

ASUSTeK Computer Inc.

2017 ANNUAL REPORT

- Taiwan Stock Exchange Market Observation Post System : <http://mops.twse.com.tw>
- ASUS annual report is available at <http://www.asus.com>

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I. Letter to Shareholders

Dear Shareholders:

Thank you for your long-term support.

For ASUS, 2017 was a challenging year as well as a year of successful transformations in support of our long-term business strategy. Last year, we initiated organizational reforms across teams supporting various product and service operations, with the goal of improving operational efficiencies and preparing for the future that the artificial intelligence revolution will bring. In responding to market pressures, we made significant progress with implementing organizational changes to help achieve business goals. These changes will also provide the company with strategic advantages as we move forward.

In an environment of intense competition in 2017, some product lines of the ASUS Systems Business Group encountered pressure from industry competitors. Each ASUS product team faced these pressures pragmatically and worked to improve efficiencies while making necessary strategic adjustments. As a result of these efforts, in the second half of 2017 our overall operations established a positive development trend. Based on the demonstrated commitment of these teams, we expect this overall positive trend to continue in 2018.

Following recent improvements in operational efficiencies, ASUS has become the leading brand of ultrathin and light, as well as 2-in-1, notebooks. Going forward, we will accelerate upgrades across these popular notebook products with the goal of increasing brand value and operating profitability. As we continue to develop our world-renowned gaming products and peripherals, we will also actively seek collaboration with partners to construct an industry-leading gaming ecosystem. Our new smartphone strategy will focus on precise market positioning and include the development of products designed for specific markets, in order to provide the most seamless user experiences. We will also continue to strengthen and solidify our leading position in the components sector. Additionally, we will strive to lead the industry by actively seeking new opportunities for utilizing components, including those used for gaming, cryptocurrency mining and other purposes.

As we make important changes to operations and seek new opportunities with existing product lines, we are simultaneously taking proactive steps to transform the business for the new AI era. We have already begun consolidating internal information, and we will utilize big data and AI to further strengthen operations, with the goal of establishing ASUS as a smart enterprise. As we pursue new product and service opportunities, we will also utilize big data and cloud technology to process direct consumer feedback. AI will drive various aspects of product design and production as we employ predictive modeling technology to help create a new generation of consumer-centric products and services. Our new data- and AI-driven approach will transform all aspects of the business, from our *Design Thinking* process to supply chain management. This consumer-centric, connected-service approach will provide heartfelt technology experiences for everyone.

Operating results for 2017, and the business outlook for 2018, are summarized as follows:

Financial Performance

The 2017 ASUS Group consolidated revenue totaled NT\$434 billion, a 7% decrease compared to 2016. Net profit after tax was NT\$16 billion, of which the net profit attributable to owners of the parent company was NT\$15.5 billion, a decrease of 19% compared to 2016. EPS was NT\$20.93. The combined revenue of ASUS brands in 2017 was NT\$392.9 billion (unaudited), an 8% decrease compared to 2016. Operating income was NT\$12.5 billion (unaudited), a 28% decrease compared to 2016. The year-over-year decline in brand revenue and operating profit was primarily due to an environment of increasing competition across the industry. Overall profits fell to the lowest level of the year during the second quarter of 2017. Subsequently, the company initiated organizational reforms, realigned core teams, reassessed resource allocation and operational focus across various product lines, and established a performance-based bonus mechanism. During the same period, market share of ASUS component

products continued to increase as teams successfully sought out new ways of utilizing components for gaming, cryptocurrency and other uses, increasing profits while further strengthening our brand in those sectors. Through the combined efforts of everyone in the ASUS family, profits and brand operations for the third and fourth quarters of 2017 improved, establishing a positive trend.

In Search of Incredible, International Accolade

The ASUS brand spirit of *In Search of Incredible* continues to be executed thoroughly in all aspects of the business, including product innovation, customer satisfaction and experience, corporate social responsibility and environmental sustainability. Over the course of the year, ASUS garnered multiple prestigious domestic and international accolades which represent the highest honors in the industry. In 2017, ASUS was once again ranked No. 1 in the Taiwan Ministry of Affairs Global Brands Value Survey, acknowledging the company as the most valuable international brand in Taiwan for the fifth consecutive year, with a brand value exceeding US\$1.68 billion. Forbes Magazine ranked ASUS No. 26 in its World's Top Regarded Companies list, and it also ranked ASUS among its World's Most Admired companies, for the third time in recent years. Thompson Reuters named ASUS among their Global Top 100 Tech Leaders.

In 2017, ASUS received widespread international recognition for global sustainability efforts. In 2016, ASUS recycled approximately 10,935 tons of e-waste, worldwide, which represents a recycle rate of 12.2%. ASUS has also established mid- and long-term targets to achieve 15% and 20% e-waste recycling rates by 2020 and 2025, respectively. As a result of these efforts, ASUS won the 2017 Global Green Impact Award as well as the CSR Corporate Citizen Award issued by CommonWealth Magazine in Taiwan.

In 2017, ASUS received 35 Taiwan Excellence awards, marking the sixteenth year that the company won more awards than any other company in Taiwan. ASUS products also earned nine Red Dot Design awards, breaking our previous record for the highest number of Red Dot awards won in a single year. ASUS products also won 15 prestigious Good Design awards in Japan, and 18 prestigious iF Design awards in Germany. Among the iF Design awards, ASUS ROG Zephyrus and ASUS NovaGo, the world's first gigabit LTE 2-in-1 laptop, garnered the spotlight as breakthrough innovations.

Establishing a Smart Enterprise to Provide Connected Services

With ongoing rapid changes across the technology industry, the global economy will transform into a consumer-centric, hyper-converged network, and the AI revolution and its widespread implications will drastically change all aspects of our lives and businesses. ASUS aims to take a leading role in this transformation by changing how we interact with customers and suppliers. Using big data and AI, we will improve internal business logistics and transform the way we develop products and services. Data will drive design ideas as well as operational procedures, helping us to better serve customers. This approach will allow us to provide the most seamless and joyful digital life for everyone.

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

Sincerely yours,



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 372 nd place of the Top 500 Industries in Taiwan by China Credit Information Service Ltd., ranked in the 193 rd place by manufacturing index, and ranked in the 92 nd place of information electronics by Excellence Monthly.
June 1992	Management Magazine ranked the company's Return of Net Worth in the 6 th place, the company's Return of Assets in the 2 nd place, the Employee's Average Earnings in the 19 th place, and the Earnings per Dollar in the 10 th 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 7 th place of the TOP-500 Manufacturers in 1992 and the company's sales revenue ranked in the 263 rd 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 168 th 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 161 st 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 5 th 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 1 st 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 <i>Commonwealth Magazine</i> . Ranked in the 2 nd place of Top-50 Enterprises 50 for three consecutive years (2007~2009) in the special issue of <i>Commonwealth Magazine</i> . Ranked in the 6 th place of Top-1000 Manufacturers as the most profitable operation in the special issue of <i>Commonwealth Magazine</i> (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 <i>Commonwealth Magazine</i> .
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 4 th 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 44 th 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 26 th place of World Business 100.
November 2001	Business Week ranked ASUS in the 28 th 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 10 th 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 "11 th 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 “7 th 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 16 th “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°C 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 24 th “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 3 rd 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 2 nd 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 18 th "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 <i>CommonWealth</i> 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.
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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 1 st , 2011. Shou Yang was the surviving corporation after the merger and acquisition, the Company was renamed AAEON Technology on July 4 th , 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 judges 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 9 th 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 9 th consecutive year in the 20 th 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 234 th place) in the global Top 500 super computers, and in the 37 th 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 <i>CommonWealth</i> 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 “ <i>Search of Incredible</i> ” 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 recognized 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 <i>Zensation</i> 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 Core™ processors.
August 2015	ASUS holds the <i>Incredible Comes to Latin America</i> 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 7 th 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.
April 2017	Laptop Magazine names ASUS the No. 2 laptop brand, worldwide, ranking it highest in design, value and selection.
April 2017	ASUS receives nine Red Dot design awards.
April 2017	ASUS Zenbo and a group of volunteers travel to TaoYuan DaYuan Catholic Church to host a variety of activities and classes for local children.
April 2017	ASUS wins 5th place in Business Weekly's ranking of Taiwan's Innovative Brands.
April 2017	Cheers Magazine names ASUS in its Top 20 Most Attractive Employer list.
April 2017	To celebrate International Earth Day, ASUS organizes a team of volunteers to participate in environmental cleanup activities.
May 2017	ROG partners with worldwide League of Legends champions SK telecom T1 to bring new innovations and trends to the gaming market.
May 2017	ASUS partners with IBM in Taiwan to announce a new cloud strategy for a smart city and IOT development involving Watson, IBM's questing-answering computer system, and the ASUS Cloud OmniStor data center.
May 2017	ROG becomes official sponsor of the Asia division of Rift Rivals in the worldwide League of Legends competition held by Riot Games and Garena.
May 2017	ASUS receives 20 Computex awards, including eight Best Choice awards and 12 Computex d&i awards. Zenbo, ROG Swift PG27UQ, and Blue Cave all win Best Choice Golden awards.
May 2017	ASUS announces five new thin and lightweight laptops during the Computex 2017 press event, including ASUS ZenBook Pro, ZenBook 3 Deluxe, ZenBook Flip S, VivoBook Pro 15 and VivoBook S15.
May 2017	ROG unveils a full lineup of new gaming gear at Computex 2017, including the world's thinnest and most powerful gaming laptop, ROG Zephyrus.
June 2017	Acknowledging World Environment Day, ASUS announces that it recycled more than 10,935 tons of e-waste in 2016, representing approximately 12.2% of the total estimated weight of products sold over the year. The company sets new goals for 2020 and 2025, aiming to increase recycling rates to 15% and 20%, respectively.
July 2017	Askey, an ASUS Group subsidiary, collaborates with Taipei's Transportation Department to create the first smart bus station.
July 2017	Zenbo and a group of volunteers travel to Nantou elementary school to host a camp designed for teaching young students basic skills in computer programming, 3D printing and application design.
August 2017	ASUS launches ZenFone 4 smartphone series and announces Gong Yoo, popular South Korean actor and entertainer, as brand ambassador for the Asia region.
August 2017	ROG and Logitech co-establish a professional esports arena.
August 2017	ASUS ranks No. 6 in the Commonwealth Magazine survey that tracks CSR and sustainability efforts of large corporations.
August 2017	ASUS debuts its Windows Mixed Reality headset during IFA 2017.
August 2017	ROG launches new gaming gear at IFA 2017, including ROG Chimera gaming laptop and ROG Strix XG35VQ curved gaming monitor.
September 2017	ASUS Foundation executes the 7th annual International Volunteer Program, which takes a crew of volunteers to nine countries across Southeast Asia and Africa to assist local schools and communities in efforts to improve digital learning environments and reduce the digital divide.
September 2017	Zenbo and Fengfu collaborate on Zenbo Baby+ project, with the goal of developing content that will help make Zenbo the smartest and friendliest partner for preschool children.
September 2017	ASUS Chairman Jonney Shih receives T3 Lifetime Achievement Award for his contributions to the global technology industry.
October 2017	ASUS and Qualcomm work with the city of Tainan, FarEasTone and Industrial Technology Research Institute to innovate a new method of mobile learning to

	provide teachers and students with a new medium for learning and an external teaching platform.
October 2017	ASUS hosts beach cleanup activities to demonstrate its commitment to caring for the environment.
October 2017	ROG teams up with 168inn to create Asia's first gaming ihotel.
October 2017	ASUS ranks No. 26 on Forbes Top Regarded Companies, and is the only Taiwanese company named in the top 100.
October 2017	ASUS is chosen to represent Taiwan in Facebook's Made by Taiwan brand advertisement campaign.
October 2017	ASUS participates in the Guandu Festival for the third consecutive year, celebrating local community and traditions.
October 2017	ASUS receives a Green award from Cannes Lions and PwC for dedication to the environment across global operations.
November 2017	ASUS receives 15 Good Design awards.
November 2017	Zenbo is released in China, and ASUS collaborates with TenCent on Zenbo Qrobot project to create smart home lifestyles.
November 2017	ASUS works with HsinChu city government to launch the first smart city public data platform.
November 2017	ASUS ranks No. 1 in Interbrand's survey of Taiwanese brands, with a brand value of US\$1.678 billion.
November 2017	ASUS collaborates with Mika Ninagawa for the second time, developing the ASUS ZenBook 3 Deluxe and ASUS ZenBook UX430 marketing campaigns which include exclusive laptop bag, case and accessory designs.
November 2017	Taiwan Institute for Sustainable Energy presents ASUS with an award in its Top 50 Corporate Sustainability Report category.
November 2017	ASUS hosts a night running event to encourage healthy lifestyles for its employees.
December 2017	ASUS receives 35 Taiwan Excellence awards, making it the largest winner for 16 consecutive years.
December 2017	ASUS and Qualcomm launch ASUS NovaGo, the world's first gigabit LTE notebook, at Qualcomm's Tech Summit event in Maui, Hawaii.
December 2017	ASUS ZenFone 4 Selfie Pro wins the 106 IT Month's Top 100 Innovations award.
December 2017	ASUS monitors maintain No. 1 sales ranking throughout Taiwan for the 36th consecutive quarter.
December 2017	In collaboration with Kaohsiung Medical University, Chung-ho Memorial Hospital, Crux-healthtec and National Sun Yat-sen University, ASUS launches the ASUS Healthcare platform to promote better healthcare management.
December 2017	ASUS Cloud launches a healthcare platform designed to better synchronize healthcare records and improve efficiency of entering and managing records.
December 2017	ROG and SK Telecom T1's Faker host a meet-and-greet event for esports fans in Taipei.
December 2017	ASUS Cloud works with PengHua city government and NanTou's county government to launch the first platform designed for education. Educators are shown how to use the cloud platform to support the curriculum, benefiting classrooms.
December 2017	Consolidated operating income for the year is NT\$392.9 billion (unaudited corporate number).



January 2018	ASUS receives Taipei City government's Youth Enterprise Award for efforts to provide career plans and opportunities for young professionals.
January 2018	ASUS RS700-E9 Series servers and WS C621E SAGE workstations are awarded for high performance across 18 different standards by the Standard Performance Evaluation Corporation.
January 2018	ASUS Cloud announces cooperation with 7-ELEVEN's ibon and FamilyMart's FamiPort to offer cloud services for printing, taking the lead by being the first cloud platform to offer this service to private enterprises.
January 2018	Fortune magazine names ASUS in its World's Most Admired Companies list.
January 2018	Thomson Reuters names ASUS in its Top 100 Global Technology Leaders list.

