-	(3,967)	(3,967)	Note 1
AGAIT TECHNOLOGY CORPORATION	140,000	32,301	1,847	30,454	11	(6,478)	9,183	0.66
AGAITECH HOLDING LTD.	32,250	6,321	-	6,321	-	-	(2,418)	-
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	78,235	27	27	-	-	(22)	2,159	Note 1
AGAIT TECHNOLOGY (SHENZHEN) LIMITED	32,250	8,391	2,074	6,317	-	(2,770)	(2,418)	Note 1
AAEON TECHNOLOGY INC.	960,000	4,037,775	1,017,497	3,020,278	4,267,058	488,087	510,501	5.32
AAEON ELECTRONICS, INC.	158,025	433,553	224,995	208,558	811,367	(37,609)	(15,195)	-
AAEON DEVELOPMENT INCOPORATED	18,375	44,439	-	44,439	-	(31)	5,950	-
AAEON TECHNOLOGY CO., LTD.	291,468	277,614	10	277,604	-	(54)	(12,283)	-
AAEON TECHNOLOGY (EUROPE) B. V.	3,390	106,514	67,714	38,800	191,944	675	3,141	-
AAEON INVESTMENT CO., LTD.	150,000	127,691	80	127,611	-	(100)	733	0.05
ONYX HEALTHCARE INC.	181,886	1,165,385	279,361	886,024	993,577	220,362	164,012	10.35
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	10,384	83,325	36,581	46,744	216,214	5,707	6,357	-
AAEON TECHNOLOGY GMBH	1,017	15,629	2,318	13,311	47,591	1,519	1,369	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ONYX HEALTHCARE USA, INC.	64,500	196,246	127,366	68,880	395,087	843	826	-
ONYX HEALTHCARE EUROPE B. V.	3,390	9,427	1,476	7,951	32,633	2,303	1,153	-
AAEON TECHNOLOGY (SUZHOU) INC.	280,261	349,718	75,300	274,418	435,203	(8,149)	(12,174)	Note 1
ONYX HEALTHCARE (SHANGHAI) LTD.	22,575	23,691	25,916	(2,225)	43,777	(12,899)	(14,434)	Note 1
UPI SEMICONDUCTOR CORP.	901,669	1,149,127	463,557	685,570	1,779,706	100,574	110,205	1.22
UBIQ SEMICONDUCTOR CORP.	200,000	603,739	399,942	203,797	1,290,869	28,296	32,187	1.61
UPI SEMICONDUCTOR CORPORATION (HK) LTD.	101,588	3,049	28	3,021	-	(24,255)	(26,228)	Note 1
UPI SOLUTIONS CO., LTD.	19,189	25,330	3,638	21,692	56,303	3,626	2,163	-
UPI SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.	8,869	4,368	2,315	2,053	22,871	(1,658)	(1,793)	Note 1
ASUS INTERNATIONAL LIMITED	2,893,794	38,961,342	927	38,960,415	-	(1,012)	1,469,742	-
DEEP DELIGHT LIMITED	368,360	368,476	-	368,476	-	(110)	4,205	-
CHANNEL PILOT LIMITED	968,564	41,092,547	3,640,548	37,451,999	-	(232)	1,434,989	-
UNIMAX HOLDINGS LIMITED	209,625	78,888	-	78,888	-	(163)	15,021	-
UNIMAX ELECTRONICS INC.	212,947	92,584	13,761	78,823	50,977	(9,052)	15,183	0.71
ASUS TECHNOLOGY PTE. LIMITED	1,432,526	43,957,518	250,150	43,707,368	48,913	(35,869)	141,717	-
ASUS COMPUTER GMBH	8,667	283,085	164,077	119,008	1,621,022	15,788	12,834	-
ASUS FRANCE SARL	3,594	88,680	57,366	31,314	318,121	4,858	6,941	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUSTEK (UK) LIMITED	1,980	50,613	18,515	32,098	220,503	6,472	5,119	-
ASUS TECHNOLOGY (HONG KONG) LIMITED	2,079	53,382	45,555	7,827	182,157	1,876	1,105	Note 1
ASUS KOREA CO., LTD.	47,972	68,329	5,753	62,576	88,154	2,264	2,312	
ASUSTEK COMPUTER (S) PTE. LTD.	446	7,693	296	7,397	8,210	2,917	2,944	-
ASUS POLSKA SP. Z O. O.	385	53,004	9,266	43,738	107,704	3,137	2,705	-
ASUS TECHNOLOGY PRIVATE LIMITED	95,452	253,280	29,123	224,157	187,596	15,152	12,453	-
ASUS EUROPE B. V.	14,408	7,520,362	7,108,506	411,856	37,521,141	491,837	418,607	-
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	1,831	36,030	24,013	12,017	148,351	3,934	2,077	-
ASUSTEK ITALY S. R. L.	1,627	120,139	106,257	13,882	282,888	8,622	3,271	-
ASUS MIDDLE EAST FZCO	4,391	39,689	28,433	11,256	108,475	989	936	-
ASUS IBERICA S. L.	1,017	46,633	15,600	31,033	157,032	3,486	3,129	-
ASUS JAPAN INCORPORATION	56,196	2,862,612	2,778,231	84,381	8,875,593	448	(23,689)	-
ASUS COMPUTER CZECH REPUBLIC S. R. O.	252	24,789	12,347	12,442	70,431	2,020	1,649	-
ASUS EGYPT L. L. C.	1	5,717	3,812	1,905	19,519	569	2,310	-
ASUS CZECH SERVICE S. R. O.	6,769	98,922	28,399	70,523	379,398	10,641	8,033	-
ASUS SERVICE AUSTRALIA PTY LIMITED	22,120	166,222	125,818	40,404	84,368	604	3,223	-
ASUS AUSTRALIA PTY LIMITED	8,150	63,075	26,685	36,390	169,217	6,339	3,119	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ACBZ IMPORTACAO E COMERCIO LTDA.	5,417,119	8,030,782	3,207,245	4,823,537	8,368,435	951,887	1,074,211	-
ASUS INDIA PRIVATE LIMITED	158,815	3,519,932	3,524,721	(4,789)	8,317,253	(160,176)	(152,955)	-
ASUS ISRAEL (TECHNOLOGY) LTD.	420	8,198	6,833	1,365	41,179	1,199	667	-
ASUS PERU S. A. C.	10	7,515	6,225	1,290	30,995	929	535	-
PT. ASUS SERVICE INDONESIA	34,648	49,333	8,741	40,592	51,613	1,394	1,009	
ASUS HOLDINGS MEXICO, S. A. DE C. V.	79,628	1,668,634	1,737,419	(68,785)	1,788,321	(17,654)	(16,882)	-
ASUS MEXICO, S. A. DE C. V.	206	11,444	8,038	3,406	55,006	1,157	(231)	-
ASUS COMPUTER COLOMBIA S. A. S	800	3,721	2,997	724	21,098	630	12	-
ASUS MARKETING (THAILAND) CO., LTD.	14,500	14,422	199	14,223	119	(293)	(276)	
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	1,355	11,523	4,632	6,891	36,898	1,075	738	-
ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA.	1,017	16,996	8,434	8,562	49,974	1,716	722	-
ASUS SWITZERLAND GMBH	10,718	25,379	4,211	21,168	59,473	1,732	1,429	-
ASUS NORDIC AB	1,062	93,684	45,774	47,910	268,609	6,335	2,814	-
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	261,225	23,721,340	27,771,668	(4,050,328)	64,995,558	(349,517)	(538,186)	Note 1
ASUS COMPUTER (SHANGHAI) CO., LTD.	64,500	81,574	17,404	64,170	159,927	4,155	6,894	Note 1

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	1,580,250	2,964,348	397,313	2,567,035	2,033,245	129,146	194,353	Note 1
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	2,225,250	7,058,968	2,560,444	4,498,524	12,012,804	21,999	646,409	Note 1
ASUS INVESTMENTS (SUZHOU) CO., LTD.	529,381	482,150	10,162	471,988	-	(8,234)	(5,478)	Note 1

Note 1: It's not applied to company limited.

ASUSTeK Computer Inc.
Declaration of Internal Control

Date: March 17, 2017

The internal control system in 2016 conforms to the following declarations made in accordance with the self-inspection conducted:

7. We understand it is the responsibility of the Company's management to have internal control system established, enforced, and maintained. The Company has the internal control system established to provide a reasonable assurance for the realization of operating effect and efficiency (including profits, performance, and assets safety), the reliability of financial report, and the obedience of relevant regulations.

8. Internal control system is designed with limitations; therefore, no matter how perfectly it is designed, an effective internal control system is to ensure the realization of the aforementioned three objectives. Due to the change of environment and condition, the effectiveness of an internal control system could change at any time. Our internal control system is designed with self-monitoring mechanism; therefore, we are able to have corrective actions initiated upon identifying any nonconformity.

9. We have based on the internal control criteria of "Governing Rules for handling internal control system by public offering companies" (referred to as "the Governing Rules" hereinafter) to determine the effectiveness of internal control design and enforcement. The internal control criteria of the "Governing Rules" is the management control process and with the internal control divided into five elements: 1. Environment control, 2. Risk analysis, 3. Control process, 4. Information and communication, and 5. Supervision. Each element is subdivided into several items. Please refer to the "Governing Rules" for the details of the said items.

10. We have based on the aforementioned internal control criteria to inspect the effectiveness of internal control design and enforcement.

11. We believe that our audits provide a reasonable basis for our opinion. On December 31, 2016, those standards require that we plan and perform the audit to obtain reasonable assurance about whether the internal control system (including the supervision and management over the subsidiaries) including the fulfillment of business performance and efficiency, the reliability of financial statements and the obedience of governing regulations, and the design and enforcement of internal control system is free of material misstatement and is able to ensure the realization of the aforementioned objectives.

12. The Declaration of Internal Control is the content of our annual report and prospectus for the information of the public. For any forgery and concealment of the aforementioned information to the public, we will be held responsible by law in accordance with Securities Transaction Regulation No. 20, No. 32, No. 171, and NO. 174.

13. We hereby declared that the Declaration of Internal Control was approved by the Board of Directors on March 17, 2017 unanimously by the directors at the meeting.

ASUSTeK Computer Inc.

Chairman: Jonney Shih

President: Jerry Shen

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Independent Auditors' Report

To the Board of Directors and Shareholders of

ASUSTEK COMPUTER INC.:

Opinion

We have audited the accompanying consolidated balance sheets of ASUSTEK COMPUTER INC. and its subsidiaries (the "Group") as of December 31, 2016 and 2015, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2016 and 2015, and notes to the consolidated 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 accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2016 and 2015, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2016 and 2015 in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

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 Consolidated Financial Statements section of our report. We are independent of the Group 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 report 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 consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole and, in forming our opinion thereon, we do not provide a separate opinion on these matters.

Evaluation of inventories

Description

The accounting policies on the evaluation of inventories are disclosed in Note 4(13) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for evaluation of inventories are disclosed in Note 5 of the consolidated financial statements. The details of allowance for inventory valuation loss is disclosed in Note 6(8) of the consolidated financial statements.

The Group 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 results in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realizable values of inventories.

In response to changing markets and its development strategies, the Group adjusts its inventory levels. The Group's primary product line 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 realizable 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 as one of the key audit matters.

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How our audit addressed the matter

Our audit procedures performed for the above matter are summarized below:

1. Assessed the policy of allowance for inventory valuation loss, based on our understanding of the Group's operations and industry.
2. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the Group's policy and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.
3. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

Provision for sales returns and discounts

Description

The accounting policies of provisions for liabilities are disclosed in Note 4(26) of the consolidated financial statements. The uncertainty of accounting estimations and assumptions for provision for sales returns and discounts are disclosed in Note 5 of the consolidated financial statements. The details of provision for sales returns and discounts is disclosed in Note 6(16) of the consolidated financial statements. As of December 31, 2016, provision for sales returns and discounts amounted to $21,576,443 thousand.

The Group 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. Thus, provision for sales returns and discounts has been identified as one of the key audit matters.

How our audit addressed the matter

Our audit procedures performed for the above matter are summarized below:

1. Assessed the reasonableness of policies used in estimating provision for sales returns and discounts, including the consideration of actual sales returns and discounts in accruing provision for sales returns and discounts. Performed sample testing to verify that accrual rates have been approved appropriately.

2. Sampled 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. Sampled and confirmed that accrual amounts based on the accrual statements of provision for sales returns and discounts have been properly recognized in the financial statements.
4. Sampled and confirmed that the reversal amounts based on the reversal statements of provision for sales returns and discounts have been properly recognized in the financial statements and sampled to check the original vouchers.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets of $8,243,605 thousand and $9,815,422 thousand (including investments accounted for under the equity method amounting to $101,532 thousand and $97,879 thousand), constituting 2.26% and 2.94% of consolidated total assets as of December 31, 2016 and 2015, respectively, total operating revenues of $38,604,597 thousand and $31,921,137 thousand, constituting 8.27% and 6.76% of consolidated operating revenues for the years ended December 31, 2016 and 2015, respectively, and the share of profit and other comprehensive income of associates and joint ventures accounted for under the equity method of $3,960 thousand and ($3,509) thousand, constituting 0.02% and (0.02%) of consolidated comprehensive income for the years ended December 31, 2016 and 2015, respectively. The financial statements of these investee companies 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 consolidated financial statements and information disclosed relative to these consolidated subsidiaries and investments accounted for under the equity method, is based solely on the reports of other independent auditors.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of ASUSTEK COMPUTER INC. as of and for the years ended December 31, 2016 and 2015.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Independent Auditor's responsibilities for the audit of the consolidated financial statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a 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 consolidated 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 consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is

higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our report. However, future events or conditions may cause the Group to cease to continue as a going concern.
5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
6. Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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

Chou Tseng, Hui-Chin

CHOU TSENG, HUI-CHIN

CHANG, MING-HUI

for and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2017

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	DECEMBER 31, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 87,692,669	24	$ 56,879,148	17
Financial assets at fair value through profit or loss - current	6(2)	6,170,649	2	4,689,141	1
Available-for-sale financial assets - current	6(3)	313,448	-	257,796	-
Derivative financial assets for hedging - current	6(5)	1,329,360	-	959,212	-
Notes receivable	6(6)	4,890,436	1	4,811,594	2
Trade receivables	6(6)(7) and 7	79,807,901	22	78,332,849	24
Other receivables	7	545,384	-	1,082,698	-
Inventories	6(8)	87,094,696	24	104,144,808	31
Prepayments		6,023,824	2	7,044,865	2
Other current assets	8	103,732	-	134,589	-
Total current assets		273,972,099	75	258,336,700	77
Non-current assets					
Available-for-sale financial assets - non-current	6(3)	58,393,833	16	52,337,372	16
Financial assets carried at cost – non-current	6(4)	153,458	-	152,502	-
Investments accounted for under equity method	6(9)	356,037	-	334,147	-
Property, plant and equipment	6(10) and 8	13,743,767	4	9,042,789	3
Investment property		4,007,221	1	97,224	-
Intangible assets	6(11)	1,898,724	1	1,996,495	1
Deferred income tax assets	6(26)	8,795,857	2	8,369,307	2
Other non-current assets	6(12) and 8	2,898,930	1	2,938,337	1
Total non-current assets		90,247,827	25	75,268,173	23
TOTAL ASSETS		$ 364,219,926	100	$ 333,604,873	100

(Continued)

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		DECEMBER 31, 2016			DECEMBER 31, 2015		
LIABILITIES AND EQUITY	Notes		AMOUNT	%		AMOUNT	%
Current liabilities							
Short-term borrowings	6(13)	$	2,978,526	1	$	1,818,425	1
Financial liabilities at fair value through profit or loss - current	6(2)		148,975	-		383,791	-
Derivative financial liabilities for hedging - current	6(5)		46,526	-		71,927	-
Notes and trade payables	6(7) and 7		73,544,002	20		58,607,773	18
Other payables – accrued expenses	6(7) and 7		38,104,869	11		43,205,661	13
Current income tax liabilities			5,173,029	1		5,341,118	2
Provisions for liabilities - current	6(16) and 9		43,296,679	12		38,036,695	11
Receipts in advance			595,293	-		854,115	-
Current portion of long-term borrowings	6(14)		728,092	-		331,283	-
Other current liabilities	7		3,880,921	1		4,087,218	1
Total current liabilities			168,496,912	46		152,738,006	46
Non-current liabilities							
Long-term borrowings	6(14)		540,000	-		1,841,074	-
Deferred income tax liabilities	6(26)		10,384,511	3		9,191,398	3
Other non-current liabilities	6(15)		581,289	-		406,449	-
Total non-current liabilities			11,505,800	3		11,438,921	3
Total liabilities			180,002,712	49		164,176,927	49
Equity attributable to shareholders of the parent							
Share capital - common shares	6(17)		7,427,603	2		7,427,603	2
Capital surplus	6(18)(28)		5,079,722	1		4,719,653	1
Retained earnings	6(19)(26)						
Legal reserve			31,508,782	9		29,799,035	9
Special reserve			693,941	-		699,231	-
Unappropriated retained earnings			101,793,153	28		95,436,277	29
Other equity	6(3)(5)(20)(26)		34,982,282	10		29,270,140	9
Total equity attributable to shareholders of the parent			181,485,483	50		167,351,939	50
Non-controlling interest	6(28)		2,731,731	1		2,076,007	1
Total equity			184,217,214	51		169,427,946	51
TOTAL LIABILITIES AND EQUITY		$	364,219,926	100	$	333,604,873	100

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

		FOR THE YEARS ENDED DECEMBER 31,			
		2016		2015	
Items	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(21) and 7	$ 466,802,706	100	$ 472,335,318	100
Operating costs	6(8)(15)(24)(25) and 7	(400,575,339)	(86)	(404,449,948)	(86)
Gross profit		66,227,367	14	67,885,370	14
Operating expenses	6(12)(15)(24)(25), 7 and 9				
Selling expenses		(26,349,734)	(5)	(24,982,250)	(5)
General and administrative expenses		(7,826,774)	(2)	(8,940,245)	(2)
Research and development expenses		(13,298,904)	(3)	(12,956,499)	(3)
Total operating expenses		(47,475,412)	(10)	(46,878,994)	(10)
Operating profit		18,751,955	4	21,006,376	4
Non-operating income and expenses					
Other income	6(22)	3,717,455	1	3,098,220	-
Other gains (losses)	6(2)(3)(10)(11)(23)	1,861,529	-	(1,312,494)	-
Finance costs		(62,445)	-	(369,478)	-
Share of profit of associates and joint ventures accounted for under equity method	6(9)	13,455	-	20,696	-
Total non-operating income and expenses		5,529,994	1	1,436,944	-
Profit before income tax		24,281,949	5	22,443,320	4
Income tax expenses	6(26)	(4,663,545)	(1)	(5,157,403)	(1)
Profit for the year		$ 19,618,404	4	$ 17,285,917	3
Other comprehensive income (loss)					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	6(15)(20)	($ 35,593)	-	($ 40,924)	-
Income tax relating to components of other comprehensive income	6(26)	15,979	-	88	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(20)	(923,066)	-	1,194,332	-
Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(20)	6,136,840	1	(2,511,540)	-
Gain on effective portion of cash flow hedges	6(5)(20)	395,549	-	521,463	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(20)	(137)	-	408	-
Income tax relating to the components of other comprehensive income	6(20)(26)	119,309	-	(193,456)	-
Other comprehensive income (loss) for the year		$ 5,708,881	1	($ 1,029,629)	-
Total comprehensive income for the year		$ 25,327,285	5	$ 16,256,288	3
Profit (loss) attributable to:					
Shareholders of the parent		$ 19,202,737	4	$ 17,097,470	3
Non-controlling interest		415,667	-	188,447	-
		$ 19,618,404	4	$ 17,285,917	3
Total comprehensive income attributable to:					
Shareholders of the parent		$ 24,914,879	5	$ 16,069,758	3
Non-controlling interest		412,406	-	186,530	-
		$ 25,327,285	5	$ 16,256,288	3
Earnings per share (In dollars)	6(27)				
Basic earnings per share		$ 25.85		$ 23.02	
Diluted earnings per share		$ 25.60		$ 22.83	