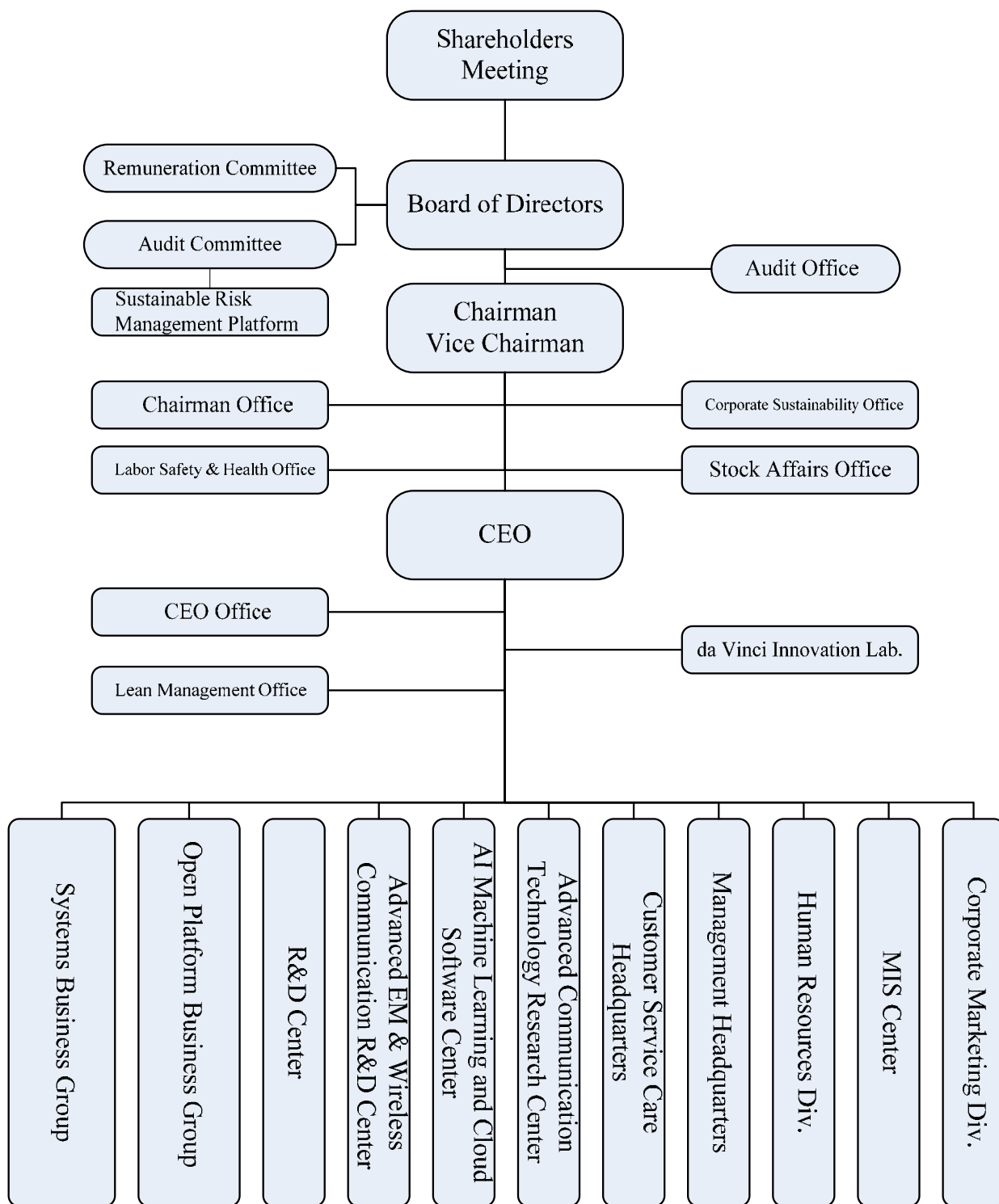
January 2018	ASUS CEO Jerry Shen leads 300 colleagues in the Standard Chartered Marathan to promote a healthy lifestyle for all employees.
February 2018	ASUS Foundation's 10th anniversary film receives three awards at the 2018 Taipei Golden Eagle Micro-Movie Festival.
February 2018	For the 15th consecutive year ASUS wins iF design awards for product innovation and design, setting a new record with 18 product awards.
February 2018	ASUS unveils the ZenFone 5, its first AI smartphone series, at the MWC event in Barcelona, Spain.
March 2018	ASUS opens its first flagship store in Tokyo, providing Japanese consumers and tourists with immediate, high-quality service.
March 2018	ASUS subsidiary Unimax becomes a member of the SDL consortium which is tasked to create a unified infrastructure for smart car navigation systems.
March 2018	ASUS holds its first-ever internal ASUS Tech Forum to promote cross-departmental information and resource sharing to further bolster company-wide innovation.
March 2018	ASUS announces that Gong Yoo, popular South Korean actor and entertainer, will continue as brand ambassador in Taiwan for the ZenFone 5 Series.
March 2018	ASUS announces successful completion of its validation procedure in UL Environment's Circularity Facts program.
March 2018	ROG becomes official sponsor of the 107 National Intercollegiate Athletic Games.
April 2018	ASUS receives 16 Red Dot design awards.
April 2018	ASUS launches its first AI smartphone, ZenFone 5, for the Taiwan market.
April 2018	ASUS receives PwC Taiwan's Environmental Profit and Loss report, which measures supply chain impacts on the environment.
April 2018	ASUS and Flipkart, India's largest e-commerce marketplace, announce a long-term strategic partnership in which Flipkart becomes a premier ASUS partner and seller of smartphones, starting with models that have been specially designed to address local demand.
April 2018	ASUS hosts ribbon-cutting event at SynTrend in Taipei for the official opening of the ROG flagship experience shop.

III. Corporate governance report

I. Corporate Organization

(I) Organization Chart

Effective date: 2017.12.31



(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.

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, Advanced EM & Wireless Communication R&D Center, AI Machine Learning and Cloud Software Center and Advanced Communication Technology Research 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

I. Directors

Title	Nationality/ Country of Origin	Name	Gender	Date Elected	Term (Years)	Date First Elected	Shareholding When Elected			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	0	MBA of National Chiao Tung University Business Division's President of ACER	Note 1	Director	Jonathan Tsang,	2nd consanguinity			
Vice Chairman	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	0	EMBA, National Chiao Tung University Vice President of Pegatron	Note 3	None	None	None			
Director	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	0	MBA of Houston University Chairman of ASGL	Note 2	Chairman	Jonney Shih	2nd consanguinity			
Director	R.O.C.	Jerry Shen	Male	2016.07	3	2002.05	3,370,309	0.45	3,370,309	0.45	626,313	0.08	0	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	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	11,233	0.00	0	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	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	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	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	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	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	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	0	MBA , Rider University (USA) National Tax Administration of Southern 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., Youngmen Computer Co., Ltd., TeYang Tech Inc., Ming-Chun Computer(*) and eCrowd Media, Inc.

Note 2: Chairman of eBizprise Inc. and Director of ASMEDIA TECHNOLOGY INC., ADVANTECH Co., Ltd. and EUSOL Biotech Co., Ltd..

Note 3: 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 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 and INTERNATIONAL UNITED TECHNOLOGY CO., 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-SHIIH 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 and DIGITIMES.
 Director of the following companies: Fullerton, D-LINK CORPORATION, WAFER WORKS CORPORATION, Chief Telecom Inc., Lumens Digital Optics Inc., Evest Corporation, Jasper Display Corp., GTTW, 21ViaNet Group, Inc.
 Independent Director of NAFCCO.

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

Note 13: Independent Director of AAEON TECHNOLOGY INC., TA CHEN STAINLESS PIPE COMPANY LIMITED.

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

Note 15: Since the tenure of the Vice Chairman Ted Hsu had been suspended 8 years from the 2008 to 2016, the average tenure of the Board of Directors is 9.69 years.

Note 16: (*) 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	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
Vice Chairman	Ted Hsu	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	
		Oct 31, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Looking at mergers and acquisitions from the perspective of directors	
Director	Jonathan Tsang	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Director	Jerry Shen	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Director	Eric Chen	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Director	S.Y. Hsu	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Director	Samson Hu	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Director	Samson Hu	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3

Title	Name	Date	Sponsor	Course Title	Hours
Director	Joe Hsieh	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
Director	Jackie Hsu	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Dec 29, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Looking at mergers and acquisitions from the perspective of directors	3
Supervisor	Tze-Kaing Yang	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Sep 15, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	When anti-tax avoidance meets anti-money laundering, the things companies must know	3
Independent Director	Chung-Hou Tai	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
Independent Director	Ming-Yu Lee	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Aug 3, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	How to strengthen the effectiveness of the BOD through the board performance appraisal system	3
Independent Director	Chun-An Sheu	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
		March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
Independent Director	Chun-An Sheu	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3

3. Professional qualifications and independence of directors

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
Ted Hsu			✓				✓	✓		✓	✓	✓	✓	0
Jonathan Tsang			✓			✓		✓		✓		✓	✓	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

Title	Nationality/ Country of Origin	Gender	Name	Date Elected	Base Date: April 14, 2018						Experience (Education)	Other Position	Managers who are Spouses or Within Two Degrees of Kinship		
					Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement				Title	Name	Relation
					Shares	%	Shares	%	Shares	%					
Chief Branding Officer	R.O.C.	Male	Jonney Shih	Apr 30, 1994	30,093,638	4.05	0	0	0	0	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	Reference to Director Information	None	None	None	
Chief Executive Officer	R.O.C.	Male	Jerry Shen	Apr 12, 2002	3,370,309	0.45	626,313	0.08	0	0	Reference to Director Information	None	None	None	
Chief Operating Officer	R.O.C.	Male	Jerry Tsao	Mar 5, 2018	0	0	0	0	0	0	None	None	None	None	
Corporate Vice President	R.O.C.	Male	S.Y. Hsu	Mar 10, 2008	107,019	0.01	11,233	0.00	0	0	Reference to Director Information	None	None	None	
Corporate Vice President	R.O.C.	Male	Samson Hu	Sep 10, 2008	100,592	0.01	0	0	0	0	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	Reference to Director Information	None	None	None	
Corporate Vice President	R.O.C.	Male	Henry Yeh	Sep 10, 2008	48,781	0.01	245	0.00	0	0	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	None	None	None	None	
Chief Financial Officer	R.O.C.	Male	Nick Wu	Aug 11, 2015	457	0.00	161	0.00	0	0	Note 2	None	None	None	
Comptroller	R.O.C.	Female	Winnie Liu	Aug 11, 2015	649		0	0	0	0	Note 3	None	None	None	

Note 1: Director of Power eXponent, 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	March 17, 2017	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Nov 10, 2017	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	3
Comptroller	Winnie Liu	March 17, 2017	March 17, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Global, U.S./China Economic Outlook Analysis	3
		Apr 17, 2017	Apr 18, 2017	ACCOUNTING RESEARCH AND DEVELOPMENT FUNDATION	Issuer Securities Dealer Accounting Supervisor Continuing Education Course	12
		Nov 10, 2017	Nov 10, 2017	TAIWAN CORPORATE GOVERNANCE ASSOCIATION	Group Governance	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

Title	Name	Director's Remuneration				Ratio of Total Remuneration (A+B+C+D) to Net Income (%)		Remuneration of part-time employees				Ratio of Total Compensation (A+B+C+D+E+F+G) to Net Income (%)		Compensation Paid to Supervisors from an Invested Company, Other than the Company's Subsidiary			
		Base Compensation (A)		Severance Pay (B) (Note 1)		Remuneration to Directors (C)		Allowances (D)		Salary, Bonuses, and Allowances (E)		Severance Pay (F) (Note 2)			Remuneration to Employee (G)		
		From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	From ASUS	Companies in the financial statements	Cash amount	Stock amount		From ASUS	Cash amount	Stock amount
Chairman	Jonney Shih																
Vice Chairman	Ted Hsu																
Director	Jonathan Tsang																
Director	Jerry Shen																
Director	Eric Chen																
Director	S.Y. Hsu																
Director	Samson Hu																
Director	Joe Hsieh	3,000 thousand	3,450 thousand	0	0	56,020 thousand	56,020 thousand	0	66 thousand	129,317 thousand	175,986 thousand	540 thousand	864 thousand	21,324 thousand	26,974 thousand	0	1.3522%
Director	Jackie Hsu																
Director	Tze-Kaing Yang																
Independent Director	Chung-Hou Tai																
Independent Director	Ming-Yu Lee																
Independent Director	Chun-An Sheu																

Remuneration Bracket

Range of Remuneration	Name of Directors	
	The Company	Total of (A+B+C+D)
Below 2,000,000	Companies in the consolidated financial statements (H)	Companies in the consolidated financial statements (I)
	The Company	Total of (A+B+C+D+E+F+G)
		Invest in other companies (I)

2,000,000~5,000,000	Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh, Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu	Eric Chen, S.Y. Hsu, Samson Hu, Joe Hsieh, Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu	Eric Chen, Jackie Hsu, Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu	Tze-Kaing Yang, Chung-Hou Tai, Ming-Yu Lee, Chun-An Sheu
5,000,000~10,000,000	Jonney Shih, Ted Hsu, Jonathan Tsang, Jerry Shen	Jonney Shih, Ted Hsu, Jonathan Tsang, Jerry Shen	Jonathan Tsang	
10,000,000~15,000,000				
15,000,000~30,000,000			Jonney Shih, Ted Hsu, S.Y. Hsu, Samson Hu, Joe Hsieh	Jonney Shih, Ted Hsu, Jonathan Tsang, 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: No actual payout for pension funds for that year. It is a provision for pension.

Note 2: 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 President and Vice President

Title	Name	Salary (A)		Severance Pay (B) (Note 1)		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	Cash amount	Stock amount	The Company	Companies in the financial statements			
Chief Branding Officer	Jonney Shih															
Chief Strategy Officer	Ted Hsu															
Chief Executive Officer	Jerry Shen															
Corporate V.P.	S.Y. Hsu	37,068 thousand	37,068 thousand	756 thousand	756 thousand	102,518 thousand	102,518 thousand	22,347 thousand	0	22,347 thousand	0	0	1.05%	1.05%	None	
Corporate V.P.	Samson Hu															
Corporate V.P.	Joe Hsieh															
Corporate V.P.	Henry Yeh															
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		
15,000,000~30,000,000	Jonney Shih, Ted Hsu, S.Y. Hsu, Samson Hu, Joe Hsieh	Jonney Shih, Ted Hsu, 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: No actual payout for pension funds for that year. It is a provision for pension.

Note 2: 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				
	Chief Strategy Officer	Ted Hsu				
	Chief Executive Officer	Jerry Shen				
	Corporate V.P.	S.Y. Hsu				
	Corporate V.P.	Samson Hu				
	Corporate V.P.	Joe Hsieh	0	23,780 thousand	23,780 thousand	0.15%
	Corporate V.P.	Henry Yeh				
	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
2016	1.35%
2017	1.43%

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 2017 11th Board of Directors convened 6 meetings (A). The following is the attendance of the directors:

Title	Name	Attendance in Person (B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Chairman	Jonney Shih	5	1	83.33%	1 delegation
Vice Chairman	Ted Hsu	6	0	100%	
Director	Jonathan Tsang	5	0	83.33%	1 leave
Director	Jerry Shen	6	0	100%	
Director	Eric Chen	6	0	100%	
Director	S.Y. Hsu	5	0	83.33%	1 leave
Director	Samson Hu	6	0	100%	
Director	Joe Hsieh	4	0	66.67%	2 leaves
Director	Jackie Hsu	4	0	66.67%	2 leaves
Director	Tze-Kaing Yang	6	0	100%	
Independent Director	Chung-Hou Tai	6	0	100%	
Independent Director	Ming-Yu Lee	6	0	100%	
Independent Director	Chun-An Sheu	4	2	66.67%	2 delegations

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, Article 14-3	Opinions of independent directors	Company's treatment of the opinions.	Resolution results
The fifth time of the 11 th term Mar 17, 2017	The change of accountants in line with the internal personnel adjustment of the accounting firm.	V	None	None	The matter is approved by all the attendees.
The ninth time of the 11 th term Nov 10, 2017	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.