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Equity attributable to shareholders of the parent												
		Capital surplus		Retained earnings			Other 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 on effective portion of cash flow hedges	Remeasurements of defined benefit plan	Total	Non-controlling interest	Total equity
For the year ended December 31, 2015													
Balance at January 1, 2015	$ 7,427,603	$ 4,227,966	$ 224,791	$ 27,851,994	$ 699,350	$ 92,912,654	$ 1,940,298	$ 28,011,777	$ 365,822	($ 20,045)	$ 163,642,210	$ 1,880,853	$ 165,523,063
Appropriations of 2014 earnings (Note 6(19))													
Legal reserve	-	-	-	1,947,041	-	(1,947,041)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(12,626,925)	-	-	-	-	(12,626,925)	-	(12,626,925)
Profit for the year	-	-	-	-	-	17,097,470	-	-	-	-	17,097,470	188,447	17,285,917
Other comprehensive income (loss) for the year	-	-	-	-	-	-	987,350	(2,496,942)	521,463	(39,583)	(1,027,712)	(1,917)	(1,029,629)
Reversal of special reserve	-	-	-	-	(119)	119	-	-	-	-	-	-	-
Change in associates and joint ventures accounted for under equity method	-	-	5,526	-	-	-	-	-	-	-	5,526	-	5,526
Difference between proceeds from acquisition or disposal of subsidiary and book value	-	-	261,370	-	-	-	-	-	-	-	261,370	-	261,370
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	8,624	8,624
Balance at December 31, 2015	$ 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	$ 2,076,007	$ 169,427,946
For the year ended December 31, 2016													
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	$ 2,076,007	$ 169,427,946
Appropriations of 2015 earnings (Note 6(19))													
Legal reserve	-	-	-	1,709,747	-	(1,709,747)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	-	(11,141,404)	-	-	-	-	(11,141,404)	-	(11,141,404)
Profit for the year	-	-	-	-	-	19,202,737	-	-	-	-	19,202,737	415,667	19,618,404
Other comprehensive income (loss) for the year	-	-	-	-	-	-	(777,898)	6,113,856	395,549	(19,365)	5,712,142	(3,261)	5,708,881
Reversal of special reserve	-	-	-	-	(5,290)	5,290	-	-	-	-	-	-	-
Change in associates and joint ventures accounted for under equity method	-	-	1,630	-	-	-	-	-	-	-	1,630	-	1,630
Difference between proceeds from acquisition or disposal of subsidiary and book value	-	-	358,439	-	-	-	-	-	-	-	358,439	-	358,439
Changes in non-controlling interest	-	-	-	-	-	-	-	-	-	-	-	243,318	243,318
Balance at December 31, 2016	$ 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	$ 2,731,731	$ 184,217,214

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2016	2015
Cash flows from operating activities		
Consolidated profit before income tax for the year	$ 24,281,949	$ 22,443,320
Adjustments to reconcile consolidated profit before income tax to net cash provided by (used in) operating activities		
Income and expenses that result in non-cash flows		
Depreciation (including investment property)	1,218,758	1,329,956
Amortisation	385,023	407,838
Bad debt provision	370,385	164,181
Net gain on financial assets or liabilities at fair value through profit or loss	(1,546,659)	(1,545,892)
Share of profit of associates and joint ventures accounted for under equity method	(13,455)	(20,696)
Interest income	(866,175)	(698,203)
Dividend income	(2,851,280)	(2,400,017)
Interest expense	62,445	369,478
Others	162,932	55,858
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	1,901,657	4,942,816
Notes receivable	(78,842)	852,427
Trade receivables	(1,664,388)	(3,812,972)
Other receivables	416,315	75,361
Inventories	17,050,112	(3,525,258)
Prepayments	843,696	458,862
Other current assets	30,857	11,994
Financial liabilities at fair value through profit or loss	(2,071,520)	(2,480,343)
Notes and trade payables	14,936,229	(26,503,016)
Other payables - accrued expenses	(4,713,526)	1,650,972
Provisions for liabilities	5,259,984	1,606,267
Receipts in advance	(258,822)	103,074
Other current liabilities	(78,420)	(454,005)
Other operating liabilities	15,095	23,649
Receipt of interest	868,819	703,236
Payment of interest	(236,003)	(95,332)
Payment of income tax	(4,120,599)	(4,231,410)
Net cash provided by (used in) operating activities	49,304,567	(10,567,855)
Cash flows from investing activities		
Acquisition of available-for-sale financial assets	(362)	(153,323)
Acquisition of property, plant and equipment	(5,568,345)	(838,859)
Acquisition of investment property	(3,921,506)	-
Acquisition of intangible assets	(169,226)	(147,338)
Changes in other non-current assets	(1,042,301)	(645,129)
Receipt of dividends	2,865,857	2,419,582
Others	74,416	(7,553)
Net cash provided by (used in) investing activities	(7,761,467)	627,380
Cash flows from financing activities		
Increase (decrease) in short-term borrowings	1,160,101	(2,116,380)
Proceeds from long-term borrowings	1,880,000	1,728,966
Redemption of long-term borrowings	(2,765,611)	(1,184,065)
Increase in deposits received	123,603	73,012
Payment of cash dividends	(11,141,404)	(12,626,925)
Disposal of ownership interests in subsidiaries (without losing control)	286,188	398,085
Change in non-controlling interest	283,610	(171,978)
Others	549	(1,708)
Net cash provided by (used in) financing activities	(10,172,964)	(13,900,993)
Effects due to changes in exchange rate	(556,615)	1,606,761
Increase (decrease) in cash and cash equivalents	30,813,521	(22,234,707)
Cash and cash equivalents at beginning of the year	56,879,148	79,113,855
Cash and cash equivalents at end of the year	$ 87,692,669	$ 56,879,148

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. **HISTORY AND ORGANIZATION**

(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 AUTHORIZATION FOR ISSUANCE OF THE CONSOLIDATED FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION**

These consolidated financial statements were authorized for issuance by the Board of Directors on March 17, 2017.

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")

None.

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

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

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, “Regulatory deferral accounts”	January 1, 2016
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	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

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

Annual improvements to IFRSs 2012-2014 cycle

IFRS 7, “Financial instruments: Disclosures”

This amendment clarifies that disclosure of offsetting is not required for all interim periods.

After evaluation, this amendment will reduce the disclosures in the interim financial statements.

(3) International Financial Reporting Standards issued by 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 effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, “Financial instruments” with IFRS 4, “Insurance contracts” (amendments to IFRS 4)	January 1, 2018
IFRS 9, “Financial instruments”	January 1, 2018

New Standards, Interpretations and Amendments	Effective Date by International Accounting Standards Board
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by IASB
IFRS 15, "Revenue from contracts with customers"	January 1, 2018
Clarifications to IFRS 15, "Revenue from contracts with customers" (amendments to IFRS 15)	January 1, 2018
IFRS 16, "Leases"	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealized losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	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
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 Group's financial condition and operating results based on the Group's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. 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 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 recognize 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 Group 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.

(C) The amended general hedge accounting makes the accounting practices consistent with an entity's risk management strategy. The components and the grouping of non-financial items can be loosened as hedged items. The 80%~125% threshold of highly efficient hedge is removed, and that the hedged items and the hedged percentages that the hedge instruments can rebalance under the unchanged business objectives of risk management is increased.

B. IFRS 15, "Revenue from contracts with customers"

The core principle of IFRS 15, "Revenue from contracts with customers" is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information related to performance obligations; changes in contract asset and liability account balances between periods and key judgements and assumptions.

C. IFRS 16, "Leases"

IFRS 16, "Leases", replaces IAS 17, "Leases" and related interpretations and 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 consolidated financial statements are set out below. These policies have been consistently applied to all the periods presented, unless otherwise stated.

(1) Compliance statement

These consolidated financial statements of the Group have been prepared in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the FSC ("IFRSs") .

(2) Basis of preparation

A. Except for the following significant items, these consolidated 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 judgements in applying the Group's accounting policies are disclosed in Note 5.

(3) Basis of consolidation

A. Basis for preparation of consolidated financial statements

(A) All subsidiaries are included in the Group's consolidated financial statements. Subsidiaries are all entities (including structured entities) controlled by the Group. The Group controls an entity when the Group 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. Consolidation of subsidiaries begins from the date the Group obtains control of the subsidiaries and ceases when the Group loses control of the subsidiaries.

(B) Inter-company transactions, balances and unrealized gains or losses on transactions between companies within the Group are eliminated. Accounting policies of subsidiaries have been adjusted where necessary to ensure consistency with the policies adopted by the Group.

(C) Profit or loss and each component of other comprehensive income are attributed to the owners of the parent and to the non-controlling interests. Total comprehensive income is attributed to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

(D) Changes in a parent's ownership interest in a subsidiary that do not result in the parent losing control of the subsidiary (transactions 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 Group loses control of a subsidiary, the Group 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 the related assets or liabilities were disposed of. That is, when the Group loses control of a subsidiary, all gains or losses previously recognized in other comprehensive income in relation to the subsidiary should be reclassified from equity to profit or loss, if such gains or losses would be reclassified to profit or loss when the related assets or liabilities are disposed of.

B. Subsidiaries included in the consolidated financial statements:

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
ASUS	ASUS COMPUTER INTERNATIONAL (ACI)	Selling 3C products in North America	100.00	100.00	
ASUS	ASUS TECHNOLOGY INCORPORATION (ASUTC)	Selling 3C products in Taiwan	100.00	100.00	
ASUS	SHINEWAVE INTERNATIONAL INC. (SWI)	Developing, selling and consulting about information system software	50.99	50.99	
ASUS	ASUS HOLLAND B. V. (ACH)	Repairing 3C products	100.00	100.00	
ASUS	ASUS INTERNATIONAL LIMITED (AIL)	Investing in 3C products and computer peripheral business	100.00	100.00	
ASUS	ASUSTEK HOLDINGS LIMITED (AHL)	Investing in computer peripherals business	100.00	100.00	
ASUS	ASUS GLOBAL PTE. LTD. (ASGL)	Selling 3C products	100.00	100.00	
ASUS	ASUS CLOUD CORPORATION (ASUSCLOUD)	Selling and consulting about e-commerce service	90.06	87.57	
ASUS	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN) (IUT)	Developing, manufacturing and selling ink-jet print heads and ink-jet digital image output technology	56.72	56.72	
ASUS	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, developing and manufacturing high-speed analog circuit	41.08	41.23	
ASUS	ASKEY COMPUTER CORP. (ASKEY)	Designing, manufacturing, repairing and selling communication products and computer peripheral spare parts	100.00	100.00	
ASUS	HUA-CHENG VENTURE CAPITAL CORP. (HCVC)	Investing in computer peripherals business	100.00	100.00	
ASUS	HUA-MIN INVESTMENT CO., LTD. (HMI)	Investing in computer peripherals business	100.00	100.00	
ASUS	AGAIT TECHNOLOGY CORPORATION (AGA)	Designing and selling computer peripheral and smart vacuums	100.00	100.00	
ASUS	ENERTRONIX, INC. (EN)	Selling communication products	-	100.00	
ASUS	UPI SEMICONDUCTOR CORP. (UPI)	Designing, developing and selling integrated circuits	37.50	37.50	
ASUS	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling industrial computers and computer peripherals	45.58	47.00	
ASUS	ASUS DIGITAL INTERNATIONAL PTE. LTD. (ADI)	Selling 3C products	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
ASUS	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling medical computers	5.60	8.03	
SWI GROUP	EMES (SUZHOU) CO., LTD. (EMES)	Developing, selling and consulting about information system software	100.00	100.00	
ASMEDIA GROUP	GREAT EXTEND INVESTMENT CORP. (GEI)	Investing in high-speed analog circuit business	-	100.00	
ASKEY GROUP	ASKEY INTERNATIONAL CORP. (ASKEYI)	Selling and servicing about communication products	100.00	100.00	
ASKEY GROUP	DYNALINK INTERNATIONAL CORP. (DIC)	Investing in communication business	100.00	100.00	
ASKEY GROUP	MAGIC INTERNATIONAL CO., LTD. (MIC)	Investing in computer peripherals business	100.00	100.00	
ASKEY GROUP	ASKEY (VIETNAM) COMPANY LIMITED (ASKEYVN)	Manufacturing and selling communication products	100.00	100.00	
ASKEY GROUP	MAGICOM INTERNATIONAL CORP. (MAGICOM)	Investing in communication business	100.00	100.00	
ASKEY GROUP	ASKEY TECHNOLOGY (SHANGHAI) LTD. (ASKEYSH)	Developing and selling communication products	100.00	100.00	
ASKEY GROUP	OPENBASE LIMITED (OB)	Selling communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	LEADING PROFIT CO., LTD. (LP)	Selling communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	UNI LEADER INTERNATIONAL LTD. (UNI)	Selling communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	ASKEY TECHNOLOGY (JIANGSU) LTD. (ASKEYJS)	Manufacturing and selling communication products	100.00	100.00	
ASKEY GROUP	WISE ACCESS (HK) LIMITED (WISE)	Investing in communication and computer peripherals business	100.00	100.00	
ASKEY GROUP	SILIGENCE SAS (SILIGENCE)	Selling and servicing about communication products	80.00	80.00	
ASKEY GROUP	ASKEY MAGICXPRESS (WUJIANG) CORP. (ASKEYMWJ)	Manufacturing and selling communication products	100.00	100.00	
ASKEY GROUP	ASKEY COMMUNICATION GMBH (ASKEYCG)	Selling and servicing about communication products	100.00	100.00	
ASKEY GROUP	ASKEY DO BRASIL TECNOLOGIA LTDA. (ASKEYBR)	Services about communication products	100.00	-	

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
IUT GROUP	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (IUTS)	Investing in ink-jet print heads and ink-jet digital image output technology business	100.00	100.00	
HCVC GROUP	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, developing, and manufacturing high-speed analog circuit	8.26	8.29	
HCVC GROUP	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling industrial computers and computer peripherals	8.71	9.00	
HCVC GROUP	UPI SEMICONDUCTOR CORP. (UPI)	Designing, developing and selling integrated circuits	9.54	9.54	
HCVC GROUP	SHINEWAVE INTERNATIONAL INC. (SWI)	Developing, selling and consulting about information system software	0.01	0.01	
HCVC GROUP	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN) (IUT)	Developing, manufacturing and selling ink-jet print heads and ink-jet digital image output technology	0.01	0.01	
HCVC GROUP	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling medical computers	1.28	1.54	
HMI GROUP	UPI SEMICONDUCTOR CORP. (UPI)	Designing, developing and selling integrated circuits	4.99	4.99	
HMI GROUP	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, developing and manufacturing high-speed analog circuit	4.03	4.05	
HMI GROUP	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling industrial computers and computer peripherals	8.71	9.00	
HMI GROUP	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling medical computers	1.28	1.54	
AGA GROUP	AGAITECH HOLDING LTD. (AGAHL)	Investing in computer peripherals business	100.00	100.00	
AGA GROUP	AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED (AGAHK)	Investing in computer peripherals business	100.00	100.00	
AGA GROUP	AGAIT TECHNOLOGY (SHENZHEN) LIMITED (AGASZ)	Selling smart vacuums	100.00	100.00	
AGA GROUP	AGAIT INTELLIGENT TECHNOLOGY (SHENZHEN) CO., LIMITED (AGAISZ)	Manufacturing smart vacuums	-	100.00	
EN GROUP	ENERTRONIX INTERNATIONAL LIMITED (ENIL)	Manufacturing and selling computer peripherals	-	100.00	
EN GROUP	ENERTRONIX HOLDING LTD. (ENHL)	Investing in computer peripherals business	-	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
EN GROUP	ENERTRONIX (HUIZHOU) LTD. (ENHZ)	Manufacturing and selling computer peripheral spare parts	-	100.00	
AAEON GROUP	AAEON ELECTRONICS, INC. (AAEONEI)	Selling industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON DEVELOPMENT INCORPORATED (AAEONDI)	Investing in industrial computers and computer peripherals business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY CO., LTD. (AAEONTCL)	Investing in industrial computers and interface cards business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY (EUROPE) B. V. (AAEONEU)	Selling industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY GMBH (AAEONG)	Selling industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON INVESTMENT CO., LTD. (AAEONI)	Investing in industrial computers and computer peripherals business	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY SINGAPORE PTE. LTD. (AAEONSG)	Selling industrial computers and computer peripherals	94.20	94.20	
AAEON GROUP	AAEON TECHNOLOGY (SUZHOU) INC. (AAEONSZ)	Manufacturing and selling industrial computers and interface cards	100.00	100.00	
AAEON GROUP	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling medical computers	49.07	60.87	
ONYX GROUP	ONYX HEALTHCARE USA, INC. (ONYXHU)	Selling medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE EUROPE B. V. (ONYXHE)	Selling medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE (SHANGHAI) LTD. (ONYXSH)	Selling medical computers and peripherals	100.00	100.00	
UPI GROUP	UBIQ SEMICONDUCTOR CORP. (UBIQ)	Designing, developing and selling integrated circuits	100.00	100.00	
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (HK) LIMITED (UPIHK)	Selling integrated circuits and investing in technical support consulting business	100.00	100.00	
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LIMITED (UPISZ)	Selling integrated circuits and technical support consulting	100.00	100.00	
UPI GROUP	UPI SOLUTIONS CO., LTD. (UPIJP)	Designing and developing integrated circuits	100.00	100.00	
ASUSCLOUD GROUP	ASUS CLOUD SINGAPORE PTE. LTD. (ASUSCLOUDSG)	Investing in e-commerce service	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
ASUSCLOUD GROUP	ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD. (ASUSCLOUDTJ)	Selling e-commerce service	100.00	100.00	
ASUSCLOUD GROUP	ASUS LIFE CORPORATION (ASUSLC)	Selling e-commerce information service	50.00	-	
ASUSCLOUD GROUP	ASUS CLOUD (LUXEMBOURG) S. A R. L (ASUSCLOUDLB)	Services information software	100.00	100.00	
AIL GROUP	DEEP DELIGHT LIMITED (DDL)	Investing in computer peripherals business	100.00	100.00	
AIL GROUP	CHANNEL PILOT LIMITED (CHANNEL)	Investing in 3C business	100.00	100.00	
AIL GROUP	UNIMAX HOLDINGS LIMITED (UHL)	Investing in automotive electronics and computer peripherals business	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PTE. LIMITED (ASTP)	Investing in 3C business	100.00	100.00	
AIL GROUP	ASUS MIDDLE EAST FZCO (ACAE)	Marketing and repairing 3C products in Middle East	100.00	100.00	
AIL GROUP	ASUS EGYPT L. L. C. (ACEG)	Marketing 3C products in Egypt	100.00	100.00	
AIL GROUP	ASUS COMPUTER GMBH (ACG)	Marketing and selling 3C products in Germany	100.00	100.00	
AIL GROUP	ASUS COMPUTER BENELUX B. V. (ACBNL)	Marketing 3C products in Netherlands, Belgium and Luxembourg	-	100.00	Note 1
AIL GROUP	ASUS FRANCE SARL (ACF)	Marketing 3C products in France	100.00	100.00	
AIL GROUP	ASUSTEK (UK) LIMITED (ACUK)	Marketing 3C products in United Kingdom	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (HONG KONG) LIMITED (ACHK)	Marketing and repairing 3C products in Hong Kong	100.00	100.00	
AIL GROUP	ASUS KOREA CO., LTD. (ACKR)	Marketing and repairing 3C products in South Korea	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (S) PTE. LTD. (ACSG)	Repairing 3C products in Singapore	100.00	100.00	
AIL GROUP	ASUS POLSKA SP. Z O. O. (ACPL)	Marketing 3C products in Poland	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PRIVATE LIMITED (ACIN)	Marketing and repairing 3C products in India	100.00	100.00	
AIL GROUP	ASUS EUROPE B.V. (ACNL)	Selling 3C products	100.00	100.00	Note 2