The Attendance of the independent directors at board of directors' meetings in 2017:

(V: Attendance in Person; *: By Proxy; X: Absent)

Name	First Jan 19, 2017	Second Mar 17, 2017	Third May 11, 2017	Fourth Jul 21, 2017	Fifth Aug 11, 2017	Sixth Nov 10, 2017
Chung-Hou Tai	V	V	V	V	V	V
Ming-Yu Lee	V	V	V	V	V	V
Chun-An Sheu	V	V	*	V	*	V

(II) The operation of the Audit Committee:

The 2017 Audit Committee convened 4 meetings (A). The following is the attendance of the Independent Director:

Title	Identity	Name	Attendance in Person B)	By Proxy	Attendance Rate (%) (B/A)	Remarks
Convener	Independent Director	Chung-Hou Tai	4	0	100%	
Member	Independent Director	Ming-Yu Lee	4	0	100%	
Member	Independent Director	Chun-An Sheu	2	2	50%	2 delegations

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 third time of the 1 st term Mar 17, 2017	1. Annual Business Report and Financial Statement of the Company. 2. The amendment for the "Internal Control System Description" and the "Internal Audit System Description" of the Company. 3. The change of accountants in line with the internal personnel adjustment	V	None	None	The matter is approved by all the attendees.

	of the accounting firm.				
The fifth time of the 1 st term Aug 11, 2017	Approval of 2017 Q2 consolidated financial statement of the Company.	V	None	None	The matter is approved by all the attendees.
The sixth time of the 1 st term Nov 10, 2017	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	
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		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		No deviation
(2) Does the Company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		No deviation
(3) Does the Company establish and execute the risk management and firewall system within its conglomerate structure?	V		No deviation
(4) Does the Company establish internal rules against insiders trading with undisclosed information?	V		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	No deviation
(2) Does the Company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V	V	Scheduled to gradually establish according to the laws and regulations as well as the practical

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons requirement of the Company.
	Y	N	
(3) Does the Company establish a standard to measure the performance of the Board, and implement it annually?	V	V	No deviation
(4) Does the Company regularly evaluate the independence of CPAs?	V	V	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		No deviation

Abstract Illustration

(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.

(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.

The Stock Affair Office is responsible for managing the Company’s governance business, ensuring the shareholder’s equity and strengthening the Board of Directors’ competency. The primary duty of the Stock Affair Office is to manage related affairs of the Board of Directors and the shareholders, conduct and amend the Company’s registration and report information in accordance with the regulations of the competent authority and related laws.

Related Affairs Implementation:

1. Arrange advanced courses for the Board of Directors and assist them with taking at least 6 hours advanced courses.
2. Cooperate with the Company’s Legal affair unit to evaluate the “Directors and Supervisors Liability Insurance” that meet the Company’s and the Board of Directors’ demand to secure the Company and the Board of Directors.
3. Irregularly assist the communication between the accountants, independent directors and finance audit managers to implement the internal audit control system.
4. Plan the agenda and inform the directors 7 days before the Boards of Directors’ meeting pursuant to laws (except special session). Then provide required data, perform the meeting, make the minutes and send them within 20 days after the meeting pursuant to laws.
5. Conduct the registration for the shareholders’ meeting beforehand and prepare related meeting notice, meeting handbook, minutes within legally specified time frame, and upload it on the Market Observation Post System pursuant to laws.

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	
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		No deviation
6. Does the Company appoint a professional shareholder service agency to deal with shareholder affairs?	V		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		No deviation
(2) Does the Company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		No deviation
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		No deviation

Evaluation Item	Implementation Status		Deviations from “the Corporate Governance Best-Practice Principles for TWSE/TPEx Listed Companies” and Reasons
	Y	N	
			<p>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)</p> <p>(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.</p> <p>(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.</p> <p>(7) Other company: The governance matters are gradually implemented, taking consideration of the current situation of the Company and regulations.</p>
9. The Company shall describe the improvements with reference to the corporate governance evaluation results 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.	V		No deviation

Note 1: Individual directors for diversification of Board members

Diversification Item	Gender	Industry	Technology	Marketing	Accounting	Finance	Taxation
Name							
Jonney Shih	Male	V	V	V			
Ted Hsu	Male	V	V				

Diversification Item										
	Name	Gender	Industry	Technology	Marketing	Accounting	Finance	Taxation		
	Jonathan Tsang	Male	V	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						
	Ming-Yu Lee	Male				V	V			
	Chun-An Sheu	Male				V	V			V

Note 2: Assessment criteria of accountant's independence

Assessment	2017 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	Y	Y

Assessment	2017 assessment result (Y/N)	Independence (Y/N)
Company does not have direct influence on any important items of the audit case.		
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 4 meetings in 2017 (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	4	0	100%	
Committee	Independent Director	Kenneth Tai	4	0	100%	
Committee	Independent Director	Sheu, Chun-An	4	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 19, 2017 The first time of the third term	Approved the Company’s motion for allocation of year-end bonus to managers in 2016.

Date	Operation
<p>Mar 17, 2017 The second time of the third term</p>	<p>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.</p>
<p>Jul 21, 2017 The third time of the third term</p>	<p>Approved the motion for allocation of remuneration to directors/supervisors 2016. Approved the motion for allocation of mid-year performance bonus to managers 2017.</p>
<p>Nov 10, 2017 The fourth time of the third term</p>	<p>Approved the motion for annual adjustment of remuneration to managers of 2017.</p>
<p>Jan 29, 2018 The fifth time of the third term</p>	<p>Approved the Company's motion for allocation of year-end bonus to managers in 2017. Approved the motion for allocation of remuneration to directors/supervisors and employee bonus from earnings of 2017.</p>

(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	
<p>I. Corporate Governance Implementation</p> <p>(1) Does the Company declare its corporate social responsibility policy and examine the results of the implementation?</p> <p>(2) Does the Company provide educational training on corporate social responsibility on a regular basis?</p> <p>(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?</p> <p>(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?</p>	V		There have been no differences
	V		There have been no differences
	V		There have been no differences
	V		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	
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? (2) Does the Company establish proper environmental management systems based on the characteristics of their industries? (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		(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. (2) ASUS had passed ISO14001 Environmental Management System Certification in 1998 and complied with PDCA annually. (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
	V			There have been no differences
	V			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? (2) Has the Company set up an employee hotline or grievance mechanism to handle complaints with appropriate solutions?	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. (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
	V			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	
(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		processing mechanism upon receiving such complaints filed by employees. (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.
(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		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).
(5) Does the Company provide its employees with career development and training sessions?	V		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.
(6) Does the Company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		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
(7) Does the Company advertise and label its goods and services according to relevant regulations and international standards?	V		ASUS follows relevant laws and regulations and international standards in addition to developing internal standards.
(8) Does the Company evaluate the records of suppliers’ impact on the environment and society before taking on business partnerships?	V		When selecting new suppliers and vendors, we request the suppliers (including vendors) sign ASUS Code of Conduct. They must promise to follow corporate social

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	
(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		responsibility and shall pass the evaluation with respect to the quality system, quality procedure, green regulation and corporate social responsibility, and our audit and evaluation experts or third-party certification institutions conduct an on-site annual environmental and social audits. If the supplier has records of impacting on the environment and society, they will be listed as a high-risk supplier and subject to guidance. This will be an important reference for quarterly business assessment, order distribution, and long-term cooperation. (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.
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:			

Evaluation Item	Implementation Status		Deviations from “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEX Listed Companies” and Reasons
	Y	N	
<p>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 2016 Corporate Sustainability Report released in 2017 is based on the GRI Standards Core Option structure. The Company entrusts SGS to use AA1000AS Type 2 High Level Assurance and PwC Taiwan to conduct limited assurance based on selected indicators in accordance with the ROC Statement of Assurance No. 1 “Non-historical Financial Information Audit or Approval Assurance”. This report follows the report principles of containment, sustainability, significance and completion as well as the quality principles of accuracy, balance, clarity, comparability and timeliness.</p>	Y	N	Abstract Explanation

(VI) Corporate Social Responsibility

As an international leading brand, ASUS values corporate social responsibility (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 understands corporate sustainable competitiveness must be combined with management core and service. Hence, we established Corporate Sustainability Office (abbreviation as CSO) in 2009 as a permanent unit which directly belongs to the Chairman's supervision. A Chief Sustainability Officer is appointed for this matter. The members of the Corporate Sustainability Office are all professional employees. They analyze the risk and opportunities that global sustainability tendency might bring. They also combine the development of the operational core, product innovation and business growth in terms of the governance, environment and society to establish strategic sustainable directions. Their duties include five dimensions of green product quality, corporate sustainable performance, corporate social responsibility management of supply chains, employee care and social participation, covering the sustainability issues like 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 Code of Conduct - Responsible Business Alliance.

2017 Results of sustainable governance:

- (1) Selected as a component of the MSCI Global Sustainability Indexes for four consecutive years.
- (2) Selected as a component of the FTSE4Good Emerging Index for two consecutive years.
- (3) First year to be selected in FTSE4Good Emerging Index and TIP Taiwan ESG Index.
- (4) The only company in Taiwan ranked in Forbes “Top Regarded Companies” Top 100 list.
- (5) 2017 Excellence in Corporate Social Responsibility Award No. 6.
- (6) Taiwan Cannes Lions International Festival of Creativity CSR Impact Award - Global Green Impact Award.

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), Energy related products, 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 2017 full laptop computer series met the Energy Star performance standard with an average consumption performance better than the criteria by 57.6%.
- (2) The ratio of the global electronic products recovery volume to sales volume was probably 14% in 2017 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. U53SD 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 laborers' 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 RBA. 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"- silver 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.

he EICC (Electronic Industry Citizenship Coalition) is a nonprofit organization of the global electronic industry dedicated to fulfilling corporate social responsibility. It was renamed as Responsible Business Alliance (RBA) in 2017. Through formulating the standard Code of Conduct, RBA implements the human rights and environmental protection. As a member of RBA, ASUS is committed to follow the Code of Conduct 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.

Care for employees

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.

Diversified communication channels

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 ext. 22119 for ASUS employees, sustainability and humane care hotline ext. 21799.

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 345,900 disused computers and electronic devices. The number of recycled computer donations, including the overseas donations, in 2017 was 1,904 and accumulatively amounted to a total number of 10,746 to this day. The number of nonprofit organizations that have received the donations is 472, including the organizations in 36 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, control over files, paperwork, promotional portal, 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 21,120 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.

In addition, we have held NPO Day-Smart NPO since 2016 and 61 recipients and 7 donators have participated in the activity. Local government agencies have also given support with guidance (such as Social Affairs Bureau of Kaohsiung City Government, Changhua County Government). We have invited digital lectures speakers from Taipei Orphan Welfare Foundation, ISPA, Chinese Culture University, professor from Chienkuo Technology University

and ASUS software designer. The topics include overview of the cloud-based Office 365, nonprofit organization online marketing, website design concepts overview, and mobile app introduction and application. This project has influenced and benefited 99 people directly and 9,760 people indirectly.

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 1:3.61, meaning that an investment of 1 dollar produces a value of 3.61 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 661 brand new laptop computers, 192 brand new tablet computers, 20 brand ZENBO, 42 brand mobile and 1,904 recycled computers to the remote schools in the Philippines, Indonesia, Vietnam, Burma, Kampuchea, Nicaragua, the Dominican Republic, Ecuador, and Paraguay in 2017. 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:

10 countries in the Asia Pacific	Taiwan, Philippines, Cambodia, Vietnam, Indonesia, Thailand, China, Malaysia, Shuguo, Myanmar
4 countries in Central Asia	India, Sri Lanka, Turkey, Nepal
6 countries in Africa	Tanzania, South Africa, Zimbabwe, Swaziland, Kenya, Burkina Faso
14 countries in Central and South America	Ecuador, Paraguay, Panama, Nicaragua, Dominica, Honduras, Belis, Haiti, Peru, Saint Vincent, Saint Kitts and Nevis, Mexico, El Salvador, Guatemala
2 countries in European	Netherlands, Russia

(3) ASUS world citizens/international volunteer worker project

In 2017, the ASUS Foundation worked with 10 international volunteer squads and 106 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, Cambodia, Malaysia, 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 14,525 people and interacted with a total of 324,216 people with the stories and information shared on the Facebook in 2017.

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 2017 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 8,351 hours was spent on the volunteer services in 2017.

(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.

(6) ASUS Indigenous Science Education Award

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, ASUS Indigenous Science Education Award has been co-organized by National Tsing Hua University, Taiwan Indigenous Television, Council of Indigenous Peoples and ASUS Foundation, and co-sponsored by ASUS, the Department of Information and Technology Education of MOE,

National Tsing Hua University “Aboriginal Science Education Website,” Indigenous Peoples related Counties and Tsing-Hua Foundation for Web Culture & Education. 2017 is the eighth year of the award and more than 2,000 indigenous teachers, students, elderly and tribe leaders have participated in the event.

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. In 2017, ASUS Zenny and more than 200 employees took part in the market fair and street performance by dancing Say ASUS with people on Kuandu streets. Another ASUS team participated in the canoe team to row from Shuangxi Harbor to Kuandu Harbor to meet with the dancing team and express their respect to the land. All earnings from the fair were transferred to the Taipei Family Helper and other social welfare organizations which has long cooperation with ASUS to help disadvantaged children.

d. DaAi TV Public Welfare Advertisement

Since 2008, ASUS has sponsored DaAi TV to produce advertisements that purify people's heart. Using "Sustainability and Innovation" as the main theme for advertisement corresponding with the example of donating refurbished computers, the first half year is centered on the everlasting love of Yunlin Luminant Night Angel then the international pen pal between Swaziland and Da-Feng Elementary School in the second half year. ASUS expects to make more people understand the meaning and intention of this project and also expects that more people can participate in this refurbished computer donation plan in the future.

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. 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.

g. ASUS Philippines “Operation Smile” Movement

Combining selfies and public welfare donations for cleft lip and cleft palate children

ASUS Philippines branch office cooperates with NGO to arrange the “Operation Smile” Movement by collecting personal or group smiling photos in the country. The public only need to upload their selfies or group photos to social networks with the tag of “#4the Smile”, and ASUS Philippines branch office will donate 1 peso for each photo to help the cleft lip and cleft palate children of the “Operation Smile Philippines” organization undertake surgery to make them and their family regain confidence and smile.

The “Operation Smile Philippines” was founded in 1988 to help the cleft lip and cleft palate children through fundraising and medical activities. According to the report of the organization, there is one born cleft lip and cleft palate children every 3 minutes and these children need social

assistance. “#4theSmile” Movement ASUS participated in has raised 1.3 million peso (approximate NT\$ 750,000). ASUS also called for employees and local presses to serve as volunteers for 2 days in QualiMed General Hospital, Iloilo, to pay efforts for local public medical care. For most Philippines who like selfies, it is common to smile when taking photos but for the cleft lip and cleft palate children it might be the greatest pain in heart. ASUS Philippines branch office hopes to arouse public concern for these children and their family by connecting the “We Love Selfie & Wefie” of our product ZenFone 4Selfie with social welfare atmosphere to carry on the Love forever.

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

ASUS spent NT\$ 17,651 thousand on public welfare in 2016. The major recipients were ASUS Foundation and educational and social organizational of public interest.

Category	Items
Cash Donation	Company donation (including ASUS Foundation / BU donation)
Cash Donation	Disabled employee wage
Cash Donation	Mentally disabled children counter profit feedback
Cash Donation	Employee payment care and death pension benefits (Concern for employees’ family for social stability)
Cash Donation	Money and materials donation raised by the Company
Hours of Service	Corporate volunteers service hours conversion
In-kind Donation	Donation from non-profit fair earnings to non-profit organizations
In-kind Donation	Refurbished computer recycle value
In-kind Donation	Donation of ASUS computers

ASUS not only makes money donation to implement corporate social responsibility, but also, starting from the core value of ASUS, makes contribution to society through employee care and in-kind donation. Also, ASUS has built a non-profit donation platform to encourage employees’ donation. This platform has raised NT\$ 2,834,700 from the employees and has donated to the Year-end Blessing for the Disadvantaged and Care for the Disadvantaged. The Year-end Blessing for the Disadvantaged is a fund for disadvantaged people before Chinese Lunar New Year. The donation of the fund has been aggregated to the amount of NT\$ 11,818,563,000 since 2011 and benefited 16 social welfare organizations.

ASUS not only builds a non-profit fund-raising platform for employees but also a material donation platform to encourage employees to donate unused materials, either new or old. Some of the materials raised in 2017 became the products on the fair for people to purchase and extend their service life; some were donated to diplomatic relations countries in Africa such as Swaziland and Kenya for school kids to have shoes and clothes to wear. ASUS employees now know better about the importance of cherishing belongings, loving people, and benefiting others.

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	
<p>1. Establishment of ethical corporate management policies and programs</p> <p>(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?</p>	V		<p>1. Modesty, Integrity, Diligence, Flexibility, and Bravery are the inborn DNA in all ASUS employees while integrity and righteousness 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 describe 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.</p>	There have been no differences
<p>(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?</p>	V		<p>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.</p>	There have been no differences
<p>(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?</p>	V		<p>3. It is specified in “Employee Code of Conduct” that illegitimate political contribution, improper charity donation or sponsorship, unreasonable gifts, treatment or other illegitimate interests are prohibited.</p>	There have been no differences
<p>2. Fulfill operations integrity policy</p> <p>(1) Does the Company evaluate business partners’ ethical records and include ethics-related clauses in business</p>	V		<p>1. To put into effect the avoidance of transaction with suppliers of deceitful conducts, the Company also</p>	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	
contracts?			
(2) Does the Company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity?	V		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		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		There have been no differences
(5) Does the Company regularly hold internal and external educational trainings on operational integrity?	V		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. The reporting channels are also disclosed on the Company’s “Investor Relationship” website.	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. Case clarification; 2. Case acceptance; 3. Collection and confirmation of evidence; 4. Meeting with relevant units; 5. Punishment in accordance with regulations.	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. 2. In addition to the Company website, disclose 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/> °

(VIII) 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 158.
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 7, 2017 AGM	1. The recognition of 2016 Final Accounts and Consolidated Financial Statements and Report.	The proposition was adopted through voting, which was enforced pursuant to the amended provisions.
	2. Proposition to recognition of 2016 surplus distribution.	The proposition was adopted through voting. The board of directors set the record date of allocation of dividend on August 14, 2017, and date of allocation of cash dividend on September 5, 2017.

2. The important resolutions of the Board of Directors:

Date	Major resolutions
Jan 19, 2017	<ol style="list-style-type: none"> 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 2017 contribution proposition from the Company to "ASUS Culture Foundation" 4. Adopted the proposition to amend the Company's "Rules and Procedures of Board of Directors Meetings" 5. Adopted the proposition to amend the Company's "Compensation Committee Charter" 6. Adopted the Company's year-end performance bonus distribution for managers in 2016
Mar 17, 2017	<ol style="list-style-type: none"> 1. Adopted the proposition of the Company to make donations in kind to the "ASUS Foundation" 2. Adopted the Company's year-end performance bonus budget additions for managers in 2016 3. Adopted the reservation amount of the remuneration for the directors, supervisors, and employees of the Company 2016 4. Adopted the proposition to evaluate the independence of the Company's external auditor 2016 5. Adopted the Company's business report and financial statement 2016 6. Adopted the proposition to allocate the Company's earnings 2016 7. Adopted the replacement of Independent Accountants, in coordination with the internal personnel adjustment in CPA Firm 8. Adopted renewal of the Company's bank credit agreement 9. Adopted the proposition to amend the Company's "Internal Control System General Description" and "General Internal Audit System" 10. Adopted the proposition for the Company's "Statement of Declaration for Internal Control System" 2016 11. Adopted the causes for calling the Company's general shareholders' meeting 2017
May 11, 2017	Adopted the consolidated financial statement of the first quarter, 2017
Jul 21, 2017	<ol style="list-style-type: none"> 1. Adopted renewal of the Company's bank credit agreement 2. Adopted the proposition to determine the base date for cash dividend payout 2016 3. Adopted the Company's supervisor remuneration distribution 4. Adopted managers' mid-year performance bonus distribution in 2017
Aug 11, 2017	<ol style="list-style-type: none"> 1. Adopted the consolidated financial statement of the second quarter, 2017 2. Adopted the amendment of the Company's "Audit Committee Charter" and "Rules of Procedure for Board Meetings"
Nov 10, 2017	<ol style="list-style-type: none"> 1. Adopted the consolidated financial statement of the third quarter, 2017 2. Adopted renewal of the Company's bank credit agreement 3. Adopted the proposition to amend the Company's "Internal Control System" & "Internal Audit System " 4. Adopted the proposition to submit the Company's "2018 Audit Plan"
Jan 2, 2018	Adopted the proposal to invest subsidiaries in China
Jan 29, 2018	<ol style="list-style-type: none"> 1. Adopted the 2018 Director and Supervisor Liability Insurance report 2. Adopted the Company's donation to "ASUS Foundation" in 2018 3. Adopted the appropriation of remuneration for the Board of Directors and employees in 2017 4. Adopted the Company's year-end performance bonus distribution for managers in 2017

Date	Major resolutions
	5. Adopted the amendments of the “Employee Ethical Conduct Principles” of the Company 6. Adopted the job adjustment of the Company’s Ex-COO and the appointment of the new COO 7. 7.Adopted the appointment of the Company’s Deputy Spokesperson
Mar 16, 2018	1.Report on the impact of introducing IFRS 16 to the Company 2.Adopted the evaluation of the CPAs’ independence in 2017 3. Adopted the Company’s business report and financial statement 2016 4.Adopted the proposition to allocate the Company’s earnings 2016 5. Adopted the proposition for the Company’s “Statement of Declaration for Internal Control System” 2016 6. Adopted the causes for calling the Company’s general shareholders’ meeting 2017
Apr 18, 2018	Selection of the Vice Chairman

(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

(XIII) 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, CHIEN-HUNG	CHANG, MING-HUI	Jan 1, 2017~ Dec 31, 2017	

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		
PricewaterhouseCoopers, Taiwan	CHOU, CHIEN-HUNG	7,800	0	0	0	2,262	2,262	Jan 1, 2017~ Dec 31, 2017	Non-audit fees – The Company’s Corporate Social Responsibility Report Consultation, Subsidiary Financial Information Review and DJSI Consultation.
	CHANG, MING-HUI								

(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	2017		As of April 14, 2018	
		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 & Chief Strategy Officer	Ted Hsu	0	0	0	0
Director	Jonathan Tsang	0	0	0	0
Director & Chief Executive Officer	Jerry Shen	0	0	0	0
Director	Eric Chen	0	0	0	0
Director & Corporate V.P.	S.Y. Hsu	0	0	0	0
Director & Corporate V.P.	Samson Hu	0	0	0	0
Director & Corporate V.P.	Joe Hsieh	0	0	0	0
Director	Jackie Hsu	0	0	0	0
Director	Tze-Kaing Yang	0	0	0	0
Independent Director	Chung-Hou Tai	0	0	0	0
Independent Director	Ming-Yu Lee	0	0	0	0
Independent Director	Chun-An Sheu	0	0	0	0
Chief Operating Officer	Jerry Tsao (Note 1)	-	-	0	0
Corporate V.P.	Henry Yeh	0	0	0	0
Corporate V.P.	Alex Sun	0	0	0	0
Chief Financial Officer	Nick Wu	0	0	0	0

Title (Note 1)	Name	2017		As of April 14, 2018	
		Holding Increase (Decrease)	Pledged Holding Increase (Decrease)	Holding Increase (Decrease)	Pledged Holding Increase (Decrease)
Comptroller	Winnie Liu	0	0	0	0

Note 1: The Chief Operating Officer has been newly appointed since March 5, 2018.

Note 2: 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 known as the related party.

VIII. Relationship among the Top Ten Shareholders:

Base Date: April 14, 2018

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	32,822,000	4.42%	0	0	0	0	None	None
Jonney Shih	30,093,638	4.05%	0	0	0	0	None	None
ASUS's Certificate of Depository with CitiBank (Taiwan)	25,357,052	3.41%	0	0	0	0	None	None
Cathay United Bank managed Expert Union Limited Investment account	20,684,542	2.78%	0	0	0	0	None	None
Chase Bank managed Saudi Arabia Central Bank investment account	19,268,000	2.59%	0	0	0	0	None	None
Labor Insurance Funds	11,853,040	1.60%	0	0	0	0	None	None
Standard Chartered managed Van Gardner emerging market stock index fund account	11,739,589	1.58%	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
CitiBank (Taiwan) managed Stewart Investors Global Emerging Markets Leaders Fund	10,360,000	1.39%	0	0	0	0	None	None
New Labor Pension Fund	10,227,580	1.38%	0	0	0	0	None	None
Chase Bank managed Norges Bank investment account	9,857,191	1.33%	0	0	0	0	None	None

IX. Ownership of Shares in Affiliated Enterprises:

Total Shareholding Ratio

Base date: Dec.31.2017, 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.	24,457,660	40.88	7,317,655	12.23	31,775,315	53.11
AAEON TECHNOLOGY INC.	43,756,000	40.97	16,718,000	15.66	60,474,000	56.63
ONYX HEALTHCARE INC.	1,120,075	5.60	10,056,093	50.26	11,176,168	55.86
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	11,401,092	56.72	1,000	0.01	11,402,092	56.73
UPI SEMICONDUCTOR CORP.	25,630,116	37.50	9,930,937	14.53	35,561,053	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	14.85	960,000	13.72	2,000,000	28.57
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	7.46	4,111,660	13.23	6,429,548	20.69
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	%
PT.ASUS TECHNOLOGY INDONESIA JAKARTA	2,000	100.00			2,000	100.00
PT.ASUS TECHNOLOGY INDONESIA BATAM	990,000	99.00	10,000	1.00	1,000,000	100.00
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 MIDDLE 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.			158,433	100.00	158,433	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

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
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
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) CO., LTD.			20,000	100.00	20,000	100.00
ASUSTEK COMPUTER (PTY) LIMITED			1,000	100.00	1,000	100.00
ASUSTEK COMPUTER MALAYSIA SDN. BHD.			500,000	100.00	500,000	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
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.			-	100.00	-	100.00
ASUS CLOUD SINGAPORE PTE. LTD.			-	100.00	-	100.00
ASUS CLOUD (LUXEMBOURG) S. A R. L			-	100.00	-	100.00
ASUS LIFE CORPORATION			500,000	50.00	500,000	50.00
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			4,623,090	95.95	4,623,090	95.95
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 CORPORATION (THAILAND) CO., LTD.			20,000	100.00	20,000	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			50,000	100.00	50,000	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.			465,840	100.00	465,840	100.00
ONYX HEALTHCARE (SHANGHAI) LTD.			-	100.00	-	100.00
AAEON TECHNOLOGY (SUZHOU) INC.			-	100.00	-	100.00

Affiliated Enterprises	Ownership by the Company		Direct or Indirect Ownership by Directors, Supervisors, Managers		Total Ownership	
	Shares	%	Shares	%	Shares	%
ONYX HEALTHCARE USA, INC.			200,000	100.00	200,000	100.00
ONYX HEALTHCARE EUROPE B. V.			100,000	100.00	100,000	100.00
LITEMAX ELECTRONICS INC.			5,015,050	14.58	5,015,050	14.58
UBIQ SEMICONDUCTOR CORP.			20,000,000	100.00	20,000,000	100.00
UPI SEMICONDUCTOR CORPORATION (HK) LTD.			4,350,000	100.00	4,350,000	100.00
JPD LABO 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 14, 2018 / 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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	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	10	4,750,000	47,500,000	4,246,777	42,467,777	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 14, 2018

QTY \ Status of shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Domestic Natural Persons	Foreign Institutions & Natural Persons	Total
Number of Shareholders	4	13	284	91,991	1,239	93,531
Shareholding (shares)	10	18,279,287	64,055,265	177,202,272	483,223,446	742,760,280
Percentage	0.00	2.46	8.62	23.86	65.06	100.00

(3) Shareholding Distribution Status

1. Common Shares

Base date: As of April 14, 2018

Class of Shareholding (Unit: Share)	Number of Shareholders	Shareholding (Shares)	Percentage
1- 999	70,412	17,399,435	2.34
1,000- 5,000	19,545	35,429,998	4.77
5,001- 10,000	1,605	11,604,313	1.56
10,001- 15,000	523	6,449,694	0.87
15,001- 20,000	248	4,396,437	0.59
20,001- 30,000	264	6,493,439	0.88
30,001- 50,000	216	8,423,058	1.13
50,001- 100,000	210	15,365,382	2.07
100,001- 200,000	155	22,572,520	3.04
200,001- 400,000	116	33,519,118	4.51
400,001- 600,000	49	23,401,537	3.15
600,001- 800,000	45	31,741,147	4.27
800,001-1,000,000	28	25,106,221	3.38
Over 1,000,001	115	500,857,981	67.44
Total	93,531	742,760,280	100.00

2. Preferred Shares: None

(4) List of Major Shareholders

Base date: As of April 14, 2018

Shareholder's Name	Shareholding	Percentage
National Westminster Bank First State Asia Pacific Leaders Fund	32,822,000	4.42%
Jonney Shih	30,093,638	4.05%

Shareholder's Name	Shareholding	Shareholding	Percentage
ASUS's Certificate of Depository with CitiBank (Taiwan)		25,357,052	3.41%
Cathay United Bank managed Expert Union Limited Investment account		20,684,542	2.78%
Chase Bank managed Saudi Arabia Central Bank investment account		19,268,000	2.59%
Labor Insurance Funds		11,853,040	1.60%
Standard Chartered managed Van Gardner emerging market stock index fund account		11,739,589	1.58%
CitiBank (Taiwan) managed Stewart Investors Global Emerging Markets Leaders Fund		10,360,000	1.39%
New Labor Pension Fund		10,227,580	1.38%
Chase Bank managed Norges Bank investment account		9,857,191	1.33%

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

Unit: NT\$/Share

Item		Fiscal year		2016	2017	As of March 31, 2018 (Note 9)
Market price per share (Note 1) (Note 3)	Highest Market Price			291.5	308.0	284.0
	Lowest Market Price			252.0	241.0	258.5
	Average Market Price			274.19	273.82	273.52
Net worth per share (Note 2)	Before Distribution			244.34	235.80	-
	After Distribution			227.34	(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		25.85	20.93	-
		After adjustment		25.85	(Note 8)	
Dividends per share	Cash dividends			17	(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)			10.61	13.08	-
	Price/Dividend Ratio (Note 6)			16.13	(Note 8)	-
	Cash dividends yield rate (Note 7)			6.20%	(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 year-end 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, 2018 were included in the report printed on April 18, 2018 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 net income after tax was NT\$ 15,544,905,147 in 2017 and NT\$ 13,990,414,632 was left after putting aside a legal reserve of NT\$ 1,554,490,515. The distributable earnings in the current year was NT\$ 101,236,369,317 after adding the undistributed earnings of NT\$ 87,245,954,685 in the previous year. The shareholders bonus was NT\$ 11,141,404,200 and NT\$15 per share. All of these were distributed in cash. (Please see the Company's statement of allocation of earnings 2017)
- (2) We propose at the shareholder's meeting to authorize the Chairman to determine record date and other related matters.
- (3) If the change of the number of the Company's outstanding shares causes the change of the distribution yield of each share and adjustment must be made, we propose the shareholders' meeting to authorize the Chairman to handle the matter with full powers within the above-mentioned distributable amount.
- (4) 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.