Investor	Subsidiary	Main business activities	Ownership (%) 2016/12/31	Ownership (%) 2015/12/31	Remark
AIL GROUP	ASUS TECHNOLOGY (VIETNAM) CO., LTD. (ACVN)	Repairing 3C products in Vietnam	100.00	100.00	
AIL GROUP	ASUSTEK ITALY S. R. L. (ACIT)	Marketing 3C products in Italy	100.00	100.00	
AIL GROUP	ASUS IBERICA S. L. (ACIB)	Marketing 3C products in Spain	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (ACSZ)	Researching and developing 3C products	100.00	100.00	
AIL GROUP	ASUS JAPAN INCORPORATION (ACJP)	Selling 3C products in Japan	100.00	100.00	
AIL GROUP	ASUS COMPUTER CZECH REPUBLIC S. R. O. (ACCZ)	Marketing 3C products in Czech Republic	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Selling 3C products in China	100.00	100.00	
AIL GROUP	ASUS CZECH SERVICE S. R. O. (ACCZS)	Repairing 3C products in Europe	99.59	99.59	
AIL GROUP	ASUS SERVICE AUSTRALIA PTY LIMITED (ASAU)	Repairing 3C products in Australia	100.00	100.00	
AIL GROUP	ASUS AUSTRALIA PTY LIMITED (ACAU)	Marketing 3C products in Australia	100.00	100.00	
AIL GROUP	ACBZ IMPORTACAO E COMERCIO LTDA. (ACBZ)	Selling 3C products in Brazil	100.00	100.00	
AIL GROUP	ASUS INDIA PRIVATE LIMITED (ASIN)	Selling 3C products in India	100.00	100.00	
AIL GROUP	ASUS ISRAEL (TECHNOLOGY) LTD. (ACIL)	Marketing 3C products in Israel	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling 3C products in China	100.00	100.00	
AIL GROUP	ASUS PERU S. A. C (ACPE)	Marketing 3C products in Peru	100.00	100.00	
AIL GROUP	ASUS SERVICE INDONESIA PTE. LTD. (ASID)	Repairing 3C products in Asia-pacific and America	100.00	100.00	
AIL GROUP	ASUS HOLDINGS MEXICO, S. A. DE C. V. (ACMH)	Selling 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS MEXICO, S. A. DE C. V. (ACMX)	Marketing 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS PORTUGAL, SOCIEDADE UNIPESSOAL LDA. (ACPT)	Marketing 3C products in Portugal	100.00	100.00	

			Ownership (%)		
Investor	Subsidiary	Main business activities	2016/12/31	2015/12/31	Remark
AIL GROUP	ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY (ACHU)	Marketing and repairing 3C products in Hungary	100.00	100.00	
AIL GROUP	ASUS SWITZERLAND GMBH (ACCH)	Marketing 3C products in Switzerland	100.00	100.00	
AIL GROUP	ASUS NORDIC AB (ACN)	Marketing 3C products in North Europe	100.00	100.00	
AIL GROUP	ASUS COMPUTER COLOMBIA S. A. S. (ACCO)	Marketing 3C products in Columbia	100.00	100.00	
AIL GROUP	ASUS MARKETING (THAILAND) CO., LTD. (ACTH)	Marketing 3C products in Thailand	100.00	-	
AIL GROUP	UNIMAX ELECTRONICS INCORPORATION (UEI)	Manufacturing and selling automotive electronics and computer peripherals	100.00	100.00	
AIL GROUP	ASUS COMPUTER (SHANGHAI) CO., LTD. (ACS)	Repairing 3C products	100.00	100.00	
AIL GROUP	ASUS INVESTMENTS (SUZHOU) CO., LTD. (ACISZ)	Leasing real estate	100.00	100.00	
ACH GROUP	ASUS CZECH SERVICE S. R. O. (ACCZS)	Repairing 3C products in Europe	0.41	0.41	

Note 1: ACBNL merged with ACNL on January 1, 2016, and ACNL is the surviving company.

Note 2: The name of ASUS TECHNOLOGY HOLLAND B. V. was changed to ASUS EUROPE B.V. since May 1, 2016.

C. Subsidiaries not included in the consolidated financial statements: None.

D. Adjustments for subsidiaries with different end of the financial reporting period: None.

E. Significant restrictions on its ability to transfer the assets and liabilities to other entities within the Group: None.

F. Subsidiaries that have non-controlling interests that are material to the Group:
Non-controlling interests in each subsidiary is immaterial to the Group.

(4) Foreign currency translation

Items included in the financial statements of each of the Group's entities are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in "New Taiwan Dollars (NTD)", which is the Company's functional and the Group's 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, except when deferred in other comprehensive income as qualifying cash flow hedges.

(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 operating results and financial position of all the group entities 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 Group 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 interests in this foreign operation. In addition, if the Group 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.

(5) <u>Classification of current and non-current items</u>

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 pay off 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 paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off 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.

(6) <u>Cash equivalents</u>

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.

(7) <u>Financial assets at fair value through profit or loss</u>

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 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.

(8) 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".

(9) 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.

(10) Impairment of financial assets

A. The Group assesses at the end of the 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 Group 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 Group 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 Group 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 in 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.

(11) Derecognition of financial assets

The Group 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 Group has transferred substantially almost 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 Group has not retained control of financial asset.

(12) 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.

(13) 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.

(14) Investments accounted for under equity method

A. Associates are all entities over which the Group 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% or more of the voting power of the investee. Investments in associates are accounted for using the equity method and are initially recognized at cost.

B. The Group'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 Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has incurred legal or constructive obligations or made payments on behalf of the associate.

C. When changes in an associate's equity are not recognized in profit or loss or other comprehensive income of the associate and such changes do not affect the Group's ownership percentage of the associate, the Group recognizes change in ownership interests in the associate in "capital surplus" in proportion to its ownership.

D. Unrealized gains on transactions between the Group and its associates are eliminated to the extent of the Group'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 Group.

E. In the case that an associate issues new shares or buys treasury stocks (including the Group does not acquire or dispose shares proportionately), which results in a change in the Group'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 Group'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.

F. Upon loss of significant influence over an associate, the Group 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.

G. 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.

(15) 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 Group 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 the 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 buildings are 3~60 years, machinery and equipment are 1~10 years and miscellaneous equipment are 1~20 years.

(16) 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.

(17) 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 5~50 years.

(18) Intangible assets

A. Goodwill arises in a business combination accounted for by applying the acquisition method.

B. Other intangible assets, mainly trademark and computer software, are amortised on a straight-line basis over their estimated useful lives of 1~10 years.

(19) Impairment of non-financial assets

A. The Group assesses at the 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.

(20) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred. Borrowings are subsequently stated at amortised cost, any difference between the proceeds net of transaction costs, and the redemption value is recognized in profit or loss over the period of the borrowings using the effective interest method.

(21) Notes and trade payables

Notes and trade payables are obligations to pay for goods or services that have been acquired from supplies 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.

(22) 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.

(23) Derecognition of financial liabilities

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

(24) 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.

(25) Derivative financial instruments and hedging activities

A. 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.

B. The Group designates certain derivatives as:

Hedges of the variability in cash flow associated with a recognized asset or liability or a highly probable forecast transaction (cash flow hedge).

C. The Group documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The Group also documents its assessment, both at hedge inception and on an ongoing basis, of whether the derivatives that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

D. The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months, and as a current asset or liability when the remaining maturity of the hedged item is less than 12 months. Trading derivatives are classified as current assets or liabilities.

E. Cash flow hedge

(A) The effective portion of changes in the fair value of derivatives that are designated and qualified as cash flow hedges is recognized in other comprehensive income. The gain or loss relating to the ineffective portion is recognized immediately in the statement of comprehensive income within "other gains (losses)".

(B) When the forecast transaction that is hedged results in the recognition of a non-financial asset or financial liability, the gains and losses previously deferred in other comprehensive income are reclassified into profit or loss in the periods when the asset acquired or the liability assumed affects profit or loss. The deferred amounts are ultimately recognized in sales revenue.

(C) When a hedging instrument expires or is sold, terminated, exercised, or when a hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss existing in other comprehensive income at that time remains in other comprehensive income. When a forecast transaction occurs or is no longer expected to occur, the cumulative gain or loss that was recognized in other comprehensive income is transferred to profit or loss in the periods when the hedged forecast cash flow affects profit or loss.

(26) Provisions for liabilities

Provisions are recognized when the Group 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.

(27) 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 plans

For defined contribution plans, the contributions are recognized as pension expenses 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 plans

a. 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 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 follow using interest rates of government bonds or interest rates of return of high-quality investments that have terms to maturity approximating to the terms of the related pension liability.

b. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as other equity.

c. Prior 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 Group'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 Group recognizes expense when it can no longer withdraw an offer of termination benefits or it recognizes related restructuring costs, 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 expenses and liabilities, 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 Group calculates the number of shares based on the closing price at the previous day of the board meeting resolution.

(28) Employee share-based payment

A. For the equity-settled share-based payment arrangements, the employee services received are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period, with a corresponding adjustment to equity. The fair value of the equity instruments granted shall reflect the impact of market vesting conditions and non-market vesting conditions. Compensation cost is subject to adjustment based on the service conditions that are expected to be satisfied and the estimates of the number of equity instruments that are expected to vest under the non-market vesting conditions at the end of the financial reporting period. Ultimately, the amount of compensation cost recognized is based on the number of equity instruments that eventually vest.

B. Restricted stocks:

(A) The issued subsidiary uses the date notifying employees the number of shares of employees' stock bonus as the grant date.

(B) Restricted stocks issued to employees are measured at the fair value of the equity instruments granted at the grant date, and are recognized as compensation cost over the vesting period.

(C) For restricted stocks where those stocks do not restrict distribution of dividends to employees and employees are not required to return the dividends received if they resign during the vesting period, the Group recognizes the fair value of the dividends received by the employees who are expected to resign during the vesting period as compensation cost at the date of dividends declared.

(D) For restricted stocks where employees have to pay to acquire those stocks, if employees resign during the vesting period, they must return the stocks to the issued subsidiaries and the issued subsidiaries must refund their payments on the stocks, the issued subsidiary recognizes the payments from the employees who are expected to resign during the vesting period as liabilities at the grant date, and recognizes the payments from the employees who are expected to be eventually vested with the stocks in ''capital surplus – others''.

(29) 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 consolidated 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 Group 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 the 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.

(30) Dividends

Dividends are recorded in the Company’s financial statements in the period in which they are resolved 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.

(31) Revenue recognition

Sales of goods

A. The Group is primarily engaged in the selling 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 external customers in the ordinary course of the Group's activities. Revenue arising from the sales of goods is recognized when the Group 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 Group 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.

B. The Group offers customers volume discounts and right of return for defective products. The Group estimates such discounts and returns based on historical experience. Provisions for such liabilities are recorded when the sales are recognized. The volume discounts are estimated based on the anticipated annual sales quantities.

(32) Business combinations

A. The Group uses the acquisition method to account for business combinations. The consideration transferred for an acquisition is measured as the fair value of the assets transferred, liabilities incurred or assumed and equity instruments issued at the acquisition date, plus the fair value of any assets and liabilities resulting from a contingent consideration arrangement. All acquisition-related costs are expensed as incurred. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. For each business combination, the Group measures at the acquisition date components of non-controlling interests in the acquiree that are present ownership interests and entitle their holders to the proportionate share of the entity's net assets in the event of liquidation at either fair value or the present ownership instruments' proportionate share in the recognized amounts of the acquiree's identifiable net assets. All other non-controlling interests should be measured at the acquisition-date fair value.

B. If the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as goodwill, if the total of the fair values of the consideration of acquisition and any non-controlling interests in the acquiree as well as the acquisition-date fair value of any previous equity interest in the acquiree is higher than the fair value of the Group's share of the identifiable net assets acquired and liabilities assumed, the difference is recorded as profit.

(33) Operating segments

Operating segments are reported in a manner consistent with the internal management reports provided to the chief operating decision-maker. The chief operating decision-maker is responsible for allocating resources and assessing performance of the operating segments.

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

The preparation of these consolidated financial statements requires management to make critical judgements in applying the Group'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:

(1) Estimation of sales returns and discounts

The Group estimates discounts and returns based on historical results and other known factors. Provisions for such liabilities are recorded as a deduction item to sales revenues when the sales are recognized. The Group reassesses the reasonableness of estimates of discounts and returns periodically.

As of December 31, 2016, provisions for discounts and sales returns amounted to $21,576,443.

(2) Evaluation of inventories

Due to the rapid technology innovation, the Group 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, 2016, the carrying amount of inventories was $87,094,696.

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

	2016/12/31	2015/12/31
Cash on hand and petty cash	$ 8,027	$ 9,057
Checking accounts and demand deposits	28,186,635	11,162,359
Time deposits	59,495,580	45,707,676
Others	2,427	56
	$ 87,692,669	$ 56,879,148

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

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

		2016/12/31		2015/12/31
Current items:				
Financial assets held for trading				
Open-end funds	$	5,089,953	$	4,138,131
Listed and OTC stocks		223,024		203,126
Convertible bonds		-		77,218
Non-hedging derivatives		857,672		270,666
	$	6,170,649	$	4,689,141
Current items:				
Financial liabilities held for trading				
Non-hedging derivatives	$	148,975	$	383,791

A. The Group recognized net gain on derivative financial instruments held for trading amounting to $1,512,488 and $1,535,659 and net gain on non-derivative financial instruments held for trading amounting to $34,171 and $10,233 for the years ended December 31, 2016 and 2015, respectively.

B. The unexpired contracts are as follows:

	2016/12/31			2015/12/31		
	Contract amount (Nominal principal) (in thousands)		Contract period	Contract amount (Nominal principal) (in thousands)		Contract period
Derivative financial assets:						
Forward exchange contracts						
-EUR/USD	EUR	428,000	2016/06-2017/09	EUR	137,000	2015/03-2016/05
-NOK/USD	NOK	124,283	2016/10-2017/03	NOK	69,332	2015/12-2016/02
-RUB/USD	RUB	1,223,471	2016/12-2017/02	RUB	1,502,705	2015/12-2016/01
-JPY/USD	JPY	100,000	2016/06-2017/01	JPY	1,962,925	2015/08-2016/02
-GBP/USD	GBP	21,395	2016/11-2017/04	GBP	14,580	2015/12-2016/02
-SEK/USD	SEK	50,857	2016/12-2017/01	SEK	8,279	2015/10-2016/02
-CNH/USD	CNH	1,187,695	2016/12-2017/01	CNH	2,223,513	2015/12-2016/01
-MXN/USD	MXN	-	-	MXN	43,500	2015/12-2016/01
-CAD/USD	CAD	187,080	2016/08-2017/08	CAD	21,080	2015/10-2016/02
-SGD/USD	SGD	-	-	SGD	16,036	2015/12-2016/02
-IDR/USD	IDR	-	-	IDR	68,600,000	2015/12-2016/01
-NTD/USD	USD	155,000	2016/11-2017/02	USD	20,000	2015/12-2016/01
-CHF/USD	CHF	711	2016/12-2017/01	CHF	-	-
Currency option contracts						
-EUR/USD	EUR	-	-	EUR	117,000	2015/11-2016/04
-IDR/USD	IDR	1,185,080,000	2016/12-2017/03	IDR	696,800,000	2015/11-2016/04
-GBP/USD	GBP	36,000	2016/12-2017/03	GBP	39,000	2015/12-2016/04
-CNH/USD	CNH	5,474,254	2016/08-2017/04	CNH	3,261,962	2015/09-2016/04

	2016/12/31			2015/12/31		
	Contract amount (Nominal principal) (in thousands)		Contract period	Contract amount (Nominal principal) (in thousands)		Contract period
Derivative financial liabilities:						
Forward exchange contracts						
-EUR/USD	EUR	110,000	2016/12-2017/05	EUR	385,500	2015/03-2016/04
-RUB/USD	RUB	124,612	2016/12-2017/01	RUB	-	-
-TRY/USD	TRY	-	-	TRY	6,500	2015/12-2016/01
-CHF/USD	CHF	-	-	CHF	476	2015/12-2016/01
-JPY/USD	JPY	-	-	JPY	4,247,350	2015/10-2016/04
-SEK/USD	SEK	124,661	2016/12-2017/02	SEK	152,909	2015/12-2016/03
-CNH/USD	CNH	-	-	CNH	263,188	2015/12-2016/01
-INR/USD	INR	341,850	2016/12-2017/01	INR	1,332,400	2015/12-2016/01
-IDR/USD	IDR	269,610,000	2016/12-2017/01	IDR	894,230,000	2015/12-2016/02
-GBP/USD	GBP	7,000	2016/12-2017/04	GBP	-	-
-USD/NTD	USD	600	2016/12-2017/02	USD	250	2015/12-2016/01
Currency option contracts						
-EUR/USD	EUR	72,000	2016/12-2017/03	EUR	381,000	2015/11-2016/04
-AUD/USD	AUD	-	-	AUD	51,000	2015/11-2016/03
-JPY/USD	JPY	34,050,000	2016/12-2017/04	JPY	-	-
-USD/NTD	USD	174,000	2016/11-2017/03	USD	-	-
-RUB/USD	RUB	6,537,310	2016/11-2017/03	RUB	-	-

(A) Forward exchange contracts

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

(3) Available-for-sale financial assets

	2016/12/31	2015/12/31
Current items:		
Listed and OTC stocks	$ 280,939	$ 280,939
Unlisted and non-OTC stocks	30,000	30,000
	310,939	310,939
Valuation adjustment	66,923	9,403
Accumulated impairment	(64,414)	(62,546)
	$ 313,448	$ 257,796
Non-current items:		
Listed and OTC stocks	$ 26,591,903	$ 26,605,305
Unlisted and non-OTC stocks	305,440	316,306
Convertible bonds	7,575	7,575
	26,904,918	26,929,186
Valuation adjustment	31,630,884	25,551,563
Accumulated impairment	(141,969)	(143,377)
	$ 58,393,833	$ 52,337,372

A. The Group recognized $6,113,856 and ($2,496,942) in other comprehensive income (loss) for fair value change and reclassified $10,716 and $27,341 from equity to loss for the years ended December 31, 2016 and 2015, respectively.