Distribution of Retained Earnings

In 2017

Unit: NT\$

Account	Amount	Note
Unappropriated earnings - beginning	87,245,954,685	
(+)2017Net Income	15,544,905,147	
(-)Appropriated 10% legal reserve	(1,554,490,515)	
Distributable earnings - current	101,236,369,317	
(-)Distributions :		
Shareholder bonus	11,141,404,200	NT\$15 per share
2017 Unappropriated earnings	2,849,010,432	
Unappropriated earnings - ending	90,094,965,117	

Note: The proposed profit distribution is allocated from 2017 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 and directors

1. Scope of remuneration to employees and directors 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.

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 and directors 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 2017

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

	Amount (NT\$)
Remuneration to employees	1,064,379,212
Remuneration to directors	56,019,959

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 and directors.

(3) Imputed EPS after taking into consideration the remuneration to be allocated to employees and directors: 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 2016:

(1) The actual remuneration allocated to employees, directors and supervisors actually in 2016:

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

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

(9) Purchase of Treasury stock in 2017: 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		5,005,293 GDRS (December 31, 2017)	
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 (US\$)	2017	Highest	US\$ 50.42
		Lowest	US\$ 39.83
		Average	US\$ 44.96
	As of April 18, 2018	Highest	US\$ 48.65
		Lowest	US\$ 43.00
		Average	US\$ 46.82

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 2017, ASUS received 4,511 awards worldwide from media and professional rating institutes. ASUS generated sales revenue of NTD392.9 billion in 2017.

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. VR(Virtual Reality) / AR(Augmented Reality)
- l. Robot

(II) Industry Overview

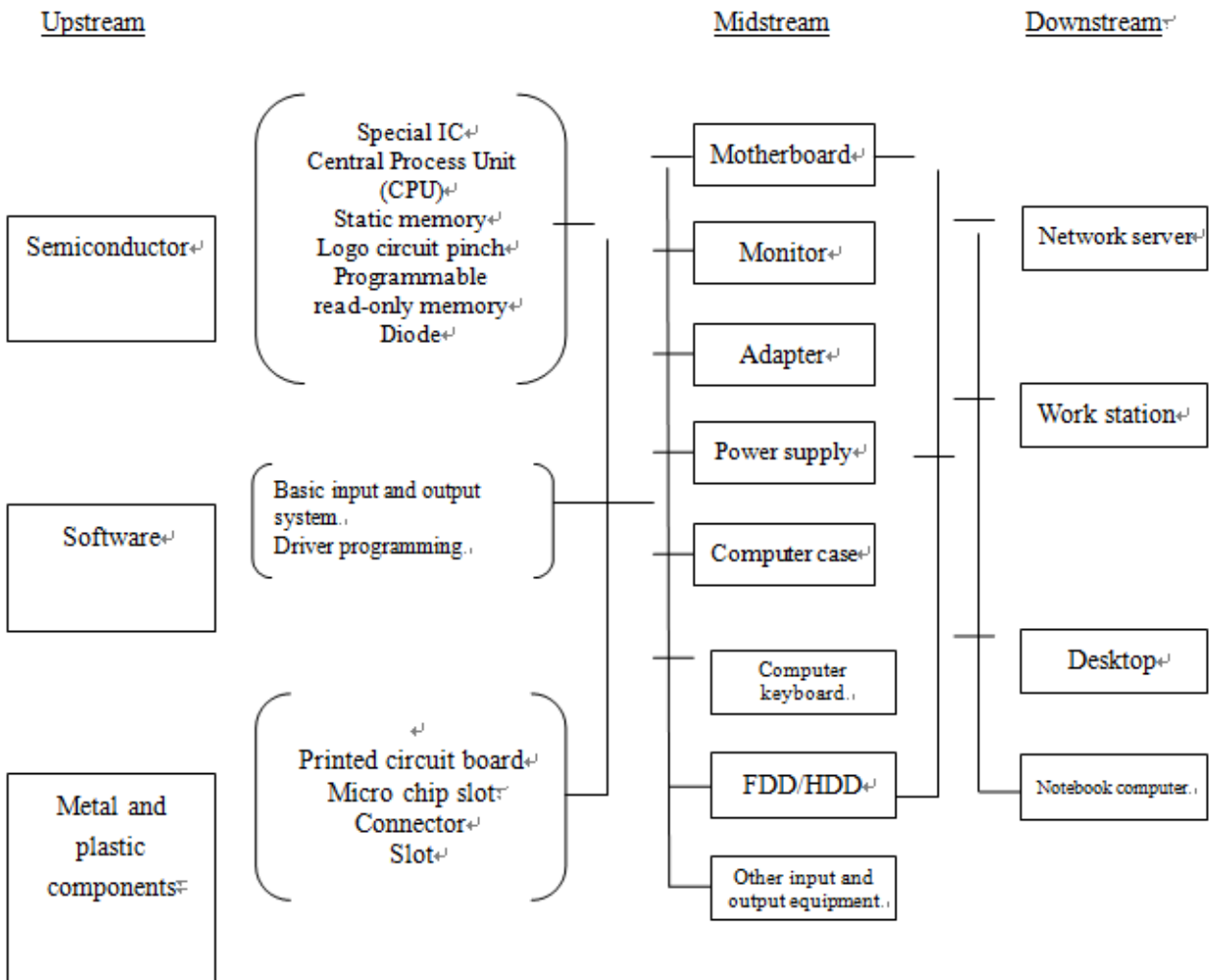
1. Progress and development of the industry:

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 sustain 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 9.84 billion for 2017; consolidated R&D expense is NTD 14.9 billion

for 2017. R&D budget in 2018: NT\$13~15 billion.

The specific product in the recent year:

1. R&D Products introduced 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
 - 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 2018:
 - 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. VR(Virtual Reality) / AR(Augmented Reality)
 - l. 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

Item	2016		2017	
	Subtotal	Total	Subtotal	Total
Sales to TW		29,291,956		27,107,279
Sales to region outside of Taiwan		437,510,750		406,859,512
America	97,254,700		93,752,695	
Asia Pacific / Oceania	181,764,938		166,964,495	
Europe	156,141,491		143,425,593	
Africa	2,349,621		2,716,729	
Net sales		466,802,706		433,966,791

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 five laptop computer suppliers and constantly leads the industry in terms of product innovation, attaining high brand value and consumer recognition. The 2017 research institute estimated the shipment of ASUS laptop computers to take about 10% 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 NTD392.9 billion in 2017. 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 become 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 resources 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 resources 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 → assembling → 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, SUNFLEX
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

Item	Name	2016			2017			2018Q1 (Note 1)				
		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	69,082,432	21	None	F Suppliers	61,495,613	19	None				
	Others	266,205,638	79		Others	269,041,965	81					
	Net purchase amount	335,288,070	100		Net purchase amount	330,537,578	100					

Note 1: The 2018Q1 financial statements audited by the CPA were not yet available up to the print of annual report on April 18, 2018.

Note 2: Causes of increase and decrease: The major suppliers of the ASUS Group did not change substantially in 2017 and 2016

2. Major Customers of the last two fiscal years:

The sales income of one customer from the consolidated company between 2017 and 2016 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	2016		2017		2017		2017	
	Domestic Sales		Export Sales		Domestic Sales		Export Sales	
	QTY	Amount	QTY	Amount	QTY	Amount	QTY	Amount
IT products	3,925,067	22,782,804	69,651,517	331,966,891	3,507,063	21,930,718	61,081,522	310,450,687
Others	-	1,490,853	-	4,355,137	-	902,858	-	2,591,300
Total	-	24,273,657	-	336,322,028	-	22,833,576	-	331,041,987

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 18, 2018

Year		2016	2017	As of April 18, 2018
Employee	Direct Labor	0	0	0
	Indirect labor	6,870	6,288	6,258
	Total	6,870	6,288	6,258
Average age		33.52	34.5	34.6
Average years of service		5.12	5.99	6.13
Education (%)	Ph. D.	0.89%	0.76%	0.7%
	Masters	58.88%	59.43%	58.99%
	College /University	37.23%	37.28%	37.68%
	Senior High School	2.75%	2.29%	2.36%
	Junior High School and below	0.25%	0.24%	0.27%

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. We implement the "Digital Inclusion Project" to recycle IT apparatuses and donate them to schools in remote areas after repair. This not only reduces the waste materials but also helps to fill the urban-rural gap.
4. Arrange environmental protection, recycling, and merciful donation activities from time to time; also, contribute the income generated to charities activities.
5. We cooperate with the government to introduce ISO50001 energy management system to build an energy baseline every year and use PDCA to set up energy saving goals and

ensure continual improvements in order to maintain implementation and reach the goal of reduction every year.

(II) The total amount of loss and fine paid for environmental pollution in 2017 and up to the date of the report printed: NT\$60,000.

09/18/2017 The headquarters violated the effluent standards of the Water Pollution Control Act.

(III) Estimated environmental protection expenses:

1. We will continue to introduce energy management system to make more efforts for saving energy and reducing greenhouse gas emission.
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.

Based on the respect and promise to employees, ASUS follows the international regulations of UNGC, UDHR and ILO to formulate human rights policies and does not discriminate employees due to race, sex, age, parties, religion, and the disability. Hiring of an employee must be subject to the local minimum age requirements, local regulations, EICC and other relevant regulations. The human right declaration shall be revealed accordingly.

(I) Employee's welfare package

ASUS always takes human respect and employee care as one of the management philosophies. To ensure the living conditions of employees and hold the belief of sharing profits with all employees, we provide a fair and legal internal and external bonus and remuneration system based on the average gross national income and price index, industry compensation level, and internal equal pay for equal work condition to determine the bonus and remuneration for the employees. The reasonable amount and distribution are proposed to the Board of Directors after being reviewed by the neutral Remuneration management Commission. The remuneration for the managerial officers is distributed after approved by the Boards of Directors. The amount distributed to the employees or managers is also determined depends on the importance of the job, contribution and personal performance. In order to encourage employees to work hard without worry, besides basic security and bonus, ASUS specially supports and sponsors related welfare projects. Employees also organize employee welfare organizations for planning and implementation of the welfare matters. Major points of the current welfare projects are listed below:

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 Progras(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 1,495 individuals participated in the learning and growth plan in 2017. 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.

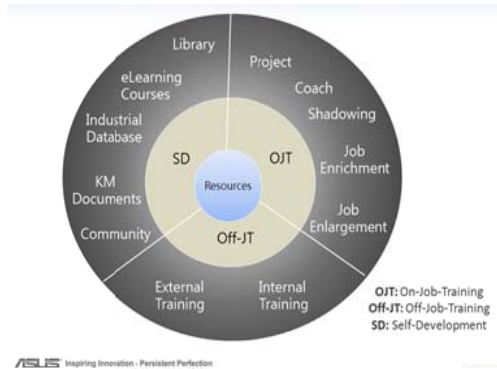


Figure2: Diversify Learning & Development Resources

(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. The average cumulative training hours of each employee in management and core value was 8.7 hours in 2017. The actual expenses of included the learning management system and classroom equipment costs of NT\$ 540,295. And the classroom/E-learning courses costs of NT\$ 960,516. The total amount was NT\$ 3,104,959. The result of training is described below:

Course Type	Course	Cumulative Hours (hr.)	Cumulative attendance times	Expense (NTD)
Classroom	108	381	7925	328,948
E-learning	40	51.5	11267	631,568
Total	148	432.5	19192	960,516

(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 2017 included 841 courses. The expenses produced due to professional training provided by each department were amounted up to \$1,673,540 in 2017.



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 842 items in total in 2017. The costs of self - learning development resource is NT\$1,604,148.

(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 285 on-job training programs planned and arranged in 2017, representing 0.53% 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 479 external training courses arranged in 2017 with NT\$1,945,258 granted as follows:

Item	Course	Expense (NTD)
Professional	454	\$1,845,921
Management	7	\$13,300
Language	11	\$79,637
Others	7	\$6,400
Total	479	\$1,945,258

(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. In addition, ASUS organizes retaining of global employees with respect to the “Code of Employee’s Conducts and Ethics” every year. We provide every employee with an “Unfair Competition and Bribery Prevention Card”, conduct irregular dissemination and resolve doubts to enhance the awareness of ethics of the employees. Besides the professional skills, ASUS expects all employees to act in compliance ethic norms to make ASUS a respectable benchmarking enterprise.

ASUS has based on the “Code of Conduct - Responsible Business Alliance (the former Electronic Industry Code of Conduct of 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 Training and dissemination
- Chapter 11 Punishment
- Chapter 12 Others

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

1. Establish occupational health and safety management department
The Company establishes an occupational health and safety management department and designates a professional occupational health and safety specialist for the development, implementation, audit, and improvement in accordance with the laws.
2. Regular implementation of environment aspects and risk assessment
Through regular implementation of environment aspects and risk assessment, the Company can discriminate possible internal potential risks and make improvement to prevent accidents from happening.
3. Regular occupational health and safety management training and physical examination
To ensure the safety of the employee and environment, we hold regular occupational health and safety management training for employees and contractors. We designate managers for the employee who engages in special operations, conduct environmental monitoring, and arrange physical (health) examination for these employees in accordance with the laws to ensure their health and safety.
4. Fire management and emergency response training
Besides preparing fire protection plans and reporting for safety inspection in accordance with the laws, we provide emergency response training to improve the emergency response ability of the employees and contractors.

5. Regular operational environment testing implementation

The Company formulates operational environment testing sampling plans and entrusts qualified firms to conduct tests and posts the testing result in obvious places. If there is any abnormality, list it as the goal for improvement of the safety and health.

6. Dedicated medical department and health management system

The Company has set up a medical office and hires professional nurses for health management of the employees and management of health promoting activities includes employee welfare health examination, healthy stair climbing, lose weight competition, physical fitness test, eye care, anti-cancer, liver protection, and ergonomic improvement plans. Occupational disease specialists are invited to provide clinic treatment and consultation.

The hath management system and abnormal workload system were built in 2016 to understand the employees' health and manage occupational disease through systematic management.

7. 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."

8. 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 Lightning Excellence Award. ASUS is widely recognized in the safety of the employees, their physical and spiritual care, and environmental protection.

(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 18, 2018

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Credit Contracts	Taiwan Cooperative Bank	Apr 19, 2017 ~ Dec 27, 2017	Unsecured loan, totaling NT\$1 billion	N/A
Credit Contracts	Mega International Commercial Bank, Lanya Branch	Aug 17, 2017 ~ Aug 16, 2018	Unsecured loan, totaling NT\$3 billion	N/A
Credit Contracts	Taipei Fubon Bank	Sep 11, 2017 ~ Jul 28, 2018	Unsecured loan, totaling NT\$2 billion	N/A

Contract Property	Affiliated Person	Start/Expiration date of Contract	Content	Restrictions
Credit Contracts	The Shanghai Commercial & Savings Bank, Ltd.	Aug 16, 2017 ~ Aug 15, 2018	Unsecured loan, totaling NT\$1 billion and USD 40 millions	N/A
New Construction (Civil) Contract Agreement	CHUNG-LIN GENERAL CONTRACTORS, LTD.	May 24, 2017 ~ Jul 25, 2019 (Scheduled completion date)	Civil Works of Newly Built Office Building	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

Year Item		Financial information in the past five years (Note 2)					As of April 18, 2018
		2013	2014 (Adjustment)	2015	2016	2017	
Current Assets		238,864,019	274,913,727	258,336,700	273,972,099	257,588,380	(Note 3)
Property, plant and equipment		10,746,683	9,581,880	9,042,789	13,743,767	15,250,476	
Intangible Assets		2,159,156	2,148,541	1,996,495	1,898,724	1,953,183	
Other Assets		44,302,897	65,777,365	64,228,889	74,605,336	70,099,130	
Total Assets		296,072,755	352,421,513	333,604,873	364,219,926	344,891,169	
Current Liabilities	Before allocation	151,095,249	178,987,351	152,738,006	168,496,912	153,886,173	
	After allocation	165,579,074	191,614,276	163,879,410	181,123,837	(Note 1)	
Total non-current liabilities		8,006,022	7,911,099	11,438,921	11,505,800	12,330,693	
Total Liabilities	Before allocation	159,101,271	186,898,450	164,176,927	180,002,712	166,216,866	
	After allocation	173,585,096	199,525,375	175,318,331	192,629,637	(Note 1)	
Share capital		7,427,603	7,427,603	7,427,603	7,427,603	7,427,603	
Capital surplus		4,452,237	4,452,757	4,719,653	5,079,722	5,554,197	
Retained earnings	Before allocation	116,472,478	121,463,998	125,934,543	133,995,876	136,913,856	
	After allocation	101,988,653	108,837,073	114,793,139	121,368,951	(Note 1)	
Other Equity		6,847,184	30,297,852	29,270,140	34,982,282	25,248,529	
Treasury shares		-	-	-	-	-	
Non-controlling interest		1,771,982	1,880,853	2,076,007	2,731,731	3,530,118	
Total Equity	Before allocation	136,971,484	165,523,063	169,427,946	184,217,214	178,674,303	
	After allocation	122,487,659	152,896,138	158,286,542	171,590,289	(Note 1)	

Note 1: General shareholders meeting has not yet been summoned up to April 18, 2018; therefore, the amount after adjustment is not disclosed.

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

Note 3: The 2018Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 18, 2018.

Condensed statements of comprehensive income (consolidated)

Unit: NT\$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 18, 2018
	2013	2014 (Adjustment)	2015	2016	2017	
Operating revenue	463,286,507	477,408,049	472,335,318	466,802,706	433,966,791	(Note 2)
Gross Profit	59,970,065	65,383,788	67,885,370	66,227,367	59,404,485	
Operating Income	19,836,010	21,709,964	21,006,376	18,751,955	12,734,837	
Non-operating Income and Expenses	7,190,092	3,687,550	1,436,944	5,529,994	7,228,897	
Profit before income tax	27,026,102	25,397,514	22,443,320	24,281,949	19,963,734	
Income (Losses) from Continuing Operations for the year	21,531,664	19,714,405	17,285,917	19,618,404	16,039,994	
Losses from Discontinued Operations	-	-	-	-	-	
Profit for the year (Losses)	21,531,664	19,714,405	17,285,917	19,618,404	16,039,994	
Other comprehensive income for the year (Net of income tax)	4,382,949	23,461,100	(1,029,629)	5,708,881	(9,749,918)	
Total comprehensive income for the year	25,914,613	43,175,505	16,256,288	25,327,285	6,290,076	
Profit attributable to shareholders of the parent	21,449,895	19,470,409	17,097,470	19,202,737	15,544,905	
Profit attributable to Non-controlling interests	81,769	243,996	188,447	415,667	495,089	
Total comprehensive income attributable to shareholders of the parent	25,826,521	42,926,013	16,069,758	24,914,879	5,811,152	
Total comprehensive income attributable to Non-controlling interests	88,092	249,492	186,530	412,406	478,924	
Earnings per share (non-retroactive)	28.66	26.21	23.02	25.85	20.93	

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

Note 2: The 2018Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 18, 2018.

(II) Condensed balance sheets (separate)

Unit: NT\$ thousands

Item \ Year	Financial information in the past five years (Note 2)					As of April 18, 2018	
	2013	2014 (Adjustment)	2015	2016	2017		
Current Assets	130,087,168	155,550,385	135,861,965	137,328,384	114,259,033	(Note 3)	
Property, plant and equipment	4,440,336	3,241,556	3,155,770	7,008,339	7,431,227		
Intangible Assets	313,928	358,199	273,810	191,765	115,992		
Other Assets	86,063,086	117,045,866	119,819,832	137,888,365	137,492,255		
Total Assets	220,904,518	276,196,006	259,111,377	282,416,853	259,298,507		
Current Liabilities	Before allocation	78,436,223	104,274,665	81,556,623	89,805,339		72,510,647
	After allocation	92,920,048	116,901,590	92,698,027	102,432,264		(Note 1)
Total non-current liabilities	7,268,793	8,279,131	10,202,815	11,126,031	11,643,675		
Total Liabilities	Before allocation	85,705,016	112,553,796	91,759,438	100,931,370		84,154,322
	After allocation	100,188,841	125,180,721	102,900,842	113,558,295		(Note 1)
Share capital	7,427,603	7,427,603	7,427,603	7,427,603	7,427,603		
Capital surplus	4,452,237	4,452,757	4,719,653	5,079,722	5,554,197		
Retained earnings	Before allocation	116,472,478	121,463,998	125,934,543	133,995,876		136,913,856
	After allocation	101,988,653	108,837,073	114,793,139	121,368,951		(Note 1)
Other Equity	6,847,184	30,297,852	29,270,140	34,982,282	25,248,529		
Treasury shares		-	-	-	-		
Total Equity	Before allocation	135,199,502	163,642,210	167,351,939	181,485,483		175,144,185
	After allocation	120,715,677	151,015,285	156,210,535	168,858,558		(Note 1)

Note 1: General shareholders meeting has not yet been summoned up to April 18, 2018; therefore, the amount after adjustment is not disclosed

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

Note 3: The 2018Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 18, 2018.

Condensed statements of comprehensive income (separate)

Unit: NT\$ thousands

Item \ Year	Financial information in the past five years (Note 1)					As of April 18, 2018
	2013	2014 (Adjustment)	2015	2016	2017	
Operating revenue	358,741,099	384,234,950	377,074,468	360,595,685	335,875,563	(Note 2)
Realized gross profit	23,195,769	24,427,785	24,098,655	22,662,633	21,451,312	
Operating Income	9,775,216	10,685,311	9,263,997	9,080,820	5,787,846	
Non-operating Income and Expenses	15,786,546	12,690,772	11,733,974	13,420,744	11,765,074	
Profit before tax	25,561,762	23,376,083	20,997,971	22,501,564	17,552,920	
Income (Losses) from Continuing Operations for the year	21,449,895	19,470,409	17,097,470	19,202,737	15,544,905	
Losses from Discontinued Operations	-	-	-	-	-	
Profit for the year	21,449,895	19,470,409	17,097,470	19,202,737	15,544,905	
Other comprehensive income for the year (Net of income tax)	4,376,626	23,455,604	(1,027,712)	5,712,142	(9,733,753)	
Total comprehensive income for the year	25,826,521	42,926,013	16,069,758	24,914,879	5,811,152	
Earnings per share (non-retroactive)	28.66	26.21	23.02	25.85	20.93	

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

Note 2: The 2018Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 18, 2018.

(III) Auditing by CPAs

CPAs and their auditing opinions in the past five years

Auditing Year	CPAs	Opinions
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
2017	CHOU, CHIEN-HUNG, CHANG, MING-HUI	Unqualified Opinion

II. Financial analysis in the past five years

(I) Financial analysis for consolidated report

Year (Note 1) Item (Note 3)		Financial analysis in the past five years					As of April 18, 2018
		2013	2014 (Adjustmen	2015	2016	2017	
Financial structure (%)	Ratio of liabilities to assets	53.74	53.03	49.21	49.42	48.19	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	1,349.04	1,810.02	2,000.12	1,424.09	1,252.45	
Solvency	Current ratio (%)	158.09	153.59	169.14	162.60	167.39	
	Quick ratio (%)	101.94	93.16	96.34	107.33	108.38	
	Times interest earned	77.72	95.67	61.74	389.85	114.93	
Operating ability	Account receivable turnover (times)	6.34	5.94	5.58	5.37	4.96	
	Days sales in accounts receivable	57.57	61.44	65.41	67.97	73.58	
	Inventory turnover (times)	4.58	4.10	3.48	3.60	3.73	
	Account payable turnover (times)	6.27	5.48	5.63	6.06	5.76	
	Average days in sales	79.69	89.02	104.88	101.38	97.85	
	Property, plant and equipment turnover (times)	43.07	46.97	50.72	40.97	29.93	
	Total assets turnover (times)	1.64	1.47	1.38	1.34	1.22	
Profitability	Ratio of return on total assets (%)	7.73	6.14	5.12	5.64	4.56	
	Ratio of return on equity (%)	16.27	13.03	10.32	11.09	8.84	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	363.86	341.93	302.16	326.92	268.78	
	Profit ratio (%)	4.65	4.13	3.66	4.20	3.70	
	Earnings per share (\$) (non-retroactive)	28.66	26.21	23.02	25.85	20.93	
Cash flow (%)	Cash flow ratio	19.78	14.64	(6.92)	29.26	(0.90)	
	Cash flow adequacy ratio	145.59	97.63	65.41	90.54	86.40	
	Cash reinvestment ratio	10.03	6.32	(12.00)	18.33	(6.91)	
Leverage	Degree of operating leverage	3.38	3.19	2.95	3.19	4.54	
	Degree of financial leverage	1.02	1.01	1.02	1.00	1.01	

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

Interest protection multiples: The rise of the interest expenses and decline of the profit before tax this year caused decline of the interest protection multiples.

Property, plant and equipment turnover: The reduction of the net sale this year caused decline of the property, plant and equipment turnover ratio.

ROE: The decline of net income after tax this year caused decline of ROE.

Cash flow ratio: The cash outflow this year caused decline of the cash flow ratio.

Cash reinvestment ratio: The cash outflow this year caused decline of the cash reinvestment ratio.

DOL: The reduction of the operating profit caused increase of DOL.

(II) Financial analysis for separate report

Year (Note 1) Item (Note 3)		Financial analysis in the past five years					As of April 10, 2017
		2013	2014 (Adjustment)	2015	2016	2017	
Financial structure (%)	Ratio of liabilities to assets	38.80	40.75	35.41	35.74	32.45	(Note 2)
	Ratio of long-term capital to Property, plant and equipment	3,208.50	5,303.67	5,626.35	2,748.32	2,513.55	
Solvency	Current ratio (%)	165.85	149.17	166.59	152.92	157.58	
	Quick ratio (%)	130.03	113.06	112.54	115.37	111.11	
	Times interest earned	5,112,353.40	1,744.31	1,166,554.94	202,717.79	76318.04	
Operating ability	Account receivable turnover (times)	5.13	4.70	4.29	4.03	3.96	
	Days sales in accounts receivable	71.15	77.65	85.08	90.57	92.17	
	Inventory turnover (times)	11.66	10.79	8.36	8.44	9.14	
	Account payable turnover (times)	6.04	5.58	5.68	5.99	5.73	
	Average days in sales	31.30	33.82	43.66	43.24	39.93	
	Property, plant and equipment turnover (times)	84.99	100.04	117.89	70.95	46.52	
	Total assets turnover (times)	1.68	1.55	1.41	1.33	1.24	
Profitability	Ratio of return on total assets (%)	10.02	7.84	6.39	7.09	5.74	
	Ratio of return on equity (%)	16.42	13.03	10.33	11.01	8.72	
	Ratio of profit before tax to Paid-in capital (%) (Note 7)	344.15	314.72	282.70	302.95	236.32	
	Profit ratio (%)	5.98	5.07	4.53	5.33	4.63	
	Earnings per share (\$) (non-retroactive))	28.66	26.21	23.02	25.85	20.93	
Cash flow	Cash flow ratio	20.87	9.38	(8.73)	13.57	11.86	
	Cash flow adequacy ratio	114.10	79.65	44.46	46.69	42.01	
	Cash reinvestment ratio	1.41	(2.65)	(10.78)	0.53	(2.11)	
Leverage	Degree of operating leverage	1.70	1.90	2.11	1.95	2.31	
	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:

Interest protection multiples: The rise of the interest expenses and decline of the profit before tax this year caused decline of the interest protection multiples.

Property, plant and equipment turnover: The reduction of the net sale this year caused decline of the property, plant and equipment turnover ratio.

ROE: The decline of net income after tax this year caused decline of ROE.

Profit before tax to paid-in capital: The reduction of the profit before tax this year caused decline of the profit before tax to paid-in capital.

Cash reinvestment ratio: The reduction of the cash inflow this year caused decline of the cash reinvestment ratio.

Note 1: The financial information is audited by CPA.

Note 2: The 2018Q1 financial statements have not yet been audited by CPA up to the date of the report printed on April 18, 2018.

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 discretionary 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.

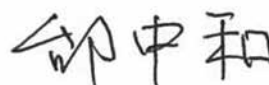
III. Supervisors' report in the most recent years

Audit Committee's Review Report of ASUSTeK Computer Inc.

The Board of Directors has prepared the ASUSTeK Computer Inc. ("the Company") 2017 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, Tai



March 16, 2018

IV. Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries in the most recent years: Please refer to Page 159-255 for details.

V. Separate Financial Statements and Report of Independent Accountants in the most recent years: Please refer to Page 256-324 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	2017	2016	Difference	
			Amount	%
Current assets	257,588,380	273,972,099	(16,383,719)	(5.98)
Property, plant and equipment	15,250,476	13,743,767	1,506,709	10.96
Long-term investment, intangible assets and other assets	72,052,313	76,504,060	(4,451,747)	(5.82)
Total assets	344,891,169	364,219,926	(19,328,757)	(5.31)
Current liabilities	153,886,173	168,496,912	(14,610,739)	(8.67)
Non-current liabilities	12,330,693	11,505,800	824,893	7.17
Total liabilities	166,216,866	180,002,712	(13,785,846)	(7.66)
Share capital	7,427,603	7,427,603	-	-
Capital surplus	5,554,197	5,079,722	474,475	9.34
Retained earnings	136,913,856	133,995,876	2,917,980	2.18
Other equity	25,248,529	34,982,282	(9,733,753)	(27.82)
Total equity attributable to shareholders of the parent	175,144,185	181,485,483	(6,341,298)	(3.49)
Total equity	178,674,303	184,217,214	(5,542,911)	(3.01)
Analysis of financial ratio change:				
Other Equity: Due to listed financial assets available for sale in the current year that did not actualize the evaluated profit, the exchange differences on foreign financial statements and reduction of profit in the effective portion of cash flow hedges.				

Separate Comparison of Financial Position

Unit: NT\$ thousands

Item \ Year	2017	2016	Difference	
			Amount	%
Current assets	114,259,033	137,328,384	(23,069,351)	(16.80)
Property, plant and equipment	7,431,227	7,008,339	422,888	6.03
Long-term investment, intangible assets and other assets	137,608,247	138,080,130	(471,883)	(0.34)
Total assets	259,298,507	282,416,853	(23,118,346)	(8.19)
Current liabilities	72,510,647	89,805,339	(17,294,692)	(19.26)
Non-current liabilities	11,643,675	11,126,031	517,644	4.65
Total liabilities	84,154,322	100,931,370	(16,777,048)	(16.62)
Share capital	7,427,603	7,427,603	-	-
Capital surplus	5,554,197	5,079,722	474,475	9.34
Retained earnings	136,913,856	133,995,876	2,917,980	2.18
Other equity	25,248,529	34,982,282	(9,733,753)	(27.82)
Total equity	175,144,185	181,485,483	(6,341,298)	(3.49)
Analysis of financial ratio change:				
Other Equity: Due to listed financial assets available for sale in the current year that did not actualize the evaluated profit, the exchange differences on foreign financial statements and reduction of profit in the effective portion of cash flow hedges.				