B. After evaluating and comparing the carrying amount of available-for-sale financial assets and its recoverable amounts, the Group recognized impairment loss amounting to $21,932 and $13,549 for the years ended December 31, 2016 and 2015, respectively.

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

(4) Financial assets measured at cost

	2016/12/31	2015/12/31
Non-current items:		
Unlisted and non-OTC stocks	$ 288,558	$ 291,387
Private fund	69,631	68,301
	358,189	359,688
Accumulated impairment	(204,731)	(207,186)
	$ 153,458	$ 152,502

A. In accordance with the Group’s intention, its investment in unlisted and non-OTC stocks and the 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 Group classified those funds as “financial assets measured at cost”.

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

(5) Hedge accounting

	2016/12/31	2015/12/31
	Assets (Liabilities)	Assets (Liabilities)
Current items:		
Forward exchange contracts - cash flow hedges	$ 1,329,360	$ 959,212
Forward exchange contracts - cash flow hedges	(46,526)	(71,927)
	$ 1,282,834	$ 887,285

Cash flow hedges:

	Hedged item	Derivative instruments designated as hedges	Fair value of derivative instruments designated as hedges	Period of anticipated cash flow	Period of gain (loss) expected to be recognized
2016/12/31	Expected transactions	Forward exchange contracts	$ 1,282,834	2017/01-2017/06	2017/01-2017/06
2015/12/31	Expected transactions	Forward exchange contracts	887,285	2016/01-2016/06	2016/01-2016/06

A. The hedged highly probable forecast transactions denominated in foreign currency are expected to occur during the next 12 months. Amounts accumulated in "other comprehensive income" as of December 31, 2016 are recycled into profit or loss in the periods when the hedged asset acquired or the hedged liability assumed affects profit or loss. The Group has assessed that the effect of profit or loss arising from ineffective cash flow hedge is insignificant as the Group was effective mostly in executing the hedge transactions for the years ended December 31, 2016 and 2015, respectively.

B. Information on gain or loss arising from cash flow hedges recognized in profit or loss and other comprehensive income (loss):

	For the years ended December 31,	
	2016	2015
Amount adjusted in other comprehensive income (loss)	$ 395,549	$ 521,463
Amount transferred from other comprehensive income to profit or loss	1,280,086	2,586,423

C. The unexpired contracts are as follows:

	2016/12/31			2015/12/31		
	Contract amount (Nominal principal) (in thousands)		Contract period	Contract amount (Nominal principal) (in thousands)		Contract period
Derivative financial assets for hedging:						
Forward exchange contracts						
-EUR/USD	EUR	535,000	2016/10-2017/06	EUR	890,000	2015/06-2016/06
-GBP/USD	GBP	28,000	2016/11-2017/03	GBP	40,000	2015/09-2016/03
-JPY/USD	JPY	4,500,000	2016/11-2017/03	JPY	3,000,000	2015/08-2016/03
-SEK/USD	SEK	46,000	2016/12-2017/03	SEK	120,000	2015/12-2016/03
-RUB/USD	RUB	200,000	2016/12-2017/03	RUB	-	-
-AUD/USD	AUD	18,000	2016/10-2017/03	AUD	-	-
-INR/USD	INR	1,025,000	2016/11-2017/03	INR	-	-
-PLN/USD	PLN	130,000	2016/10-2017/03	PLN	-	-
-NOK/USD	NOK	36,000	2016/11-2017/03	NOK	-	-
-TRY/USD	TRY	24,000	2016/11-2017/03	TRY	-	-
Derivative financial liabilities for hedging:						
Forward exchange contracts						
-EUR/USD	EUR	-	-	EUR	360,000	2015/12-2016/06
-JPY/USD	JPY	-	-	JPY	2,000,000	2015/08-2016/03
-INR/USD	INR	425,000	2016/12-2017/03	INR	2,500,000	2015/12-2016/02
-SEK/USD	SEK	12,000	2016/12-2017/03	SEK	-	-
-RUB/USD	RUB	2,900,000	2016/11-2017/03	RUB	-	-
-TRY/USD	TRY	10,000	2016/12-2017/03	TRY	-	-

(6) Notes and trade receivables

	2016/12/31	2015/12/31
Notes receivable	$ 4,890,436	$ 4,811,594
Trade receivables	85,382,828	83,979,887
	90,273,264	88,791,481
Less: allowance for sales returns and discounts	(2,497,173)	(2,699,465)
Less: allowance for doubtful accounts (accumulated impairment)	(3,077,754)	(2,947,573)
	$ 84,698,337	$ 83,144,443

A. The aging analysis of trade receivables that were past due but not impaired is as follows:

	2016/12/31	2015/12/31
Less than 90 days	$ 11,518,562	$ 14,885,658
Between 91 and 180 days	462,395	995,278
More than 181 days	165,909	127,884
	$ 12,146,866	$ 16,008,820

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 Group had no impairment concern.

B. Individual assessment of impaired trade receivables:

(A) Impaired but not past due

	2016/12/31	2015/12/31
Gross amount	$ 1,719	$ 659

(B) Impaired and past due

	2016/12/31	2015/12/31
Gross amount	$ 3,076,035	$ 2,946,914

(C) Movements for allowance for doubtful accounts (accumulated impairment) of trade receivables are as follows:

	2016		
	Individual provision	Group provision	Total
January 1	$ 2,066,841	$ 880,732	$ 2,947,573
Recognition (reversal)	(103,469)	351,963	248,494
Write-offs	(300)	(58,856)	(59,156)
Net exchange differences	(34,744)	(24,413)	(59,157)
December 31	$ 1,928,328	$ 1,149,426	$ 3,077,754

	2015		
	Individual provision	Group provision	Total
January 1	$ 1,951,749	$ 826,436	$ 2,778,185
Recognition (reversal)	47,045	117,136	164,181
Write-offs	(785)	(83,732)	(84,517)
Net exchange differences	68,832	20,892	89,724
December 31	$ 2,066,841	$ 880,732	$ 2,947,573

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

	2016/12/31	2015/12/31
Group 1	$ 40,219,490	$ 33,057,736
Group 2	27,441,545	29,266,293
	$ 67,661,035	$ 62,324,029

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

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

(7) Offsetting financial assets and financial liabilities

A. The Group has assets (fair value of $35,269,570 and $41,238,748 on December 31, 2016 and 2015, respectively) and liabilities (fair value of $44,557,406 and $47,089,749 on December 31, 2016 and 2015, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables, notes and trade payables and other payables – accrued expenses. For certain transactions, the Group has received cash or financial assets from those companies as collateral, and accordingly, it does not meet the offsetting criteria in paragraph 42 of IAS 32. However, under the associated collateral agreement, the collateral can be set off against the net amount of the assets and liabilities in the case of default and insolvency or bankruptcy.

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

	Offsetting trade receivables, notes payable, trade payables and other payables - accrued expenses					
	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Gross amount of financial liabilities set off	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)	Not set off in the balance sheet：collateral (received) /provided
2016/12/31	$ 35,269,570	($ 44,557,406)	($ 35,131,118)	$ 138,452	($ 9,426,288)	($ 30,000)
2015/12/31	41,238,748	(47,089,749)	(39,271,171)	1,967,577	(7,818,578)	(30,000)

(8) Inventories

	2016/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 36,882,054	($ 4,121,806)	$ 32,760,248
Work in process	2,625,452	(268,039)	2,357,413
Finished goods	2,575,216	(369,548)	2,205,668
Merchandise inventories	60,775,002	(11,730,587)	49,044,415
Inventories in transit	726,952	-	726,952
	$ 103,584,676	($ 16,489,980)	$ 87,094,696

	2015/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 47,160,068	($ 4,819,444)	$ 42,340,624
Work in process	2,051,271	(222,616)	1,828,655
Finished goods	3,276,609	(432,709)	2,843,900
Merchandise inventories	65,508,400	(9,361,188)	56,147,212
Inventories in transit	984,417	-	984,417
	$ 118,980,765	($ 14,835,957)	$ 104,144,808

Except for costs of goods sold, the inventories recognized as operating costs amounted to $2,520,913 and $2,367,988, of which $2,015,033 and $1,974,269 pertain to the decline in value of inventories for the years ended December 31, 2016 and 2015, respectively.

(9) Investments accounted for under equity method

	2016/12/31	2015/12/31
Associates:		
Others	$ 356,037	$ 334,147

A. The Group's associates are all immaterial, and the share of the associates' operating results are summarized below:

	For the years ended December 31, 2016	2015
Profit (loss) for the year	$ 97,276	$ 27,315
Other comprehensive income (loss) for the year - net of income tax	897	(4,875)
Total comprehensive income (loss) for the year	$ 98,173	$ 22,440

B. The fair value of the Group's associates which have quoted market price is as follows:

	2016/12/31	2015/12/31
Others	$ 154,213	$ 198,094

(10) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Total
January 1, 2016					
Cost	$ 2,078,462	$ 6,562,164	$ 5,222,523	$ 7,627,479	$21,490,628
Accumulated depreciation and impairment	-	(2,501,325)	(3,266,645)	(6,679,869)	(12,447,839)
	$ 2,078,462	$ 4,060,839	$ 1,955,878	$ 947,610	$ 9,042,789
January 1, 2016	$ 2,078,462	$ 4,060,839	$ 1,955,878	$ 947,610	$ 9,042,789
Acquisitions	4,397,691	376,093	426,458	386,096	5,586,338
Disposals	-	-	(76,271)	(20,368)	(96,639)
Depreciation	-	(241,941)	(585,459)	(385,327)	(1,212,727)
Impairment	-	-	(6,895)	-	(6,895)
Reversal of impairment	-	-	13,573	1,191	14,764
Reclassifications	-	492,153	16,522	170,213	678,888
Net exchange differences	(1,608)	(140,344)	(87,923)	(32,876)	(262,751)
December 31, 2016	$ 6,474,545	$ 4,546,800	$ 1,655,883	$ 1,066,539	$ 13,743,767
December 31, 2016					
Cost	$ 6,474,545	$ 7,155,510	$ 5,280,117	$ 7,299,782	$26,209,954
Accumulated depreciation and impairment	-	(2,608,710)	(3,624,234)	(6,233,243)	(12,466,187)
	$ 6,474,545	$ 4,546,800	$ 1,655,883	$ 1,066,539	$ 13,743,767

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Total
January 1, 2015					
Cost	$ 2,075,767	$ 6,574,840	$ 5,181,823	$ 7,553,605	$21,386,035
Accumulated depreciation and impairment	-	(2,288,984)	(2,978,219)	(6,536,952)	(11,804,155)
	$ 2,075,767	$ 4,285,856	$ 2,203,604	$ 1,016,653	$ 9,581,880
January 1, 2015	$ 2,075,767	$ 4,285,856	$ 2,203,604	$ 1,016,653	$ 9,581,880
Acquisitions	-	17,485	464,066	364,644	846,195
Disposals	-	(315)	(29,545)	(30,996)	(60,856)
Depreciation	-	(236,543)	(662,566)	(424,666)	(1,323,775)
Impairment	-	-	(75)	(1,723)	(1,798)
Reversal of impairment	-	-	13,068	-	13,068
Reclassifications	-	22,608	21,201	33,502	77,311
Net exchange differences	2,695	(28,252)	(53,875)	(11,447)	(90,879)
Effects due to changes in consolidated entities	-	-	-	1,643	1,643
December 31, 2015	$ 2,078,462	$ 4,060,839	$ 1,955,878	$ 947,610	$ 9,042,789
December 31, 2015					
Cost	$ 2,078,462	$ 6,562,164	$ 5,222,523	$ 7,627,479	$21,490,628
Accumulated depreciation and impairment	-	(2,501,325)	(3,266,645)	(6,679,869)	(12,447,839)
	$ 2,078,462	$ 4,060,839	$ 1,955,878	$ 947,610	$ 9,042,789

A. After evaluating and comparing the carrying amount of property, plant and equipment and its recoverable amounts, the Group recognized impairment loss amounting to \$6,895 and \$1,798 and impairment reversal gain amounting to \$14,764 and \$13,068 for the years ended December 31, 2016 and 2015, respectively.

B. Information about the property, plant and equipment that are pledged to others as collateral is provided in Note 8.

(11) Intangible assets

	Trademark	Computer software	Goodwill	Others	Total
January 1, 2016					
Cost	$ 358,722	$ 1,555,146	$ 1,180,853	$ 671,191	$ 3,765,912
Accumulated amortisation and impairment	(3,619)	(1,192,659)	(48,955)	(524,184)	(1,769,417)
	$ 355,103	$ 362,487	$ 1,131,898	$ 147,007	$ 1,996,495
January 1, 2016	$ 355,103	$ 362,487	$ 1,131,898	$ 147,007	$ 1,996,495
Acquisitions	-	154,061	-	42,854	196,915
Disposals	-	(1,750)	-	-	(1,750)
Amortisation	-	(210,676)	-	(85,130)	(295,806)
Reversal of impairment	-	-	-	460	460
Reclassifications	-	3,252	-	(124)	3,128
Net exchange differences	-	(704)	-	(14)	(718)
December 31, 2016	$ 355,103	$ 306,670	$ 1,131,898	$ 105,053	$ 1,898,724
December 31, 2016					
Cost	$ 358,298	$ 1,670,272	$ 1,180,170	$ 710,478	$ 3,919,218
Accumulated amortisation and impairment	(3,195)	(1,363,602)	(48,272)	(605,425)	(2,020,494)
	$ 355,103	$ 306,670	$ 1,131,898	$ 105,053	$ 1,898,724

	Trademark	Computer software	Goodwill	Others	Total
January 1, 2015					
Cost	$ 358,750	$ 1,543,095	$ 1,181,339	$ 651,991	$ 3,735,175
Accumulated amortisation and impairment	(3,392)	(1,100,948)	(49,441)	(432,853)	(1,586,634)
	$ 355,358	$ 442,147	$ 1,131,898	$ 219,138	$ 2,148,541
January 1, 2015	$ 355,358	$ 442,147	$ 1,131,898	$ 219,138	$ 2,148,541
Acquisitions	-	132,177	-	17,023	149,200
Amortisation	(61)	(216,082)	-	(91,390)	(307,533)
Impairment	(194)	-	-	(460)	(654)
Reclassifications	-	4,723	-	2,700	7,423
Net exchange differences	-	(478)	-	(4)	(482)
December 31, 2015	$ 355,103	$ 362,487	$ 1,131,898	$ 147,007	$ 1,996,495
December 31, 2015					
Cost	$ 358,722	$ 1,555,146	$ 1,180,853	$ 671,191	$ 3,765,912
Accumulated amortisation and impairment	(3,619)	(1,192,659)	(48,955)	(524,184)	(1,769,417)
	$ 355,103	$ 362,487	$ 1,131,898	$ 147,007	$ 1,996,495

A. After evaluating the carrying amount of intangible assets and its recoverable amounts, the Group recognized impairment loss amounting to $0 and $654 and impairment reversal gain amounting to $460 and $0 for the years ended December 31, 2016 and 2015, respectively.

B. The impairment assessment of goodwill relies on the managements' subjective judgement, including identifying cash-generating units and determining the recoverable amounts of related cash-generating units. Management evaluate recoverable amount based on the fair value of cash generating units less disposal costs. The fair value is reference to stock price in active market which is classed in Level 2.

C. The Group has no intangible assets pledged to others.

(12) Long-term prepaid rents (shown as "Other non-current assets")

	2016/12/31	2015/12/31
Land use right	$ 1,244,205	$ 1,382,184

In February, 2014, September, 2013, April, 2010, November, 2008, October, 2006, and July, 2002, the Group signed a land use right contract with Suzhiu City Government, Shanghai City Government, Chongqing City Government and Wujiang City Government, for use of the land for a period of 40~50 years. All rentals had been paid on the contract dates. The Group recognized rental expenses of $35,140 and $36,310 for the years ended December 31, 2016 and 2015, respectively.

(13) Short-term borrowings

Type of borrowings	2016/12/31	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 2,978,526	0.78%~4.00%	-

Type of borrowings	2015/12/31	Interest rate range	Collateral
Bank borrowings			
Credit borrowings	$ 1,818,425	0.82%~1.06%	-

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	2016/12/31
Credit borrowings - installment-repayment				
Mega International Commercial Bank	2015.02~2017.09, payable at maturity date, commencing 2 years after the initial date of borrowing	1.51%~ 2.61%	-	$ 645,000
Bank of Taiwan	2016.09~2018.09, payable at maturity date, commencing 2 years after the initial date of borrowing	1.31%	-	240,000
Taishin International Bank	2016.10~2018.03, payable at maturity date, commencing 3 years after the signing date of contract	1.28%~ 1.40%	-	300,000
Others	2012.05~2017.05	2.62%~ 2.65%	Buildings	83,092
				1,268,092
Less: current portion of long-term borrowings				(728,092)
				$ 540,000

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	2015/12/31
Credit borrowings - installment-repayment				
Mega International Commercial Bank	2014.10~2017.09, payable at maturity date, commencing 2 years after the initial date of borrowing	1.51%~ 1.72%	-	$ 984,750
Taishin International Bank	2015.10~2018.03, payable at maturity date, commencing 3 years after the signing date of contract	1.35%~ 1.40%	-	300,000
Bank of Taiwan	2015.08~2017.08, payable at maturity date, commencing 2 years after the initial date of borrowing	1.38%~ 1.55%	-	800,000
Others	2012.05~2017.05	2.24%~ 2.40%	Buildings	87,607
				2,172,357
Less: current portion of long-term borrowings				(331,283)
				$ 1,841,074

Under the borrowing contracts, the Company's subsidiaries who signed the contracts are required to maintain certain covenants semi-annually agreed by both sides, and the bank can inspect at any time when necessary. As of December 31, 2016 and 2015, the Company's subsidiaries who signed the contracts did not violate any of the covenants specified in the contract.

(15) Pensions

A. Defined benefit pension plans

(A) The Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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 and its domestic subsidiaries 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 and its domestic subsidiaries will make contribution for the deficit by next March.

(B) The amounts recognized in the balance sheets are as follows:

	2016/12/31	2015/12/31
Present value of defined benefit obligations	($ 330,219)	($ 294,438)
Fair value of plan assets	209,595	207,438
Net defined benefit liability	($ 120,624)	($ 87,000)

(C) Movements in net defined benefit liabilities are as follows:

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2016	($ 294,438)	$ 207,438	($ 87,000)
Current service cost	(14,306)	-	(14,306)
Interest (expense) income	(4,691)	3,106	(1,585)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(1,620)	(1,620)
Change in demographic assumptions	(13,092)	-	(13,092)
Change in financial assumptions	(8,555)	-	(8,555)
Experience adjustments	(12,326)	-	(12,326)
Pension fund contribution	-	5,731	5,731
Pension payment	5,060	(5,060)	-
Exchange difference	12,129	-	12,129
December 31, 2016	($ 330,219)	$ 209,595	($ 120,624)

	Present value of defined benefit obligations	Fair value of plan assets	Net defined benefit liability
January 1, 2015	($ 213,341)	$ 202,611	($ 10,730)
Current service cost	(12,766)	-	(12,766)
Interest (expense) income	(4,844)	3,655	(1,189)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	1,774	1,774
Change in demographic assumptions	(14,323)	-	(14,323)
Change in financial assumptions	(10,384)	-	(10,384)
Experience adjustments	(17,991)	-	(17,991)
Pension fund contribution	-	205	205
Pension payment	807	(807)	-
Exchange difference	(21,596)	-	(21,596)
December 31, 2015	($ 294,438)	$ 207,438	($ 87,000)

(D) The Bank of Taiwan was commissioned to manage the Fund of the Company's and its domestic subsidiaries' defined benefit pension plan in accordance with the Fund's annual investment and utilization plan and the "Regulations for Revenues, Expenditures, Safeguard and Utilization of the Labor Retirement Fund" (Article 6: The scope of utilization for the Fund includes deposit in domestic or foreign financial institutions, investment in domestic or foreign listed, over-the-counter, or private placement equity securities, investment in domestic or foreign real estate securitization products, etc.). With regard to the utilisation of the Fund, its minimum earnings in the annual distributions on the final financial statements shall be no less than the earnings attainable from the amounts accrued from two-year time deposits with the interest rates offered by local banks. If the earnings is less than aforementioned rates, government shall make payment for the deficit after being authorized by the Regulator. The Company has no right to participate in managing and operating that fund and hence the Company is unable to disclose the classification of plan asset fair value in accordance with IAS 19 paragraph 142. The composition of fair value of plan assets as of December 31, 2016 and 2015 is given in the Annual Labor Retirement Fund Utilization Report announced by the government.

(E) The principal actuarial assumptions used are as follows:

	For the years ended December 31,	
	2016	2015
Discount rate	1.20%~8.50%	1.50%~9.00%
Future salary increases	2.00%~10.00%	2.00%~10.00%
Expected return on plan assets	1.20%~2.00%	1.75%~2.00%

Assumptions regarding future mortality experience are set based on actuarial advice in accordance with published statistics and experience in each territory.

Because the main actuarial assumption changed, the present value of defined benefit obligation is affected. The analysis was as follows:

	Discount rate		Future salary increases rate	
	Increase 0.25%~1%	Decrease 0.25%~1%	Increase 0.25%~1%	Decrease 0.25%~1%
December 31, 2016				
Effect on present value of defined benefit obligation	($ 15,551)	$ 17,090	$ 12,004	($ 11,685)
December 31, 2015				
Effect on present value of defined benefit obligation	($ 14,215)	$ 15,633	$ 11,191	($ 10,492)

The sensitivity analysis above was determined effect which was based on the change of one assumption while the other conditions remain unchanged. In practice, more than one assumption may change all at once. The method of analysing sensitivity and the method of calculating net pension liability in the balance sheets are the same.

(F) Expected contributions to the defined benefit pension plans of the Group for the year ending December 31, 2017 are $8,116.

(G) As of December 31, 2016, the weighted average duration of that retirement plan is 11 ~ 25 years.

B. Defined contribution pension plans

(A) Effective July 1, 2005, the Company and its domestic subsidiaries have 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 and its domestic subsidiaries contribute 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.

(B) The Company's mainland subsidiaries have a defined contribution plan. Monthly contributions to an independent fund administered by the government in accordance with the pension regulations in the People's Republic of China are based on certain percentage of employees' monthly salaries and wages. Other than the monthly contributions, the Group has no further obligations.

(C) The pension costs under the defined contribution pension plans of the Group were \$1,125,825 and \$1,307,392 for the years ended December 31, 2016 and 2015, respectively.

(16) Provisions for liabilities

	Provisions for warranty	Provisions for sales returns and discounts	Provisions for legal claims and royalty	Total
January 1, 2016	\$ 12,332,740	\$ 17,910,712	\$ 7,793,243	\$ 38,036,695
Recognition (reversal)	14,327,547	42,444,106	86,417	56,858,070
Write-offs	(12,232,516)	(38,342,468)	(75,908)	(50,650,892)
Net exchange differences	(357,666)	(435,907)	(153,621)	(947,194)
December 31, 2016	\$ 14,070,105	\$ 21,576,443	\$ 7,650,131	\$ 43,296,679

	Provisions for warranty	Provisions for sales returns and discounts	Provisions for legal claims and royalty	Total
January 1, 2015	\$ 11,454,228	\$ 18,708,316	\$ 6,267,884	\$ 36,430,428
Recognition (reversal)	16,712,309	35,418,554	1,375,827	53,506,690
Write-offs	(16,056,698)	(36,588,466)	(95,887)	(52,741,051)
Net exchange differences	222,901	372,308	245,419	840,628
December 31, 2015	\$ 12,332,740	\$ 17,910,712	\$ 7,793,243	\$ 38,036,695

Analysis of total provisions:

	2016/12/31	2015/12/31
Current	\$ 43,296,679	\$ 38,036,695

A. Provisions for warranty

The Group 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 sales returns and discounts

The Group allows sales returns and gives discounts on 3C products sold. Provision for sales returns and discounts is estimated based on these products' historical data and other known factors. A provision is recognized as current when it is expected to be used in one year.

C. Provisions for legal claims and royalty

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

(17) Common shares

A. As of December 31, 2016, 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, 2016 and 2015 are both 742,760,280 shares.

B. As of December 31, 2016, the Company issued Global Depositary Receipts (GDRs), of which 5,483,000 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 27,416,000 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 the 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.

(18) 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.

	2016/12/31	2015/12/31
Share premium	$ 4,227,966	$ 4,227,966
Difference between proceeds from acquisition or disposal of subsidiary and book value	846,333	487,894
Changes in associates and joint ventures accounted for under equity method	5,423	3,793
	$ 5,079,722	$ 4,719,653

(19) 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 years' 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 line with 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 12, 2015, the Company recognized cash dividends distributed to owners amounting to $12,626,925 ($17 (in dollars) per share) for the appropriation of 2014 earnings. On June 8, 2016, the shareholders resolved to distribute cash dividends amounting to $11,141,404 ($15 (in dollars) per share) for the appropriation of 2015 earnings.

F. The appropriations of 2016 earnings had been proposed by the Board of Directors on March 17, 2017. Details are summarized as follows:

	For the year ended December 31, 2016	
	Amount	Dividends per share (in dollars)
Cash dividends	$ 12,626,925	$ 17.00

As of March 17, 2017, the appropriations of 2016 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(25).

(20) Other equity

	Gain (loss) on effective portion of cash flow hedges	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
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	$ 1,282,834	$ 31,628,691	$ 2,149,750	($ 78,993)	$ 34,982,282

	Gain (loss) on effective portion of cash flow hedges	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2015	$ 365,822	$ 28,011,777	$ 1,940,298	($ 20,045)	$ 30,297,852
-The Company	-	(2,512,144)	1,749,055	-	(763,089)
-Subsidiaries	521,463	15,212	(762,065)	(39,583)	(264,973)
-Associates	-	(10)	360	-	350
December 31, 2015	$ 887,285	$ 25,514,835	$ 2,927,648	($ 59,628)	$ 29,270,140

(21) Operating revenue

	For the years ended December 31,	
	2016	2015
Sales revenue	$ 466,802,706	$ 472,335,318

(22) Other income

	For the years ended December 31,	
	2016	2015
Interest income	$ 866,175	$ 698,203
Dividend income	2,851,280	2,400,017
	$ 3,717,455	$ 3,098,220

(23) Other gains (losses)

	For the years ended December 31,	
	2016	2015
Net gains (losses) on non-derivative financial instruments	$ 34,171	$ 10,233
Net gains (losses) on derivative financial instruments	1,512,488	1,535,659
Net currency exchange gains (losses)	(525,304)	(3,566,013)
Gains (losses) on disposal of investments	21,759	71,840
Other net gains (losses)	818,415	635,787
	$ 1,861,529	($ 1,312,494)

(24) Costs and expenses by nature

	For the years ended December 31,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 3,282,252	$ 20,512,508	$ 23,794,760	$ 3,317,229	$ 20,293,769	$ 23,610,998
Depreciation	540,198	672,529	1,212,727	675,281	648,494	1,323,775
Amortisation	14,813	370,210	385,023	26,297	381,541	407,838

(25) Employee benefit expenses

	For the years ended December 31,	
	2016	2015
Wages and salaries	$ 20,481,492	$ 20,374,898
Labor and health insurance	1,438,975	1,361,110
Pension (Note)	1,141,716	1,321,347
Other personnel expenses	732,577	553,643
	$ 23,794,760	$ 23,610,998

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, 2016 and 2015, employees' compensation was accrued at $1,364,457 and $1,273,281, respectively; directors' remuneration was accrued at $71,814 and $67,015, 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, 2016. The Board of Directors resolved to distribute employees' and directors' compensation amounting to $1,364,457 and $71,814, respectively, and employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration for 2015 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2015 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 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(26) Income tax

A. Income tax expenses

(A) Components of income tax expense:

	For the years ended December 31, 2016	2015
Current income tax:		
Current income tax on profits for the year	$ 2,816,310	$ 3,087,070
Additional 10% tax on unappropriated earnings	427,410	575,349
Difference between prior year's income tax estimation and assessed results	650,510	372,798
Total current income tax	3,894,230	4,035,217
Deferred income tax:		
Origination and reversal of temporary differences	769,315	1,122,186
Income tax expenses	$ 4,663,545	$ 5,157,403

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

	For the years ended December 31, 2016	2015
Changes in fair value of available-for-sale financial assets	$ 17,695	($ 13,957)
Currency translation differences	(137,004)	207,413
Remeasurement of defined benefit obligations	(15,979)	(88)
	($ 135,288)	$ 193,368

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2016	2015
Income tax calculated based on profit before tax and statutory tax rate	$ 5,004,417	$ 4,394,986
Effect from items disallowed by tax regulations	(486,509)	(425,124)
Effect from tax exemption on investment income (loss)	(242,724)	(87,400)
Effect from investment tax credit	(56,171)	(37,538)
Effect from net operating loss carryforward	3,881	(180,734)
Difference between prior year's income tax estimation and assessed results	650,510	372,798
Additional 10% tax on unappropriated earnings	427,410	575,349
Change in assessment of realization of deferred tax assets	(443,122)	(158,270)
Effect of different tax rates on unrealized profit from sales	(404,722)	371,696
Effect of exchange rates	116,034	349,328
Others	94,541	(17,688)
Income tax expenses	$ 4,663,545	$ 5,157,403

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

	2016				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	$ 2,244,698	($ 99,751)	$ -	($ 40,786)	$ 2,104,161
Unrealized profit from sales	955,118	(217,994)	-	(839)	736,285
Unrealized purchase discounts	6,460	347,489	-	-	353,949
Unrealized sales discounts	1,909,944	(13,602)	-	(59,364)	1,836,978
Unrealized provisions for warranty	1,383,118	301,851	-	(59,902)	1,625,067
Other unrealized expenses	1,165,923	18,368	-	(20,927)	1,163,364
Loss carryforwards	294,951	42,893	-	48,902	386,746
Others	409,095	139,092	38,395	2,725	589,307
Subtotal	8,369,307	518,346	38,395	(130,191)	8,795,857

	2016				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
- Deferred income tax					
Investment income from foreign investees	(8,497,517)	(1,224,008)	-	-	(9,721,525)
Currency translation differences	(581,489)	-	114,588	-	(466,901)
Unrealized gain on valuation of available-for-sale financial assets	(19,645)	-	(17,695)	-	(37,340)
Others	(92,747)	(63,653)	-	(2,345)	(158,745)
Subtotal	(9,191,398)	(1,287,661)	96,893	(2,345)	(10,384,511)
Total	($ 822,091)	($ 769,315)	$ 135,288	($ 132,536)	($ 1,588,654)

	2015				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	$ 2,197,300	$ 40,590	$ -	$ 6,808	$ 2,244,698
Unrealized profit from sales	725,606	228,841	-	671	955,118
Unrealized purchase discounts	816	5,644	-	-	6,460
Unrealized sales discounts	1,651,840	248,172	-	9,932	1,909,944
Unrealized provisions for warranty	1,294,881	86,779	-	1,458	1,383,118
Other unrealized expenses	1,077,994	96,408	-	(8,479)	1,165,923
Loss carryforwards	102,758	232,293	-	(40,100)	294,951
Others	726,318	(297,354)	650	(20,519)	409,095
Subtotal	7,777,513	641,373	650	(50,229)	8,369,307

	2015				
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	December 31
- Deferred income tax					
Investment income from foreign investees	(6,703,627)	(1,793,890)	-	-	(8,497,517)
Currency translation	(373,515)	-	(207,974)	-	(581,489)
Unrealized gain on valuation available-for-sale financial assets	(33,601)	-	13,956	-	(19,645)
Others	(128,813)	30,331	-	5,735	(92,747)
Subtotal	(7,239,556)	(1,763,559)	(194,018)	5,735	(9,191,398)
Total	$ 537,957	($ 1,122,186)	($ 193,368)	($ 44,494)	($ 822,091)

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets are as follows:

2016/12/31				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration
2007	$ 37,642	$ 37,642	$ 37,642	2017
2008	63,186	57,996	33,717	2018
2009	118,867	118,867	76,019	2019
2010	42,565	42,565	42,565	2020
2011	110,065	109,275	109,275	2021
2012	302,312	263,214	263,214	2022
2013	161,413	161,407	161,407	2018-2023
2014	529,511	468,546	284,856	2019-2024
2015	874,285	874,285	504,148	2020-2025
2016	140,122	140,122	87,396	2021-2026

2015/12/31				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration
2006	$ 337,163	$ 300,953	$ 264,549	2016
2007	251,640	231,246	231,246	2017
2008	123,787	123,787	99,508	2018
2009	170,539	170,539	127,691	2019
2010	104,311	104,311	104,311	2020
2011	255,176	222,837	208,320	2021
2012	497,631	497,631	407,505	2022
2013	395,628	395,628	304,143	2018-2023
2014	455,008	455,008	313,350	2019-2024
2015	1,081,969	1,081,969	589,018	2020-2025

E. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	2016/12/31	2015/12/31
Deductible temporary differences	$ 802,384	$ 1,273,908

F. As of December 31, 2016 and 2015, all taxable temporary differences associated with investments in subsidiaries that were not recognized as deferred income tax liabilities are insignificant.

G. The Tax Authority has examined the Company's income tax returns through 2013.

H. Unappropriated retained earnings:

	2016/12/31	2015/12/31
Earnings generated in and after 1998	$ 101,793,153	$ 95,436,277

I. Imputation credit account (ICA) and creditable ratio:

	2016/12/31	2015/12/31
(A) ICA balance	$ 15,112,733	$ 14,416,357

	2016 (Expected)	2015 (Actual)
(B) Creditable ratio for earnings distribution	15.63%	16.78%

(27) Earnings per share

	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)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 19,202,737	742,760	$ 25.85
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	7,323	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 19,202,737	750,083	$ 25.60

	For the year ended December 31, 2015		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit attributable to ordinary shareholders of the parent	$ 17,097,470	742,760	$ 23.02
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	6,270	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	$ 17,097,470	749,030	$ 22.83

(28) Transactions with non-controlling interests

Disposal of equity interest in subsidiaries (without losing control)

In January, September and October, 2016, the Group disposed 2.82%, 0.5% and 2.71% ownership of its subsidiary - ONYX for a total cash consideration of $44,889, $18,708 and $83,038, respectively. From April to June, 2016, the Group disposed 2% ownership of its subsidiary - AAEON for a total cash consideration of $139,553. From July to August, 2015, the Group disposed 2.66% ownership of its subsidiary - ASMEDIA for a total cash consideration of $277,289. In

November, 2015, the Group disposed 13.02% ownership of its subsidiary - ONYX for a total cash consideration of $120,796. The effect of disposal of equity interest in subsidiaries to capital surplus- difference between proceeds from acquisition or disposal of subsidiary and book value is shown below:

	For the years ended December 31,	
	2016	2015
Proceeds from disposal of subsidiaries	$ 286,188	$ 398,085
Less ：Carrying amount of subsidiaries' interests disposed	(73,975)	(73,198)
Other equity of subsidiaries' disposed	(1,242)	735
Capital surplus - difference between proceeds from acquisition or disposal of subsidiary and book value	$ 210,971	$ 325,622

(29) Operating leases

The Group leases offices, warehouse and parking lots under operating lease agreements. The Group recognized rental expenses of $1,085,142 and $1,036,647 for the years ended December 31, 2016 and 2015, 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) Significant transactions and balances with related parties

A. Sales of goods:

	For the years ended December 31,	
	2016	2015
Sales of goods		
-Associates	$ 1,369	$ 902
-Others	3,813	3,182
	$ 5,182	$ 4,084

The terms of the above transactions are due 30 to 90 days after the date of delivery, open account 60 days or negotiated by both parties, which are similar to those for third parties.

B. Purchases of goods and services:

	For the years ended December 31,	
	2016	2015
Purchases of goods		
-Associates	$ 46,015	$ 40,861
-Others	964,889	752,179
Purchases of services		
-Associates	52	450
-Others	15,000	15,957
	$ 1,025,956	$ 809,447

Purchase terms are open account 45 to 120 days, 45 to 90 days after the date of acceptance or within 1 to 6 months, which are similar to those for third parties.