II. Business performance

(I) Consolidated Comparison of Business Performance

Unit: NT\$ thousands

Item	2017	2016	Amount change	Ratio change (%)
Operating revenues	433,966,791	466,802,706	(32,835,915)	(7.03)
Operating costs	(374,562,306)	(400,575,339)	26,013,033	(6.49)
Gross profit	59,404,485	66,227,367	(6,822,882)	(10.30)
Operating expenses	(46,669,648)	(47,475,412)	805,764	(1.70)
Operating profit	12,734,837	18,751,955	(6,017,118)	(32.09)
Non-operating income and expenses				
Other income	3,910,368	3,717,455	192,913	5.19
Other gains (losses)	3,469,793	1,861,529	1,608,264	86.39
Finance costs	(175,235)	(62,445)	(112,790)	180.62
Share of profit of associates and joint ventures accounted for under equity method	23,971	13,455	10,516	78.16
Total non-operating income and expenses	7,228,897	5,529,994	1,698,903	30.72
Profit before income tax	19,963,734	24,281,949	(4,318,215)	(17.78)
Income tax expenses	(3,923,740)	(4,663,545)	739,805	(15.86)
Profit for the year	16,039,994	19,618,404	3,578,410	(18.24)
Other comprehensive income (loss)				
Components of other comprehensive income that will not be reclassified to profit or loss				
Remeasurements of defined benefit plan	(22,282)	(35,593)	13,311	(37.40)
Income tax relating to the components of other comprehensive income	1,222	15,979	(14,757)	(92.35)
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(4,856,680)	(923,066)	(3,933,614)	426.15
Unrealized gain on valuation of available-for-sale financial assets	(3,721,315)	6,136,840	(9,858,155)	(160.64)
Gain on effective portion of cash flow hedges	(1,953,888)	395,549	(2,349,437)	(593.97)
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	(111)	(137)	26	(18.98)

Item	2017	2016	Amount change	Ratio change (%)
Income tax relating to the components of other comprehensive income	803,136	119,309	683,827	573.16
Other comprehensive income for the year	(9,749,918)	5,708,881	(15,458,799)	(270.79)
Total comprehensive income for the year	6,290,076	25,327,285	(19,037,209)	(75.16)
Profit attributable to shareholders of the parent	15,544,905	19,202,737	(3,657,832)	(19.05)
Total comprehensive income attributable to shareholders of the parent	5,811,152	24,914,879	(19,103,727)	(76.68)
<p>Analysis of financial ratio change:</p> <ol style="list-style-type: none"> 1. Operating Profit: Due to reduction of the operating income this year. 2. Non-operating income and expenditure: Due to increase of the net exchange gains. 3. Other Comprehensive Income: Due to listed financial assets available for sale in the current year that did not actualize the evaluated profit, the exchange differences on foreign financial statements and the reduction of profit in the effective portion of cash flow hedges. 				

Separate Comparison of Business Performance

Unit: NT\$ thousands

Item	2017	2016	Amount change	Ratio change (%)
Operating revenue	335,875,563	360,595,685	(24,720,122)	(6.86)
Operating costs	(315,785,594)	(337,844,298)	22,058,704	(6.53)
Gross profit	20,089,969	22,751,387	(2,661,418)	(11.70)
Unrealized profit from sales	1,361,343	(88,754)	1,450,097	(1,633.84)
Realized gross profit	21,451,312	22,662,633	(1,211,321)	(5.35)
Operating expenses	(15,663,466)	(13,581,813)	(2,081,653)	15.33
Operating profit	5,787,846	9,080,820	(3,292,974)	(36.26)
Non-operating income and expenses				
Other income	2,813,266	2,848,216	(34,950)	(1.23)
Other gains (losses)	473,095	1,386,853	(913,758)	(65.89)
Finance costs	(230)	(111)	(119)	107.21
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	8,478,943	9,185,786	(706,843)	(7.69)
Total non-operating income and expenses	11,765,074	13,420,744	(1,655,670)	(12.34)
Profit before income tax	17,552,920	22,501,564	(4,948,644)	(21.99)
Income tax expenses	(2,008,015)	(3,298,827)	1,290,812	(39.13)
Profit for the year	15,544,905	19,202,737	(3,657,832)	(19.05)
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	(\$19,274)	(\$19,365)	\$91	(0.47)
Components of other comprehensive income that will be reclassified to profit or loss				
Financial statements translation differences of foreign operations	(5,109,986)	(979,560)	(4,130,426)	421.66
Unrealized gain on valuation of available-for-sale financial assets	(3,887,043)	6,150,310	(10,037,353)	(163.20)
Share of other comprehensive income of subsidiaries, associates and joint ventures accounted for under equity method	(1,524,919)	466,181	(1,991,100)	(427.11)
Income tax relating to the components of other comprehensive income	(\$19,274)	(\$19,365)	712,893	753.78

Item	2017	2016	Amount change	Ratio change (%)
Other comprehensive (loss) income for the year	(9,733,753)	\$5,712,142	(15,445,895)	(270.40)
Total comprehensive income for the year	5,811,152	24,914,879	(19,103,727)	(76.68)

Analysis of financial ratio change:
Other Comprehensive Income: Due to listed financial assets available for sale in the current year that did not actualize the evaluated profit, the exchange differences on foreign financial statements and the reduction of profit in the effective portion of cash flow hedges.

III. Analysis of cash flow

(I) Consolidated liquidity analysis of the last two years

Year \ Item	2017	2016	Financial ratio change
Cash flow ratio	(0.90)%	29.26%	(103.07)%
Cash flow adequacy ratio	86.40%	90.54%	(4.57)%
Cash reinvestment ratio	(6.91)%	18.33%	(137.70)%

Analysis of financial ratio change:
1. Reduction of the cash flow ratio this year:
The cash outflow this year caused a decline of the cash reinvestment ratio.
2. Reduction of the cash reinvestment ratio this year:
The cash outflow this year caused a decline of the cash reinvestment ratio.

Separate liquidity analysis of the last two years

Year \ Item	2015	2014	Financial ratio change
Cash flow ratio	11.86%	13.57%	(12.60)%
Cash flow adequacy ratio	42.01%	46.69%	(10.02)%
Cash reinvestment ratio	(2.11)%	0.53%	(498.11)%

Analysis of financial ratio change:
Increase of the cash reinvestment ratio this year: The reduction of the cash inflow caused a decline of the 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:

There is no significant capital expenditure in this period.

V. Reinvestment in recent years:

Unit: NT\$ thousands

Item (Note)	Amount	Policy	Gain or Loss in 2017	Root cause of profit or loss	Corrective action	Investment Plans
Own brand business	-	Develop brand business to improve competitiveness and operating performance	8,535,158	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 2017 interest income and interest expense for ASUS Group to the 2017 revenue were 0.25% and 0.04% 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 2017 net foreign exchange gain recognized by the Group accounted the ratio to 2017 revenue was 1.23%, 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 2017 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) VR(Virtual Reality) / AR(Augmented Reality)
- (12) Robot

2. R&D budget in 2018: NT\$13~15 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 3.73 times of inventory turnover in 2017; 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 2017 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 2017 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, DVD player subtitle, Motherboards and Router, User Interface, audio signal encoding and decoding system, Audio stream,

cellphone and pad supporting OK Google function, products with Google Play Movies and TV function, touchscreen scrolling in accordance with user touch control, Pad, products with UMTS 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 German 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 supporting Smart Lock function for Android 5.0, AP and router products supporting MU-MIMO, DVD player restriction technology, Zhuyin input function, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering function in Camera app for saving information and static imaging processing technique in low power, products using SK hynix Solid State Drive, processors and memories of Samsung, product with Nvidia GPU, MP3 function for desktop and notebook, SDRAM function, ZenFone trademarks, Google Now digital assistant and Google's Voice Actions function against the Group. These lawsuits or investigations are currently under investigation in a Taiwan court, in a Texas court, in a California court, in a Delaware court, at the United States International Trade Commission, in a German court and in an India court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.
- (3) The European Commission has started an investigation into whether the Group has restricted the retail prices of distributors in February, 2017. This case is under 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 with respect to this investigation.

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 135-138.

(2) Company profile of related party: Please refer to Page 139-143.

(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 144-150.

2. Business operation of the related party: Please refer to Page 151-157.

(II) Consolidated Financial Statements and Report of Independent Accountants of the parent company and subsidiaries: Please refer to Page 159-255.

(III) Related Party Report: Not Applicable

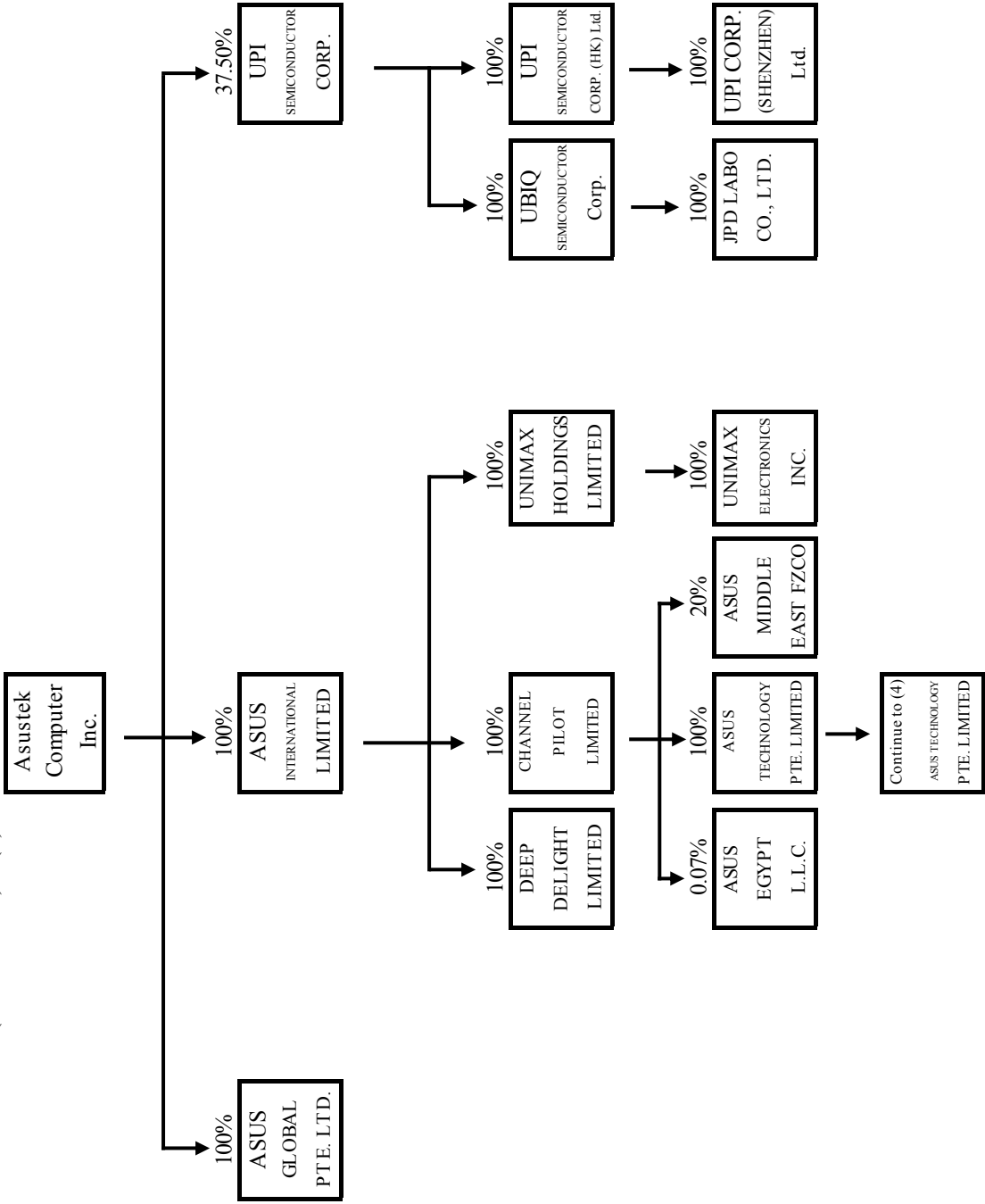
II. Subscription of marketable securities privately in the most recent years and up to the date of the report printed: None

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

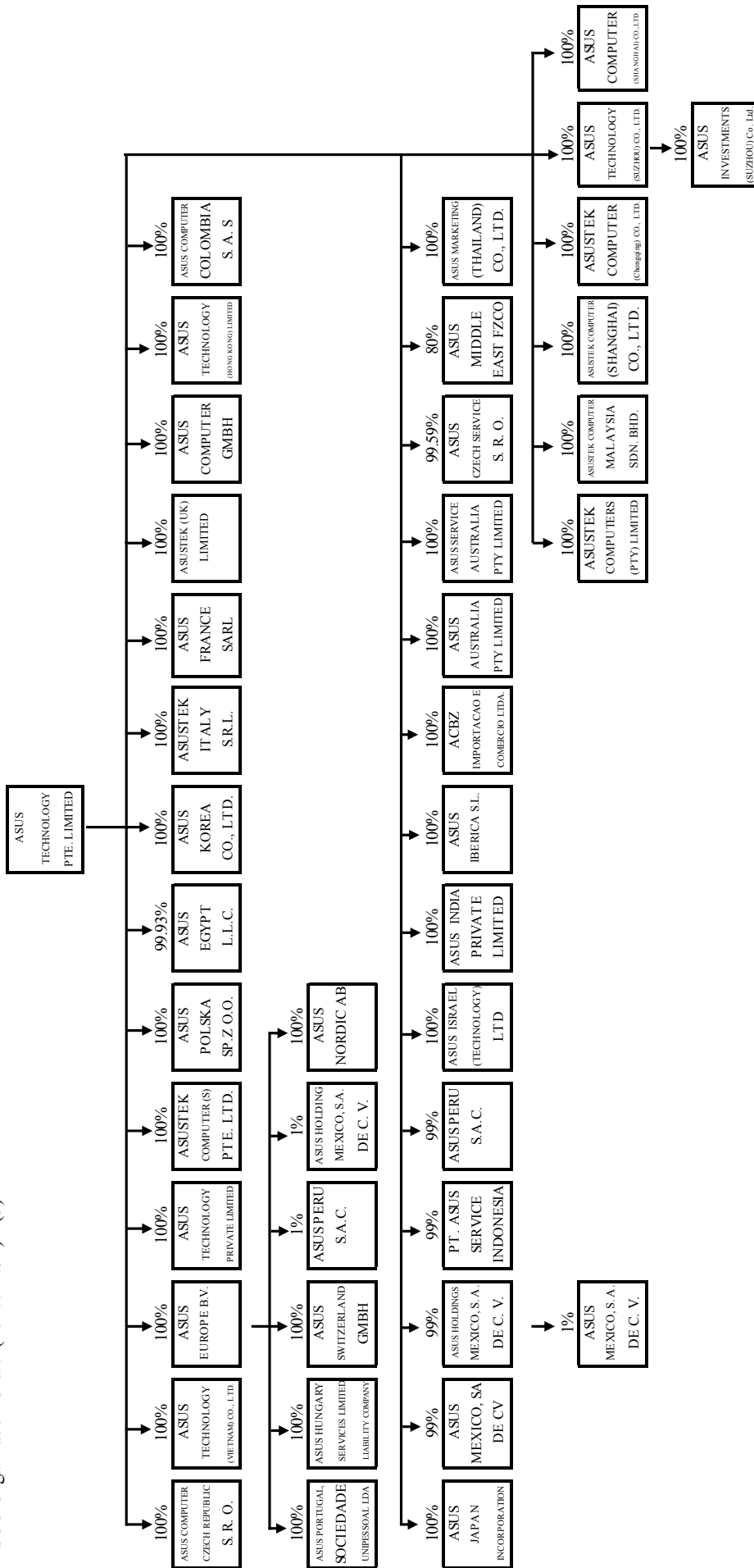
IV. Supplementary disclosures: None

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 (2017.12.31) - (1)