C. Trade receivables and other receivables:

	2016/12/31	2015/12/31
Trade receivables		
-Associates	$ 239	$ 72
-Others	641	344
	880	416
Other receivables		
-Associates	507	237
-Others	97	227
	604	464
	$ 1,484	$ 880

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

D. Trade payables and other items of current liabilities:

	2016/12/31	2015/12/31
Trade payables		
-Associates	$ 8,387	$ 10,439
-Others	230,927	176,607
	239,314	187,046
Other items of current liabilities		
-Associates	101	296
-Others	-	34
	101	330
	$ 239,415	$ 187,376

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

(3) Chief management compensation

	For the years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 782,942	$ 753,280
Post-employment benefits	6,746	6,041
	$ 789,688	$ 759,321

8. **PLEDGED ASSETS**

		Book Value		
Pledged assets	Items	2016/12/31	2015/12/31	Purpose
Other current assets and other non-current assets	Pledged restricted deposits, time deposits and refundable deposits	$ 214,932	$ 199,410	Note
Property, plant and equipment	Buildings	100,375	105,181	Bank loans
		$ 315,307	$ 304,591	

Note: Pledged for customs, performance bond, lodgment for security decided by court, pledged for letter of credit, pledged for foreign exchange forward transactions, pledged for social security and salary account, 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, thermal management method and device, multi-core ARM processor products, notebooks, Eee PC, Wireless, DVD player subtitle, mobile payment, Pad, desktop, User Interface, audio signal encoding and decoding system, Audio stream, products with UMTS, products with Android 4.0 or later version and remote upgrade code function against the Group. These lawsuits or investigations are currently under investigation in a California court, in a Texas court, in a Delaware court, in a Germany court, in a French court, in a Netherlands court and in an England court. The Group 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 liquid-crystal display module for cellphone, Pad and notebook, smartwatch, battery charger technology for gaming notebook, smart lock for Android 5.0, Zhuyin input function, DVD player restriction technology, mobile devices, the structure of microphone hole, entertaining communication system, notebook with dust filter, MP3 function for desktop and notebook, Broadcom chip, notebooks, Pad, motherboard, wearable devices, desktop, home entertainment products and computer accessories, panel antenna for ZenPad 10, cellphone and Pad with proximity sensor, notebook with Nvidia CPU, products with Win10 supporting Miracast and Snap Assist, SDRAM function, trademark of ZenFone, ASUS WebStorage and router against the Group. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Colorado court, in a Virginia court, in a Massachusetts court, United States International Trade Commission, in a Germany court, in an India court and in a Taiwan court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

B. A plaintiff filed a criminal suit for copyright infringement and trade secret misappropriation of USB 3.0 products against the subsidiary, ASMEDIA, and a supplementary civil action against the Company and its subsidiary, ASMEDIA on August 21, 2012. The Company and its subsidiary, ASMEDIA, have appointed an attorney to deal with the cases through the legal process and go through subsequent related matters. This case is in preliminary proceeding and is not yet in judiciary proceedings in Taiwan Taipei District Court. The plaintiff also filed a lawsuit for patent infringement and trade secret misappropriation of USB 3.0 products against the Company and its subsidiaries, ASMEDIA and ACI, in a California court, USA, in August, 2014. The lawsuit has gone to trial, but the Company and its subsidiaries cannot presently determine the outcome of the lawsuit. The Group however expects that the above cases will have no material effect on its operating and financial position.

(2) Commitments

The Group leases offices, warehouse and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2016/12/31	2015/12/31
Less than 1 year	$ 583,696	$ 509,111
Between 1 and 2 years	306,650	406,663
Between 2 and 3 years	183,776	189,275
Between 3 and 4 years	64,049	113,309
More than 4 years	74,103	32,130

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

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

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

12. **OTHERS**

(1) Capital management

The Group's objectives when managing capital are to safeguard the Group'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 Group may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt. The Group 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 consolidated balance sheets.

During 2016, the Group's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2015. The liability ratios are as follows:

	2016/12/31	2015/12/31
Total liabilities	$ 180,002,712	$ 164,176,927
Total equity	184,217,214	169,427,946
Total assets	$ 364,219,926	$ 333,604,873
Liability ratio	49.42%	49.21%

(2) Financial instruments

A. Fair value information of financial instruments

The carrying amounts of financial instruments measured at non fair value (including cash and cash equivalents, notes and trade receivables, other receivables, refundable deposits, short-term borrowings, notes and trade payables, other payables - accrued expenses, other current liabilities, guarantee deposits received and long-term borrowings) 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 Group's operating activities expose the Group 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 Group's overall risk management programme focuses on the unpredictability of financial markets and seeks to minimise potential adverse effects on the Group's financial position and financial performance. The Group uses variety of derivative financial instruments to hedge certain risk exposures. Please refer to Notes 6(2) and 6(5).

(B)The Group'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 Group'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

a. The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD, EUR and CNY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations.

b. The management has set up the policy to require group companies to manage their foreign exchange risk against their functional currency. To manage their foreign exchange risk arising from future commercial transactions and recognized assets and liabilities, the Group uses derivative financial instruments to hedge, like forward exchange contracts, currency option contracts, currency swap contracts, etc. 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.

c. The Group has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. For hedging recognized assets or liabilities denominated in foreign currencies or the highly probable forecast transactions, the Group adopts the foreign exchange contracts and other derivative financial instruments to hedge the fair value risk and cash flow risk due to foreign exchange rate fluctuations. The Group monitors exchange rate fluctuation at any time and pre-sets a "stop loss" amount to limit its foreign exchange risk.

e. The Group's businesses involve some non-functional currency operations (the Company's and certain subsidiaries' functional currency is NTD; other certain subsidiaries' functional currency is USD, EUR, CNY, etc.). Non-monetary items are assessed to have no significant impact on the Group. The information on assets and liabilities denominated in foreign currencies whose values would be materially affected by the exchange rate fluctuations is as follows:

	2016/12/31					
				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 3,187,222,660	32.250	$ 102,787,931	1%	$ 1,027,879	$ -
EUR:USD	471,291,619	33.901	15,977,351	1%	159,774	-
CNH:USD	2,197,268,825	4.618	10,147,427	1%	101,474	-
Financial liabilities						
Monetary items						
USD:NTD	4,057,899,448	32.250	130,867,257	1%	1,308,673	-
EUR:USD	45,899,608	33.901	1,556,052	1%	15,561	-
CNH:USD	1,925,135,695	4.618	8,890,662	1%	88,907	-

	2015/12/31					
				Sensitivity Analysis		
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
Financial assets						
Monetary items						
USD:NTD	$ 2,118,879,061	32.825	$ 69,552,205	1%	$ 695,522	$ -
EUR:USD	510,286,825	35.881	18,309,606	1%	183,096	-
CNH:USD	2,183,605,574	4.996	10,909,217	1%	109,092	-
Financial liabilities						
Monetary items						
USD:NTD	3,442,644,968	32.825	113,004,821	1%	1,130,048	-
EUR:USD	46,862,694	35.881	1,681,481	1%	16,815	-
CNH:USD	1,829,034,716	4.996	9,137,793	1%	91,378	-

f. Net currency exchange losses (including realized and unrealized) arising from significant foreign exchange variation on the monetary items held by the Group for the years ended December 31, 2016 and 2015 amounted to $525,304 and $3,566,013, respectively.

Price risk

a. The Group is exposed to equity securities price risk because of investments held by the Group 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 Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

b. The prices of the Group'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 revenues for the years ended December 31, 2016 and 2015 would have increased by $2,230 and $2,031, respectively. Other comprehensive income - unrealized gain on valuation of available-for-sale financial assets would have increased by $586,997 and $525,876, respectively. The Group is exposed to equity securities price risk because of investments held by the Group and classified on the consolidated balance sheets either as available-for-sale or at fair value through profit or loss. The Group has no price risk of merchandise inventories. To manage its price risk arising from investments in equity securities, the Group diversifies its portfolio. Diversification of the portfolio is done in accordance with the limits set by the Group.

Interest rate risk

a. The Group's interest rate risk arises from borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk which is partially offset by cash and cash equivalents held at variable rates. During the years ended December 31, 2016 and 2015, the Group's borrowings at variable rate were denominated in USD and NTD.

b. The Group 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 Group 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 Group expects no significant interest rate risk.

c. At December 31, 2016 and 2015, if interest rates on borrowings had been 1 basis point (0.01%) higher with all other variables held constant, non-operating expenses for the years ended December 31, 2016 and 2015 would have been $588 and $652 higher, respectively, mainly as a result of higher interest expense on floating rate borrowings.

(B) Credit risk

a. Credit risk refers to the risk of financial loss to the Group 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 Group's credit policy, each operating entity in the Group 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 mainly from cash and cash equivalents, derivative financial instruments, deposits and short-term financial products guaranteed income with banks and financial institutions, as well as credit exposures to wholesale and retail customers, 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 the years ended December 31, 2016 and 2015, and the 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.

(C) Liquidity risk

a. Cash flow forecasting is performed in the operating entities of the Group and aggregated by the Group treasury. The Group treasury monitors rolling forecasts of the Group's liquidity requirements to ensure it has sufficient cash to meet operational needs while maintaining sufficient headroom on its undrawn committed borrowing facilities at all times so that the Group does not breach borrowing limits or covenants on any of its borrowing facilities. Such forecasting takes into consideration the Group's cash flow plans and compliance with internal balance sheets ratio targets.

b. The Group 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, 2016 and 2015, the Group held financial assets at fair value through profit or loss of $5,312,977 and $4,418,475, respectively, that are expected to readily generate cash inflows for managing liquidity risk.

c. The table below analyses the Group’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.

	2016/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 2,978,526	$ -	$ -	$ -	$ 2,978,526
Notes and trade payables	73,544,002	-	-	-	73,544,002
Other payables - accrued expenses	38,104,869	-	-	-	38,104,869
Long-term borrowings (including current portion)	728,092	540,000	-	-	1,268,092
Other financial liabilities	1,207,407	-	-	-	1,207,407
Derivative financial liabilities:					
Forward exchange contracts	66,202	-	-	-	66,202
Currency option contracts	129,299	-	-	-	129,299

	2015/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	Total
Non-derivative financial liabilities:					
Short-term borrowings	$ 1,818,425	$ -	$ -	$ -	$ 1,818,425
Notes and trade payables	58,607,773	-	-	-	58,607,773
Other payables - accrued expenses	43,205,661	-	-	-	43,205,661
Long-term borrowings (including current portion)	331,283	1,541,074	300,000	-	2,172,357
Other financial liabilities	1,595,999	-	-	-	1,595,999
Derivative financial liabilities:					
Forward exchange contracts	432,816	-	-	-	432,816
Currency option contracts	22,902	-	-	-	22,902

d. The Group 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:

	2016/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-end funds	$ 5,089,953	$ -	$ -	$ 5,089,953
Listed and OTC stocks	223,024	-	-	223,024
Forward exchange contracts	-	676,275	-	676,275
Currency option contracts	-	181,397	-	181,397
Derivative financial assets for hedging	-	1,329,360	-	1,329,360
Available-for-sale financial assets				
Listed and OTC stocks	58,487,162	-	-	58,487,162
Unlisted and non-OTC stocks	-	198,933	13,611	212,544
Convertible bonds	-	-	7,575	7,575
	$ 63,800,139	$ 2,385,965	$ 21,186	$ 66,207,290
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 19,676	$ -	$ 19,676
Currency option contracts	-	129,299	-	129,299
Derivative financial liabilities for hedging	-	46,526	-	46,526
	$ -	$ 195,501	$ -	$ 195,501

	2015/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Open-end funds	$ 4,138,131	$ -	$ -	$ 4,138,131
Listed and OTC stocks	203,126	-	-	203,126
Convertible bonds	77,218	-	-	77,218
Forward exchange contracts	-	172,867	-	172,867
Currency option contracts	-	97,799	-	97,799
Derivative financial assets for hedging	-	959,212	-	959,212
Available-for-sale financial assets				
Listed and OTC stocks	52,280,028	-	-	52,280,028
Unlisted and non-OTC stocks	-	279,434	28,131	307,565
Convertible bonds	-	-	7,575	7,575
	$ 56,698,503	$ 1,509,312	$ 35,706	$ 58,243,521
Liabilities:				
Recurring fair value measurements				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	$ -	$ 360,889	$ -	$ 360,889
Currency option contracts	-	22,902	-	22,902
Derivative financial liabilities for hedging	-	71,927	-	71,927
	$ -	$ 455,718	$ -	$ 455,718

C. The methods and assumptions the Group used to measure fair value are as follows:

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

	Listed and OTC 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 Group 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 Group'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 Group'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 consolidated balance sheets. The pricing and inputs information used during valuation are carefully assessed and adjusted based on current market conditions.

D. GLOBALWAFERS CO., LTD. has been listed on the OTC from September 25, 2015, therefore, the Group 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. The following chart is the movement of Level 3:

	For the year ended December 31, 2016		
	Equity instruments	Debt instruments	Total
January 1	$ 28,131	$ 7,575	$ 35,706
Losses recognized in current profit or loss (Note 1)	(20,064)	-	(20,064)
Losses recognized in net other comprehensive loss (Note 2)	8,067	-	8,067
Disposals	(2,523)	-	(2,523)
December 31	$ 13,611	$ 7,575	$ 21,186

	For the year ended December 31, 2015		
	Equity instruments	Debt instruments	Total
January 1	$ 32,438	$ 7,575	$ 40,013
Gains recognized in net other comprehensive income (Note 2)	1,434	-	1,434
Disposals	(5,152)	-	(5,152)
Liquidation	(589)	-	(589)
December 31	$ 28,131	$ 7,575	$ 35,706

Note 1 : Recorded as other gains (losses).
Note 2 : Recorded as unrealized gain (loss) on valuation of available-for-sale financial assets.

F. There was no transfer into or out from Level 3 for the years ended December 31, 2016 and 2015.

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, 2016	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted and non-OTC stocks	$ 13,611	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the 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

	Fair value at December 31, 2015	Valuation technique	Significant unobservable input	Range (weighted average)	Relationship of inputs to fair value
Equity instruments:					
Unlisted and non-OTC stocks	$ 28,131	Net asset value	Not applicable	Not applicable	The higher the net asset value, the higher the 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 Group 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. OPERATING SEGMENT INFORMATION

(1) General information

Management has determined the reportable operating segments based on the reports reviewed by the Board of Directors that are used to make strategic decisions. There is no material change in the basis for formation of entities and division of segments in the Group or in the measurement basis for segment information in this period.

(2) Measurement basis

The Group uses the revenue and operating profit as the measurement for operating segment profit and the basis of performance assessment. The accounting policies of the operating segments and the accounting policies described in Note 4 of the consolidated financial statements are the same.

(3) Segment information

The segment information provided to the chief operating decision-maker for the reportable segments is as follows:

	For the year ended December 31, 2016		
	3C Brand	Others	Total
Revenues from external customers	$ 427,941,886	$ 38,860,820	$ 466,802,706
Revenues from other segments	$ 782,772	$ 7,267,603	- (Note 1)
Segment income	$ 17,394,527	$ 1,400,259	$ 18,794,786
Total assets (Note 2)	$ -	$ -	$ -

	For the year ended December 31, 2015		
	3C Brand	Others	Total
Revenues from external customers	$ 434,724,567	$ 37,610,751	$ 472,335,318
Revenues from other segments	$ 1,795,347	$ 8,499,898	- (Note 1)
Segment income	$ 20,045,601	$ 973,011	$ 21,018,612
Total assets (Note 2)	$ -	$ -	$ -

Note 1: The intra-segment revenues have been eliminated to $0.

Note 2: Because the Group's segment assets are not provided to the chief operating decision-maker, such items are not required to be disclosed.

(4) Reconciliation for segment income

A. The intra-segment transactions are based on fair value. The revenues from external customers reported to the chief operating decision-maker are measured in a manner consistent with the consolidated statements of comprehensive income.

B. The reconciliation of the reportable operating segment's profit (others are the same as consolidated statements of comprehensive income) is as follows:

	For the years ended December 31,	
	2016	2015
Reportable operating segments' profit before adjustment	$ 18,794,786	$ 21,018,612
Unallocated profit (loss)	(42,831)	(12,236)
Reportable operating segments' profit	$ 18,751,955	$ 21,006,376

(5) Geographical information

Geographical information for the years ended December 31, 2016 and 2015 is as follows:

	For the years ended December 31,			
	2016		2015	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	$ 69,869,403	$ 15,261,601	$ 65,467,443	$ 7,378,115
China	77,633,211	5,317,323	79,304,306	5,405,176
Singapore	182,288,894	1,839	188,439,229	4,215
USA	70,798,042	1,086,534	77,563,541	263,655
Europe	38,845,866	66,734	34,645,710	64,406
Others	27,367,290	357,574	26,915,089	441,699
Total	$ 466,802,706	$ 22,091,605	$ 472,335,318	$ 13,557,266

The above non-current assets exclude financing instruments, deferred income tax assets and certain other non-current assets.

(6) Major customer information

No single customer accounts for more than 10% of the consolidated operating revenue for the years ended December 31, 2016 and 2015.

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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, 2016 and 2015, and the related separate statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2016 and 2015, 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, 2016 and 2015, and its separate financial performance and its separate cash flows for the years ended December 31, 2016 and 2015, 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 other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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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.

Evaluation of inventories

Description

The accounting policies on the evaluation of inventories are disclosed in Note 4(12) of the separate financial statements. The uncertainty of accounting estimations and assumptions for evaluation of inventories are disclosed in Note 5 of the separate financial statements. The details of allowance for inventory valuation loss are disclosed in Note 6(7) of the separate financial statements.

ASUSTEK COMPUTER INC. is primarily engaged in the design, R&D and sales of 3C products. Due to the rapid technology innovations and competition within the industry, frequent releases of new products results in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realizable 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 realizable value. Since the evaluation of inventories is subject to management's judgement and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified a key audit matters.

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 are summarized below:

1. Assessed the policy of allowance for inventory valuation loss, based on our understanding of the operations and industry of ASUSTEK COMPUTER INC.
2. Tested whether the basis of market value used in calculating the net realizable value of inventory is consistent with the policy of ASUSTEK COMPUTER INC. and validated selling prices of selected samples of respective inventory and their accuracy of net realizable value calculation.

3. Acquired management's individually identified out-of-date inventory list, inspected the related supporting documents and proper recognition in the financial statements.

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 are summarized below:

1. Assessed the reasonableness of policies used in estimating provision for sales returns and discounts, including the consideration of actual sales returns and discounts in accruing provision for sales returns and discounts. Performed sample testing to verify that accrual rates have been approved appropriately.
2. Sampled 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. Sampled and confirmed that accrual amounts based on the accrual statements of provision for sales returns and discounts have been properly recognized in the financial statements.
4. Sampled and confirmed that the reversal amounts based on the reversal statements of provision for sales returns and discounts have been properly recognized in the financial statements and sampled to check 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 $841,672 thousand and $290,782 thousand, constituting 0.30% and 0.11% of total assets as of December 31, 2016 and

2015, respectively, and other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method amounted to $333,738 thousand and ($121,152) thousand, constituting 1.34% and (0.75%) of total comprehensive income for the years ended December 31, 2016 and 2015, respectively. The financial statements of these investments accounted for under the equity method were audited by other 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 a 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.

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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 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 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.

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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 report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou Tseng, Hui-Chin
CHOU TSENG, HUI-CHIN

Ming-hui Chang
CHANG, MING-HUI

for and on behalf of PricewaterhouseCoopers, Taiwan

March 17, 2017

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

ASSETS	Notes	DECEMBER 31, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%
Current assets					
Cash and cash equivalents	6(1)	$ 2,016,862	1	$ 5,731,165	2
Financial assets at fair value through profit or loss - current	6(2)	4,578,671	2	3,713,138	1
Available-for-sale financial assets - current	6(3)	298,640	-	242,625	-
Trade receivables	6(5)(6)	7,965,978	3	8,056,498	3
Trade receivables - related parties	6(5) and 7	88,730,813	31	74,028,499	29
Other receivables		4,247	-	2,601	-
Inventories	6(7)	31,382,545	11	41,442,033	16
Prepayments	9	2,335,285	1	2,636,039	1
Other current assets		15,343	-	9,367	-
Total current assets		137,328,384	49	135,861,965	52
Non-current assets					
Available-for-sale financial assets - non-current	6(3)	57,960,039	21	51,867,612	20
Financial assets carried at cost - non-current	6(4)	88,577	-	86,463	-
Investments accounted for under equity method	6(8)	73,089,367	26	65,152,837	25
Property, plant and equipment	6(9)	7,008,339	2	3,155,770	2
Investment property		4,010,563	1	90,443	-
Intangible assets		191,765	-	273,810	-
Deferred income tax assets	6(21)	2,278,673	1	2,290,939	1
Other non-current assets	8	461,146	-	331,538	-
Total non-current assets		145,088,469	51	123,249,412	48
TOTAL ASSETS		$ 282,416,853	100	$ 259,111,377	100

(Continued)

ASUSTEK COMPUTER INC.
SEPARATE BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

LIABILITIES AND EQUITY	Notes	DECEMBER 31, 2016 AMOUNT	%	DECEMBER 31, 2015 AMOUNT	%
Current liabilities					
Financial liabilities at fair value through profit or loss - current	6(2)	$ 50,962	-	$ -	-
Notes and trade payables	6(6) and 7	63,718,140	23	49,061,306	19
Other payables - accrued expenses	6(6) and 7	20,113,998	7	25,760,871	10
Current income tax liabilities		1,184,335	-	1,602,355	-
Provisions for liabilities - current	6(11) and 9	4,252,783	2	4,350,954	2
Other current liabilities	7	485,121	-	781,137	-
Total current liabilities		89,805,339	32	81,556,623	31
Non-current liabilities					
Deferred income tax liabilities	6(21)	10,263,335	4	9,020,045	4
Other non-current liabilities		862,696	-	1,182,770	-
Total non-current liabilities		11,126,031	4	10,202,815	4
Total liabilities		100,931,370	36	91,759,438	35
Equity					
Share capital - common shares	6(12)	7,427,603	3	7,427,603	3
Capital surplus	6(13)	5,079,722	2	4,719,653	2
Retained earnings	6(14)(21)				
Legal reserve		31,508,782	11	29,799,035	12
Special reserve		693,941	-	699,231	-
Unappropriated retained earnings		101,793,153	36	95,436,277	37
Other equity	6(3)(15)(21)	34,982,282	12	29,270,140	11
Total equity		181,485,483	64	167,351,939	65
TOTAL LIABILITIES AND EQUITY		$ 282,416,853	100	$ 259,111,377	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, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

		FOR THE YEARS ENDED DECEMBER 31,			
		2016		2015	
ITEMS	Notes	AMOUNT	%	AMOUNT	%
Operating revenue	6(16) and 7	$ 360,595,685	100	$ 377,074,468	100
Operating costs	6(7)(10)(19)(20) and 7	(337,844,298)	(94)	(351,287,072)	(93)
Gross profit		22,751,387	6	25,787,396	7
Unrealized profit from sales		(88,754)	-	(1,688,741)	(1)
Realized gross profit		22,662,633	6	24,098,655	6
Operating expenses	6(10)(19)(20), 7 and 9				
Selling expenses		(3,214,082)	(1)	(3,002,999)	(1)
General and administrative expenses		(1,955,233)	(1)	(3,415,368)	(1)
Research and development expenses		(8,412,498)	(2)	(8,416,291)	(2)
Total operating expenses		(13,581,813)	(4)	(14,834,658)	(4)
Operating profit		9,080,820	2	9,263,997	2
Non-operating income and expenses					
Other income	6(17)	2,848,216	1	2,509,894	1
Other gains (losses)	6(2)(3)(18)	1,386,853	-	1,871,168	-
Finance costs		(111)	-	(18)	-
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method		9,185,786	3	7,352,930	2
Total non-operating income and expenses		13,420,744	4	11,733,974	3
Profit before income tax		22,501,564	6	20,997,971	5
Income tax expenses	6(21)	(3,298,827)	(1)	(3,900,501)	(1)
Profit for the year		$ 19,202,737	5	$ 17,097,470	4
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		($ 19,365)	-	($ 39,583)	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statement translation differences of foreign operations	6(15)	(979,560)	-	1,975,951	1
Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(15)	6,150,310	2	(2,512,144)	(1)
Share of other comprehensive income (loss) of subsidiaries, associates and joint ventures accounted for under equity method	6(8)(15)	466,181	-	(225,040)	-
Income tax relating to the components of other comprehensive income	6(15)(21)	94,576	-	(226,896)	-
Other comprehensive income (loss) for the year		$ 5,712,142	2	($ 1,027,712)	-
Total comprehensive income for the year		$ 24,914,879	7	$ 16,069,758	4
Earnings per share (In dollars)	6(22)				
Basic earnings per share		$ 25.85		$ 23.02	
Diluted earnings per share		$ 25.60		$ 22.83	

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, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Capital Surplus		Retained Earnings			Other 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 on effective portion of cash flow hedges	Remeasurements of defined benefit plan	Total equity
For the year ended December 31, 2015											
Balance at January 1, 2015 (Note 6(14))	$ 7,427,603	$ 4,227,966	$ 224,791	$ 27,851,994	$ 699,350	$ 92,912,654	$ 1,940,298	$ 28,011,777	$ 365,822	($ 20,045)	$ 163,642,210
Appropriations of 2014 earnings											
Legal reserve	-	-	-	1,947,041	-	(1,947,041)	-	-	-	-	-
Cash dividends	-	-	-	-	-	(12,626,925)	-	-	-	-	(12,626,925)
Profit for the year	-	-	-	-	-	17,097,470	-	-	-	-	17,097,470
Other comprehensive income (loss) for the year	-	-	-	-	-	-	987,350	(2,496,942)	521,463	(39,583)	(1,027,712)
Reversal of special reserve	-	-	-	-	(119)	119	-	-	-	-	-
Change in associates and joint ventures accounted for under equity method	-	-	5,526	-	-	-	-	-	-	-	5,526
Difference between proceeds from acquisition or disposal of subsidiary and book value	-	-	261,370	-	-	-	-	-	-	-	261,370
Balance at December 31, 2015	$ 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
For the year ended December 31, 2016											
Balance at January 1, 2016 (Note 6(14))	$ 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											
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 proceeds from acquisition or disposal of subsidiary and book value	-	-	358,439	-	-	-	-	-	-	-	358,439
Balance at December 31, 2016	$ 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

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, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	FOR THE YEARS ENDED DECEMBER 31, 2016	2015
Cash flows from operating activities		
Profit before income tax for the year	$ 22,501,564	$ 20,997,971
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)	225,378	293,113
Amortisation	178,923	173,071
Bad debt (reversal of allowance for doubtful accounts) provision	(93,956)	26,289
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	28,138	(52,615)
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(9,185,786)	(7,352,930)
Interest income	(23,890)	(135,072)
Dividend income	(2,824,326)	(2,374,822)
Unrealized profit from sales	88,754	1,688,741
Others	8,387	31,191
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	(780,889)	(221,609)
Trade receivables	184,476	(1,080,633)
Trade receivables - related parties	(14,702,314)	12,334,063
Other receivables	31	22,506
Inventories	10,059,488	(6,491,615)
Prepayments	(73,606)	(62,522)
Other current assets	(5,976)	17,197
Financial liabilities at fair value through profit or loss	(61,820)	(18,163)
Notes and trade payables	14,656,834	(25,629,896)
Other payables - accrued expenses	(5,262,722)	2,390,405
Provisions for liabilities	(98,171)	1,162,217
Other current liabilities	(292,013)	334,485
Receipt of interest	25,398	141,582
Payment of interest	(111)	(18)
Payment of income tax	(2,366,715)	(3,313,718)
Net cash flows provided by (used in) operating activities	12,185,076	(7,120,782)
Cash flows from investing activities		
Acquisition of available-for-sale financial assets	-	(153,323)
Acquisition of investments accounted for under equity method	(100,000)	(204,348)
Proceeds from disposal of investments accounted for under equity method	149,056	277,289
Acquisition of property, plant and equipment	(4,078,685)	(222,213)
Acquisition of investment property	(3,921,506)	-
Proceeds from capital reduction of investments accounted for under equity method	5,134	2,133,042
Changes in other non-current assets	(177,393)	(60,281)
Receipt of dividends	3,408,711	2,831,489
Others	(69,283)	(77,073)
Net cash flows provided by (used in) investing activities	(4,783,966)	4,524,582
Cash flows from financing activities		
Payment of cash dividends	(11,141,404)	(12,626,925)
Others	25,991	(4,219)
Net cash flows provided by (used in) financing activities	(11,115,413)	(12,631,144)
Decrease in cash and cash equivalents	(3,714,303)	(15,227,344)
Cash and cash equivalents at beginning of the year	5,731,165	20,958,509
Cash and cash equivalents at end of the year	$ 2,016,862	$ 5,731,165

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, 2016 AND 2015
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS,
EXCEPT AS OTHERWISE INDICATED)

1. HISTORY AND ORGANIZATION

(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 AUTHORIZATION FOR ISSUANCE OF THE SEPARATE FINANCIAL STATEMENTS AND PROCEDURES FOR AUTHORIZATION

These separate financial statements were authorized for issuance by the Board of Directors on March 17, 2017.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

None.

(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 endorsed by FSC effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Investment entities: applying the consolidation exception (amendments to IFRS 10, IFRS 12 and IAS 28)	January 1, 2016
Accounting for acquisition of interests in joint operations (amendments to IFRS 11)	January 1, 2016
IFRS 14, 'Regulatory deferral accounts'	January 1, 2016

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 1)	January 1, 2016
Clarification of acceptable methods of depreciation and amortisation (amendments to IAS 16 and IAS 38)	January 1, 2016
Agriculture: bearer plants (amendments to IAS 16 and IAS 41)	January 1, 2016
Defined benefit plans: employee contributions (amendments to IAS 19R)	July 1, 2014
Equity method in separate financial statements (amendments to IAS 27)	January 1, 2016
Recoverable amount disclosures for non-financial assets (amendments to IAS 36)	January 1, 2014
Novation of derivatives and continuation of hedge accounting (amendments to IAS 39)	January 1, 2014
IFRIC 21, 'Levies'	January 1, 2014
Improvements to IFRSs 2010-2012	July 1, 2014
Improvements to IFRSs 2011-2013	July 1, 2014
Improvements to IFRSs 2012-2014	January 1, 2016

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

Annual improvements to IFRSs 2012-2014 cycle

IFRS 7, 'Financial instruments: Disclosures'

This amendment clarifies that disclosure of offsetting is not required for all interim periods.

After evaluation, this amendment will reduce the disclosures in the interim financial statements.

(3) International Financial Reporting Standards issued by 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 effective from 2017 are as follows:

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Classification and measurement of share-based payment transactions (amendments to IFRS 2)	January 1, 2018
Applying IFRS 9, 'Financial instruments' with IFRS 4, 'Insurance contracts' (amendments to IFRS 4)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
Sale or contribution of assets between an investor and its associate or joint venture (amendments to IFRS 10 and IAS 28)	To be determined by International Accounting Standards Board
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
IFRS 16, 'Leases'	January 1, 2019
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Transfers of investment property (amendments to IAS 40)	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
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 operating results based on the Company's assessment. The quantitative impact will be disclosed when the assessment is complete.

A. 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 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 recognize 12-month expected credit losses ("ECL") or lifetime ECL (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.

(C) The amended general hedge accounting makes the accounting practices consistent with an entity's risk management strategy. The components and the grouping of non-financial items can be loosened as hedged items. The 80%~125% threshold of highly efficient hedge is removed, and that the hedged items and the hedged percentages that the hedge instruments can rebalance under the unchanged business objectives of risk management is increased.

B. IFRS 15, “Revenue from contracts with customers”

The core principle of IFRS 15, “Revenue from contracts with customers” is that revenue is recognized to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. IFRS 15 establishes a five-step model that will apply to revenue earned from a contract with a customer, regardless of the type of revenue transaction or the industry. Extensive disclosures will be required, including disaggregation of total revenue; information related to performance obligations; changes in contract asset and liability account balances between periods and key judgements and assumptions.

C. IFRS 16, “Leases”

IFRS 16, “Leases”, replaces IAS 17, “Leases” and related interpretations and 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 at the period end are re-translated at the exchange rates prevailing at the end of the financial reporting period. Exchange differences arising upon re-translation at the end of the financial reporting period 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 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 pay off 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 paid off within the normal operating cycle;

(B) Liabilities arising mainly from trading activities;

(C) Liabilities that are to be paid off 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-interesting-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-acqusition 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% 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 are not recognized in 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 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-interesting 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 expenses 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 defined benefit net 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 expenses and liabilities, 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, 2016, the carrying amount of inventories was $31,382,545.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	2016/12/31	2015/12/31
Cash on hand and petty cash	$ 245	$ 245
Checking accounts and demand deposits	38,667	21,639
Time deposits	1,977,950	5,709,281
	$ 2,016,862	$ 5,731,165

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

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

	2016/12/31	2015/12/31
Current items:		
Financial assets held for trading		
Open-end funds	$ 4,474,948	$ 3,567,590
Convertible bonds	-	77,218
Listed and OTC stocks	56,225	65,791
Forward exchange contracts	47,498	2,539
	$ 4,578,671	$ 3,713,138
Current items:		
Financial liabilities held for trading		
Currency option contracts	$ 50,962	$ -

A. The Company recognized net gain (loss) on derivative financial instruments held for trading amounting to ($23,533) and $15,182 and net gain (loss) on non-derivative financial instruments held for trading amounting to ($4,605) and $37,433 for the years ended December 31, 2016 and 2015, respectively.

B. The unexpired contracts are as follows:

	2016/12/31		2015/12/31	
	Contract amount (Nominal principal) (in thousands)	Contract period	Contract amount (Nominal principal) (in thousands)	Contract period
Derivative financial assets:				
Forward exchange contracts				
-NTD/USD	USD 155,000	2016/11-2017/02	USD 20,000	2015/12 - 2016/01
Derivative financial liabilities:				
Currency option contracts				
-USD/NTD	USD 174,000	2016/11-2017/03	-	-

(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

	2016/12/31	2015/12/31
Current items:		
Listed and OTC stocks	$ 266,187	$ 266,187
Unlisted and non-OTC stocks	30,000	30,000
	296,187	296,187
Valuation adjustment	66,867	8,984
Accumulated impairment	(64,414)	(62,546)
	$ 298,640	$ 242,625
Non-current items:		
Listed and OTC stocks	$ 26,460,851	$ 26,460,851
Unlisted and non-OTC stocks	122,939	122,939
Convertible bonds	7,575	7,575
	26,591,365	26,591,365
Valuation adjustment	31,368,674	25,276,247
	$ 57,960,039	$ 51,867,612

A. The Company recognized $6,150,310 and ($2,512,144) in other comprehensive income for fair value change and reclassified ($1,868) and ($14,255) from equity to profit or loss for the years ended December 31, 2016 and 2015, 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 $1,868 and $8,397 for the years ended December 31, 2016 and 2015, respectively.

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

(4) Financial assets measured at cost

	2016/12/31	2015/12/31
Non-current items:		
Unlisted and non-OTC stocks	$ 100,000	$ 100,000
Private fund	25,718	23,604
	125,718	123,604
Accumulated impairment	(37,141)	(37,141)
	$ 88,577	$ 86,463

A. In accordance with the Company's intention, its investment in the 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) Trade receivables (including related parties)

	2016/12/31	2015/12/31
Trade receivables (including related parties)	$ 99,291,611	$ 92,270,836
Less: allowance for sales returns and discounts	(2,551,047)	(10,048,074)
Less: allowance for doubtful accounts (accumulated impairment)	(43,773)	(137,765)
	$ 96,696,791	$ 82,084,997

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

	2016/12/31	2015/12/31
Less than 90 days	$ 880,842	$ 2,450,827
Between 91 and 180 days	1,887	40,747
More than 181 days	-	1,078
	$ 882,729	$ 2,492,652

The above aging analysis was based on overdue days 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)

	2016/12/31	2015/12/31
Gross amount (including related parties)	$ 43,773	$ 137,765

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

	2016			2015		
	Individual provision	Group provision	Total	Individual provision	Group provision	Total
January 1	$ 106,955	$ 30,810	$ 137,765	$ 100,692	$ 10,784	$ 111,476
Recognition (reversal)	(106,955)	12,999	(93,956)	6,263	20,026	26,289
Write-offs	-	(36)	(36)	-	-	-
December 31	$ -	$ 43,773	$ 43,773	$ 106,955	$ 30,810	$ 137,765

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:

	2016/12/31	2015/12/31
Group 1	$ 88,687,661	$ 74,026,611
Group 2	7,126,401	5,565,734
	$ 95,814,062	$ 79,592,345

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 $35,020,405 and $39,891,827 on December 31, 2016 and 2015, respectively) and liabilities (fair value of $44,446,693 and 46,830,179 on December 31, 2016 and 2015, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables, notes payable, trade payables and other payables – accrued expenses.

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

	Offsetting trade receivables, notes payable, trade payables and other payables - accrued expenses				
	Gross amounts of financial assets (before offset)	Gross amounts of financial liabilities (before offset)	Gross amounts of financial liabilities set off	Amounts of financial assets presented in the balance sheet (after offset)	Amounts of financial liabilities presented in the balance sheet (after offset)
2016/12/31	$ 35,020,405	($ 44,446,693)	($ 35,020,405)	$ -	($ 9,426,288)
2015/12/31	39,891,827	(46,830,179)	(39,011,601)	880,226	(7,818,578)

(7) Inventories

	2016/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 29,879,731	($ 2,701,332)	$ 27,178,399
Work in process	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
	$ 34,759,581	($ 3,377,036)	$ 31,382,545

	2015/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	$ 41,033,831	($ 3,287,532)	$ 37,746,299
Work in process	1,033,044	(68,228)	964,816
Finished goods	1,291,057	(92,675)	1,198,382
Merchandise inventories	1,738,194	(450,915)	1,287,279
Inventories in transit	245,257	-	245,257
	$ 45,341,383	($ 3,899,350)	$ 41,442,033

Except for cost of goods sold, the inventories recognized as increase in operating costs amounted to ($155,073) and $424,078, of which ($522,314) and $106,578 pertain to the decline (recovery) in value of inventories for the years ended December 31, 2016 and 2015, 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

	2016/12/31		2015/12/31	
	Book Value	Ownership (%)	Book Value	Ownership (%)
Subsidiaries:				
AIL	$ 37,523,542	100.00	$ 36,119,591	100.00
ASGL	21,445,922	100.00	15,256,953	100.00
ASKEY	6,614,403	100.00	7,180,470	100.00
AAEON	2,735,926	45.58	2,583,423	47.00
HCVC	1,400,290	100.00	1,255,250	100.00
HMI	885,973	100.00	804,908	100.00
AHL	648,236	100.00	657,342	100.00
ASMEDIA	612,887	41.08	527,953	41.23
Others	1,184,587		730,262	
	73,051,766		65,116,152	
Associates:				
Others	37,601		36,685	
	$ 73,089,367		$ 65,152,837	

A. Subsidiaries

Information about the Company's subsidiaries is provided in Note 4(3) of the 2016 consolidated financial statements (not presented herein).

B. Associates

The Company's associates are all immaterial, and the share of the associates' operating results are summarized below:

	For the years ended December 31,	
	2016	2015
Profit (loss) for the year	$ 23,117	($ 100,676)
Other comprehensive income (loss) for the year - net of income tax	(583)	13
Total comprehensive income (loss) for the year	$ 22,534	($ 100,663)

(9) Property, plant and equipment

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	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)
	$ 981,191	$ 1,733,264	$ 204,324	$ 236,991	$ 3,155,770
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	$ 4,891,103	$ 1,687,355	$ 194,768	$ 235,113	$ 7,008,339
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)
	$ 4,891,103	$ 1,687,355	$ 194,768	$ 235,113	$ 7,008,339

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Total
January 1, 2015					
Cost	$ 981,191	$ 2,312,270	$ 648,080	$ 4,589,503	$ 8,531,044
Accumulated depreciation and impairment	-	(532,311)	(441,632)	(4,315,545)	(5,289,488)
	$ 981,191	$ 1,779,959	$ 206,448	$ 273,958	$ 3,241,556
January 1, 2015	$ 981,191	$ 1,779,959	$ 206,448	$ 273,958	$ 3,241,556
Acquisitions	-	-	101,989	116,915	218,904
Disposals	-	-	-	(13,166)	(13,166)
Depreciation	-	(46,695)	(104,316)	(140,716)	(291,727)
Reclassifications	-	-	203	-	203
December 31, 2015	$ 981,191	$ 1,733,264	$ 204,324	$ 236,991	$ 3,155,770
December 31, 2015					
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)
	$ 981,191	$ 1,733,264	$ 204,324	$ 236,991	$ 3,155,770

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 $1,041 and $3,843 for the years ended December 31, 2016 and 2015, respectively.

(C) Expected contribution to the defined benefit pension plan of the Company for the year ending December 31, 2017 are $1,006.

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 $282,288 and $260,177 for the years ended December 31, 2016 and 2015, respectively.

(11) Provisions for liabilities

	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)
Write-offs	(4,541)	-	(4,541)
Net exchange differences	2,951	(94,496)	(91,545)
December 31, 2016	$ 236,045	$ 4,016,738	$ 4,252,783

	Provisions for warranty		Provisions for legal claims and royalty		Total	
January 1, 2015	$	-	$	3,188,737	$	3,188,737
Recognition (reversal)		-		1,036,467		1,036,467
Net exchange differences		-		125,750		125,750
December 31, 2015	$	-	$	4,350,954	$	4,350,954

Analysis of total provisions for liabilities:

	2016/12/31		2015/12/31	
Current	$	4,252,783	$	4,350,954

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, 2016, 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 outstanding 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, 2016 and 2015 are both 742,760,280 shares.

B. As of December 31, 2016, the Company issued Global Depositary Receipts (GDRs), of which 5,483,000 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 27,416,000 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.

	2016/12/31	2015/12/31
Share premium	$ 4,227,966	$ 4,227,966
Difference between proceeds from acquisition or disposal of subsidiary and book value	846,333	487,894
Changes in associates and joint ventures accounted for under equity method	5,423	3,793
	$ 5,079,722	$ 4,719,653

(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 12, 2015, the Company recognized cash dividends distributed to owners amounting to $12,626,925 ($17 (in dollars) per share) for the appropriation of 2014 earnings. On June 8, 2016, the shareholders resolved to distribute cash dividends amounting to $11,141,404 ($15 (in dollars) per share) for the appropriation of 2015 earnings.

F. The appropriations of 2016 earnings had been proposed by the Board of Directors on March 17, 2017. Details are summarized as follows:

	For the year ended December 31, 2016	
	Amount	Dividends per share (in dollars)
Cash dividends	$ 12,626,925	$ 17.00

As of March 17, 2017, the appropriations of 2016 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

	Gain (loss) on effective portion of cash flow hedges	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
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	$ 1,282,834	$ 31,628,691	$ 2,149,750	($ 78,993)	$ 34,982,282

	Gain (loss) on effective portion of cash flow hedges	Unrealized gain on valuation of available-for-sale financial assets	Financial statements translation differences of foreign operations	Remeasurement of defined benefit plans	Total
January 1, 2015	$ 365,822	$ 28,011,777	$ 1,940,298	($ 20,045)	$ 30,297,852
-The Company	-	(2,512,144)	1,749,055	-	(763,089)
-Subsidiaries	521,463	15,212	(762,065)	(39,583)	(264,973)
-Associates	-	(10)	360	-	350
December 31, 2015	$ 887,285	$ 25,514,835	$ 2,927,648	($ 59,628)	$ 29,270,140

(16) Operating revenue

	For the years ended December 31,	
	2016	2015
Sales revenue	$ 360,595,685	$ 377,074,468

(17) Other income

	For the years ended December 31,	
	2016	2015
Interest income	$ 23,890	$ 135,072
Dividend income	2,824,326	2,374,822
	$ 2,848,216	$ 2,509,894

(18) Other gains (losses)

	For the years ended December 31,	
	2016	2015
Net gains (losses) on non-derivative financial instruments	($ 4,605)	$ 37,433
Net gains (losses) on derivative financial instruments	(23,533)	15,182
Net currency exchange gains (losses)	1,030,846	1,746,536
Gains (losses) on disposal of investments	(3)	(3,260)
Other net gains (losses)	384,148	75,277
	$ 1,386,853	$ 1,871,168

(19) Costs and expenses by nature

	For the years ended December 31,					
	2016			2015		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	$ 372,146	$ 8,647,926	$ 9,020,072	$ 367,478	$ 9,017,546	$ 9,385,024
Depreciation	4,154	219,838	223,992	73,660	218,067	291,727
Amortisation	44	178,879	178,923	-	173,071	173,071

(20) Employee benefit expenses

	For the years ended December 31,	
	2016	2015
Wages and salaries	$ 7,991,235	$ 8,422,109
Labor and health insurance	541,899	502,613
Pension (Note)	283,329	264,020
Other personnel expenses	203,609	196,282
	$ 9,020,072	$ 9,385,024

The Company's headcount totaled 6,870 and 6,710 employees as of December 31, 2016 and 2015, 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, 2016 and 2015, employees' compensation was accrued at $1,364,457 and $1,273,281, respectively; directors' remuneration was accrued at $71,814 and $67,015, 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, 2016. The Board of Directors resolved to distribute employees' and directors' compensation amounting to $1,364,457 and $71,814, respectively, and employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration for 2015 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2015 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 will be posted in the "Market Observation Post System" at the website of the Taiwan Stock Exchange.

(21) Income tax

A. Income tax expenses

(A) Components of income tax expenses:

	For the years ended December 31,	
	2016	2015
Current income tax:		
Current income tax on profits for the year	$ 1,535,443	$ 2,310,266
Additional 10% tax on unappropriated earnings	424,632	488,133
Difference between prior year's income tax estimation and assessed results	(11,380)	(334,940)
Total current income tax	1,948,695	2,463,459
Deferred income tax:		
Origination and reversal of temporary differences	1,350,132	1,437,042
Income tax expenses	$ 3,298,827	$ 3,900,501

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

	For the years ended December 31,	
	2016	2015
Currency translation differences	($ 94,576)	$ 226,896

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31, 2016	2015
Income tax calculated based on profit before tax and statutory tax rate	$ 3,825,266	$ 3,569,655
Tax exempt income by tax regulation	(484,072)	(407,249)
Effect from tax exemption on investment income (loss)	(173,329)	(89,007)
Additional 10% tax on unappropriated earnings	424,632	488,133
Difference between prior year's income tax estimation and assessed results	(11,380)	(334,940)
Impact of change in the tax rate on unrealized profit from sales	(404,722)	371,696
Effect from exchange differences	116,034	349,328
Others	6,398	(47,115)
Income tax expenses	$ 3,298,827	$ 3,900,501

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

	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	$ 2,290,939	($ 12,266)	$ -	$ 2,278,673
- 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	($ 9,020,045)	($ 1,337,866)	$ 94,576	($ 10,263,335)
Total	($ 6,729,106)	($ 1,350,132)	$ 94,576	($ 7,984,662)

	2015			
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	December 31
Temporary differences:				
- Deferred income tax assets:				
Unrealized profit from sales	$ 658,316	$ 234,081	$ -	$ 892,397
Unrealized purchase discounts	816	5,644	-	6,460
Unrealized exchange losses	-	9,261	-	9,261
Decline in value of inventories	644,771	18,118	-	662,889
Unrealized provisions for legal claims and royalty	516,393	176,199	-	692,592
Others	151,474	(124,134)	-	27,340
Subtotal	$ 1,971,770	$ 319,169	$ -	$ 2,290,939
- Deferred income tax liabilities:				
Investment income from foreign investees	($ 6,679,671)	($ 1,783,185)	$ -	($ 8,462,856)
Unrealized exchange gains	(26,974)	26,974	-	-
Currency translation differences	(330,293)	-	(226,896)	(557,189)
Subtotal	($ 7,036,938)	($ 1,756,211)	($ 226,896)	($ 9,020,045)
Total	($ 5,065,168)	($ 1,437,042)	($ 226,896)	($ 6,729,106)

D. The Tax Authority has examined the Company's income tax returns through 2013.

E. Unappropriated retained earnings:

	2016/12/31	2015/12/31
Earnings generated in and after 1998	$ 101,793,153	$ 95,436,277

F. Imputation credit account (ICA) and creditable ratio:

	2016/12/31	2015/12/31
(A) ICA balance	$ 15,112,733	$ 14,416,357
	2016 (Expected)	2015 (Actual)
(B) Creditable ratio for earnings distribution	15.63%	16.78%

(22) Earnings per share

	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)
Basic earnings per share			
Profit for the year	$ 19,202,737	742,760	$ 25.85
Diluted earnings per share			
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

	For the year ended December 31, 2015		
	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
Basic earnings per share			
Profit for the year	$ 17,097,470	742,760	$ 23.02
Diluted earnings per share			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	6,270	
Profit for the year plus assumed conversion of all dilutive potential ordinary shares	$ 17,097,470	749,030	$ 22.83

(23) Operating leases

The Company leases offices and parking lots under operating lease agreements. The Company recognized rental expenses of $249,604 and $181,156 for the years ended December 31, 2016 and 2015, 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) Significant transactions and balances with related parties

A. Sales of goods:

	For the years ended December 31, 2016	For the years ended December 31, 2015
Sales of goods		
-Subsidiaries	$ 351,797,877	$ 369,316,030
-Associates	-	82
-Others	2,073	1,836
	$ 351,799,950	$ 369,317,948

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, 2016	For the years ended December 31, 2015
Purchases of goods		
-Subsidiaries	$ 1,437,881	$ 2,172,935
-Associates	41,568	32,921
-Others	27,585	18,026
	1,507,034	2,223,882
Purchases of services		
-Subsidiaries	80,000	23,171
-Associates	52	283
-Others	15,000	15,000
	95,052	38,454
	$ 1,602,086	$ 2,262,336

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:

	2016/12/31	2015/12/31
Trade receivables		
-Subsidiaries	$ 88,730,813	$ 74,028,499

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:

	2016/12/31	2015/12/31
Notes and trade payables		
-Subsidiaries	$ 403,566	$ 318,261
-Associates	8,306	9,297
-Others	11,140	4,799
	423,012	332,357
Other items of current liabilities		
-Subsidiaries	131,825	123,398
-Associates	-	296
	131,825	123,694
	$ 554,837	$ 456,051

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

(3) Chief management compensation

	For the years ended December 31,	
	2016	2015
Salaries and other short-term employee benefits	$ 627,640	$ 600,308
Post-employment benefits	5,720	5,223
	$ 633,360	$ 605,531

8. PLEDGED ASSETS

		Book Value		
Pledged assets	Item	2016/12/31	2015/12/31	Purpose
Other non-current assets	Time deposits	$ 184,311	$ 184,922	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, thermal management method and device, multi-core ARM processor products, notebook, Pad, desktop, User Interface, audio signal encoding and decoding system, Audio stream, products with UMTS, products with Android 4.0 or later version and 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 liquid-crystal display module for cellphone, Pad and notebook, smart lock for Android 5.0, Zhuyin input function, entertaining communication system, notebook with dust filter, MP3 function for desktop and notebook, Broadcom chip, ZenFone trademarks, ASUS WebStorage, motherboards, routers against the Company. These lawsuits or investigations are currently under investigation in a Texas court, in a California court, in a Virginia court, in a Massachusetts 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. A plaintiff filed a criminal suit for copyright infringement and trade secret misappropriation of USB 3.0 products against the subsidiary, ASMEDIA, and a supplementary civil action against the Company and its subsidiary, ASMEDIA on August 21, 2012. The Company and its subsidiary, ASMEDIA, have appointed an attorney to deal with the cases through the legal process and go through subsequent related matters. This case is in preliminary proceeding and is not yet in judiciary proceedings in Taiwan Taipei District Court. The plaintiff also filed a lawsuit for patent infringement and trade secret misappropriation of USB 3.0 products against the Company and its subsidiaries, ASMEDIA and ACI, in a California court, USA, in August, 2014. The lawsuit has gone to trial, but the Company and its subsidiaries cannot presently determine the outcome of the lawsuit. The Group however expects that the above cases will have no material effect on its operating and financial position.

(2) Commitments

Operating lease commitments

The Company leases offices and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	2016/12/31	2015/12/31
Less than 1 year	$ 246,344	$ 218,834
Between 1 and 2 years	129,381	204,289
Between 2 and 3 years	105,171	109,468
Between 3 and 4 years	12,617	94,993
More than 4 years	-	1,095

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

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

The European Commission has started an investigation into whether the Company has restricted the retail prices of distributors in February, 2017. This case is in preliminary 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 for this investigation.

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 2016, the Company's strategy was to maintain the liability ratio within reasonable security range, which was unchanged from 2015. The liability ratios are as follows:

	2016/12/31	2015/12/31
Total liabilities	$ 100,931,370	$ 91,759,438
Total equity	181,485,483	167,351,939
Total assets	$ 282,416,853	$ 259,111,377
Liability ratio	35.74%	35.41%

(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, 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

a. 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.

b. 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 forward exchange contracts to hedge. 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.

c. The Company has certain investments in foreign operations, whose net assets are exposed to foreign currency translation risk.

d. 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:

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)						
Financial assets						
Monetary items						
USD:NTD	$ 2,950,583,116	32.25	$ 95,156,305	1%	$ 951,563	$ -
Non-monetary items						
USD:NTD	1,940,103,362	32.25	62,568,333	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,477,123,396	32.25	79,887,230	1%	798,872	-

2015/12/31

	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)						
Financial assets						
Monetary items						
USD:NTD	$ 2,372,401,563	32.825	$ 77,874,081	1%	$ 778,741	$ -
Non-monetary items						
USD:NTD	1,679,011,154	32.825	55,113,541	-	-	-
Financial liabilities						
Monetary items						
USD:NTD	2,124,630,434	32.825	69,740,994	1%	697,410	-

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, 2016 and 2015 amounted to $1,030,846 and $1,746,536, 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, 2016 and 2015 would have increased by $562 and $658, respectively. Other comprehensive income - unrealized gain on valuation of available-for-sale financial assets would have increased by $582,511 and $521,027, respectively. The Company is exposed to equity securities price risk because of investments held by the Company 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 2016 and 2015, 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 to monitor rolling forecasts of the Company's liquidity requirements and 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 sheet 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, 2016 and 2015, the Company held financial assets at fair value through profit or loss of $4,531,173 and $3,710,599, 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 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. The amounts disclosed in the table are the contractual undiscounted cash flows.

	2016/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Non-derivative financial liabilities:					
Notes and trade payables	$ 63,718,140	$ -	$ -	$ -	$ 63,718,140
Other payables - accrued expenses	20,113,998	-	-	-	20,113,998
Derivative financial liabilities:					
Currency option contracts	50,962	-	-	-	50,962

	2015/12/31				
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	Over 3 years	Total
Non-derivative financial liabilities:					
Notes and trade payables	$ 49,061,306	$ -	$ -	$ -	$ 49,061,306
Other payables - accrued expenses	25,760,871	-	-	-	25,760,871

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:

	2016/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
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
	$ 62,610,442	$ 219,333	$ 7,575	$ 62,837,350
Liabilities:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Currency option contracts	$ -	$ 50,962	$ -	$ 50,962

	2015/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
Recurring fair value measurements				
Financial assets at fair value through profit or loss				
Listed and OTC stocks	$ 65,791	$ -	$ -	$ 65,791
Open-end funds	3,567,590	-	-	3,567,590
Convertible bonds	77,218	-	-	77,218
Forward exchange contracts	-	2,539	-	2,539
Available-for-sale financial assets				
Listed and OTC stocks	51,850,918	-	-	51,850,918
Unlisted and non-OTC stocks	-	251,744	-	251,744
Convertible bonds	-	-	7,575	7,575
	$ 55,561,517	$ 254,283	$ 7,575	$ 55,823,375

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:

	Listed and OTC 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. GLOBALWAFERS CO., LTD. has been listed on the OTC from September 25, 2015, 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. The following chart is the movement of Level 3:

	For the year ended December 31, 2015		
	Equity instruments	Debt instruments	Total
January 1	$ 372	$ 7,575	$ 7,947
Liquidation	(372)	-	(372)
December 31	$ -	$ 7,575	$ 7,575

There was no change in Level 3 during the year ended December 31, 2016.

F. There was no transfer into or out from Level 3 during the years ended December 31, 2016 and 2015.

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, 2016	Valuation technique	Significant unobservalbe 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

	Fair Value at December 31, 2015	Valuation technique	Significant unobservalbe 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. **OPERATING SEGMENT INFORMATION**

Not applicable.

ASUSTek Computer Inc.

Chairman Jonney Shih