ASUS Organization Chart (2017.12.31) - (3)



(2) Basic Data of Affiliated Enterprises

In thousand NTD / as of Dec 31, 2017

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS COMPUTER INTERNATIONAL	June 21, 1994	USA	14,880	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	48,422	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	833,280	Selling 3C products
ASMEDIA TECHNOLOGY INC.	March 31, 2004	Taiwan	600,379	Designing, developing and manufacturing high-speed analog circuit
ASUS DIGITAL INTERNATIONAL PTE. LTD.	November 2, 2014	Singapore	24,701	Investing in computer peripherals business
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	May 23, 2017	Indonesia	58,566	Selling of 3C products in Indonesia
PT. ASUS TECHNOLOGY INDONESIA BATAM	May 24, 2017	Indonesia	263,529	Selling of 3C products in Indonesia
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	7,872	Selling and consulting of 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 of communication products and computer peripheral spare parts
ASKEY INTERNATIONAL CORP.	June 28, 1996	USA	297,600	Selling and servicing about communication products
DYNALINK INTERNATIONAL CORP.	October 1, 1996	British Virgin Islands	242,847	Investing in communication business
MAGIC INTERNATIONAL CO., LTD.	May 13, 1999	British Virgin Islands	3,497,566	Investing in computer peripherals business
ASKEY (VIETNAM) COMPANY LIMITED	November 1, 1996	Vietnam	170,660	Manufacturing and selling of communication products
WISE ACCESS (HK) LIMITED	September 21, 2011	Hong Kong	40,221	Investing in communication and computer peripherals business

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
MAGICOM INTERNATIONAL CORP.	June 23, 1999	Cayman Islands	2,709,053	Investing in communication business
OPENBASE LIMITED	Jan 10, 2005	British Virgin Islands	1,488	Selling of communication products and computer peripherals
LEADING PROFIT CO., LTD.	March 12, 2004	Mauritius	1,489,488	Selling of communication products and computer peripherals
UNI LEADER INTERNATIONAL LTD.	September 2, 2004	Mauritius	1,488	Selling of communication products and computer peripherals
ASKEY COMMUNICATION GMBH	April 11, 2013	Germany	3,557	Selling and servicing of communication products
ASKEY CORPORATION (THAILAND) CO.,LTD.	June 21, 2017	Thailand	1,833	Intelligent energy-savings service
ASKEY DO BRASIL TECNOLOGIA LTDA.	April 20, 2016	Brasil	13,477	Services of communication products
SILIGENCE SAS	July 19, 2011	France	171,375	Selling and servicing of communication products
ASKEY TECHNOLOGY (SHANGHAI) LTD.	July 1, 2003	China	113,354	Developing and selling of communication products
ASKEY TECHNOLOGY (JIANGSU) LTD.	August 30, 2001	China	3,161,516	Manufacturing and selling of communication products
ASKEY MAGICXPRESS (WUJIANG) CORP.	September 27, 2012	China	86,597	Manufacturing and selling of communication products
AGAIT TECHNOLOGY CORPORATION	June 6, 2009	Taiwan	140,000	Designing and selling of computer peripheral and smart vacuums
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	November 11, 2009	Hong Kong	-	Investing in computer peripherals business
AAEON TECHNOLOGY INC.	December 1, 2010	Taiwan	1,068,000	Manufacturing and selling of industrial computers and computer peripherals
AAEON ELECTRONICS, INC.	June 6, 1995	USA	145,824	Selling of industrial computers and computer peripherals
AAEON DEVELOPMENT INCORPORATED	November 21, 1997	British Virgin Islands	19,636	Investing in industrial computers and computer peripherals business
AAEON TECHNOLOGY CO., LTD.	September 11, 2001	British Virgin Islands	262,099	Investing in industrial computers and interface cards business
AAEON TECHNOLOGY (EUROPE) B. V.	March 4, 2005	Netherlands	3,557	Selling of industrial computers and computer peripherals
AAEON INVESTMENT CO., LTD.	June 6, 2009	Taiwan	150,000	Investing in industrial computers and computer peripherals business
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	March 30, 2004	Singapore	10,370	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY GMBH	October 23, 2007	Germany	1,067	Selling of industrial computers and computer peripherals
AAEON TECHNOLOGY (SUZHOU) INC.	November 1, 2001	China	258,622	Manufacturing and selling industrial computers and interface cards

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ONYX HEALTHCARE INC.	February 2, 2010	Taiwan	200,075	Designing, manufacturing and selling of medical computers
ONYX HEALTHCARE USA, INC.	October 27, 2011	USA	59,520	Selling of medical computers and peripherals
ONYX HEALTHCARE EUROPE B. V.	May 16, 2012	Netherlands	3,557	Marketing support and repairing of medical computers and peripherals
ONYX HEALTHCARE (SHANGHAI) LTD.	September 15, 2014	China	45,085	Selling of medical computers and peripherals
UPI SEMICONDUCTOR CORP.	December 23, 2005	Taiwan	683,462	Designing, developing and selling of integrated circuits
UBIQ SEMICONDUCTOR CORP.	November 25, 2008	Taiwan	200,000	Designing, developing and selling of integrated circuits
UPI-SEMICONDUCTOR CORPORATION (HK) LTD.	May 9, 2011	Hong Kong	129,456	Investing in integrated circuits technical support consulting service business
UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.	September 5, 2011	China	16,847	Marketing support and technical service of integrated circuits
JPD LABO CO., LTD.	May 25, 2015	Japan	18,540	Designing and developing of integrated circuits
ASUS CLOUD CORPORATION	March 24, 2000	Taiwan	500,000	Selling and consulting of internet service
ASUS CLOUD SINGAPORE PTE. LTD.	December 14, 2012	Singapore	19,935	Investing in internet service business
ASUS CLOUD (LUXEMBOURG) S.A.R.L	December 3, 2013	Luxembourg	18,065	Providing maintenance and operating service for information hardware
ASUS LIFE CORPORATION	September 9, 2016	Taiwan	10,000	Selling of internet information service
ASUS INTERNATIONAL LTD.	March 8, 2002	Cayman Islands	2,670,366	Investing in 3C and computer peripheral business
DEEP DELIGHT LTD.	January 23, 2002	British Virgin Islands	339,919	Investing in computer peripherals business
CHANNEL PILOT LIMITED	March 30, 2005	British Virgin Islands	893,782	Investing in 3C business
UNIMAX HOLDINGS LIMITED	February 15, 2007	Cayman Islands	193,440	Investing in automotive electronics and computer peripherals business
UNIMAX ELECTRONICS INC.	April 17, 2007	Taiwan	212,986	Manufacturing and selling of automotive electronics and computer peripherals
ASUS TECHNOLOGY PTE. LIMITED	April 26, 2005	Singapore	1,321,922	Investing in 3C business
ASUS MIDDLE EAST FZCO	October 22, 2007	Dubai	4,050	Marketing support and repairing of 3C products in Middle East
ASUS EGYPT L. L. C.	September 11, 2008	Egypt	1	Marketing support of 3C products in Egypt
PT. ASUS SERVICE INDONESIA	May 21, 2013	Indonesia	31,973	Repairing of 3C products in Asia-pacific and America
ASUS MARKETING (THAILAND) CO., LTD.	January 6, 2016	Thailand	14,666	Marketing of support 3C products in Thailand

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS COMPUTER GMBH	June 19, 1991	Germany	9,093	Selling and marketing support of 3C products in Germany
ASUS FRANCE SARL	July 12, 2002	France	3,770	Marketing support of 3C products in France
ASUSTEK (UK) LIMITED	April 3, 2006	UK	2,006	Marketing support of 3C products in United Kingdom
ASUS TECHNOLOGY (HONG KONG) LIMITED	November 25, 2005	Hong Kong	1,903	Marketing support and repairing of 3C products in Hong Kong
ASUS KOREA CO., LTD.	July 1, 2006	Kore	22,090	Marketing support and repairing of 3C products in South Korea
ASUSTEK COMPUTER (S) PTE. LTD.	October 21, 2003	Singapore	445	Repairing of 3C products in Singapore
ASUS POLSKA SP.Z.O.O.	July 31, 2005	Polska	427	Marketing support of 3C products in Poland.
ASUS TECHNOLOGY PRIVATE LIMITED	September 13, 2006	India	94,074	Marketing support and repairing of 3C products in India
ASUS EUROPE B. V.	March 6, 2007	Netherlands	312,119	Selling of 3C products
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	March 1, 2007	Vietnam	1,690	Repairing of 3C products in Vietnam
ASUSTEK ITALY S. R. L.	July 21, 2000	Italy	1,707	Marketing support of 3C products in Italy
ASUS IBERICA, S. L.	May 19, 2004	Spain	1,067	Marketing support of 3C products in Spain
ASUS JAPAN INCORPORATION	May 28, 2008	Japan	54,297	Selling of 3C products in Japan
ASUS COMPUTER CZECH REPUBLIC S. R. O.	October 31, 2005	Czech Republic	279	Marketing support of 3C products in Czech Republic
ASUS SERVICE AUSTRALIA PTY LIMITED	February 10, 2011	Australia	22,027	Repairing of 3C products in Australia
ASUS AUSTRALIA PTY LIMITED	January 5, 2011	Australia	8,115	Marketing support of 3C products in Australia
ASUS ISRAEL (TECHNOLOGY) LTD	March 12, 2012	Israel	388	Marketing support of 3C products in Israel
ASUS COMPUTER COLOMBIA S. A. S	February 19, 2015	Columbia	743	Marketing support of 3C products in Columbia
ASUSTEK COMPUTERS (PTY) LIMITED	August 31, 2004	South Africa	2	3C products marketing support and repair in Africa
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	May 13, 2005	Malaysia	3,665	3C products marketing support and repair in Malaysia
ASUS CZECH SERVICE S. R. O.	February 15, 2010	Czech Republic	7,512	Repairing of 3C products in Europe
ASUS PERU S. A. C.	April 25, 2013	Peru	9	Marketing support of 3C products in Peru
ASUS HOLDINGS MEXICO, S. A. DE C. V.	March 27, 2013	Mexico	77,284	Selling of 3C products in Mexico
ASUS MEXICO, S. A. DE C. V.	April 22, 2013	Mexico	200	Marketing support of 3C products in Mexico
ASUS INDIA PRIVATE LIMITED	July 5, 2011	India	156,523	Selling of 3C products in India
ACBZ IMPORTACAO E COMERCIO LTDA.	January 5, 2011	Brazil	4,936,728	Selling of 3C products in Brazil

NAME OF CORPORATION	DATE OF ESTABLISHMENT	ADDRESS	CAPITAL	MAJOR BUSINESS SCOPE
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	May 10, 2007	Hungary	1,435	Marketing support and repairing of 3C products in Hungary
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA.	May 21, 2008	Portugal	1,067	Marketing support of 3C products in Portugal
ASUS SWITZERLAND GMBH	May 10, 2009	Switzerland	10,355	Marketing support of 3C products in Switzerland
ASUS NORDIC AB	July 10, 2004	Sweden	1,083	Marketing support of 3C products in North Europe
ASUSTEK COMPUTER (SHANGHAI) CO., LTD.	June 9, 2000	China	241,056	Selling of 3C products in China
ASUS COMPUTER (SHANGHAI) CO., LTD.	June 30, 2000	China	59,520	Repairing support of 3C products
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	March 12, 2008	China	1,458,240	Researching and developing of 3C products
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	May 9, 2011	China	2,053,440	Selling of 3C products in China
ASUS INVESTMENTS (SUZHOU) CO., LTD.	December 6, 2013	China	488,508	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, 2017

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%
ASMEDIA TECHNOLOGY INC.	Supervisor	Alan Hsieh	0	0.00%
	Chairman	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	24,457,660	40.88%
	Director	ASUSTEK COMPUTER INC. (Representative: Ted Hsu)	—	—
	Director & President	ASUSTEK COMPUTER INC. (Representative: Chewei Lin)	—	—
	Director	Hsu, Chin-Chuan*	—	—
	Independent director	Chan, Hung-Chih*	—	—
AAEON TECHNOLOGY INC.	Independent director	Hsieh, Chieh- Ping*	—	—
	Independent director	Wu, Ching-Chi*	—	—
	Chairman	RUI HAI INVESTMENT CO., LTD. (Representative: Chuang, Yung-Shun)	4,515,000	4.23%
	Director	RUI HAI INVESTMENT CO., LTD. (Representative: Lee Ing-Jen)	—	—
	Director	RUI HAI INVESTMENT CO., LTD. (Representative: David Yen)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Jonney Shih)	43,756,000	40.97%
	Director	ASUSTEK COMPUTER INC. (Representative: Jonathan Tsang)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	—	—
	Independent Director	Sheu, Chun-An	—	—
	Independent Director	(Vacancy)	—	—
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Independent Director	Chris Kao	—	—
	General Manager	Howard Lin	200,000	0.19%
	Chairman	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	11,401,092	56.72%
	Director & President	ASUSTEK COMPUTER INC. (Representative: Daniel Lan)	—	—
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	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%

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
UPI SEMICONDUCTOR CORP.	Chairman	ASUSTEK COMPUTER INC. (Representative: Jerry Shen)	25,630,116	37.50%
	Director	ASUSTEK COMPUTER INC. (Representative: S.Y. Shian)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: HH Cheng)	—	—
	Director	ASUSTEK COMPUTER INC. (Representative: Chin Wu)	—	—
	Director	Fu-Shuo Investment Ltd. (Representative: Chu, Hsien-Kuo*)	1,928,608	2.82%
	Director	Lin, Chin-Pao*	—	—
	Director & President	Chang, Tien-Chien*	283,855	0.42%
	Supervisor	HUA-CHENG VENTURE CAPITAL CORP. (Representative: Francy Jeng)	6,519,937	9.54%
	Supervisor	Hsu, Chang-Lung*	216,524	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%
PT.ASUS TECHNOLOGY INDONESIA JAKARTA	Director	ASUSTEK COMPUTER INC. (Representative: Benjamin Yeh)	2,000	100.00%
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Karl Chu)	—	—
PT.ASUS TECHNOLOGY INDONESIA BATAM	Director	ASUSTEK COMPUTER INC. (Representative: Benjamin Yeh)	990,000	99.00%
	Supervisor	ASUSTEK COMPUTER INC. (Representative: Karl Chu)	—	—
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	%
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	Executive Director	ASUS TECHNOLOGY PTE LTD. (Representative: Andrew Ke)	—	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: Andrew Ke)	—	100.00%
	Supervisor	ASUS TECHNOLOGY PTE LTD. (Representative: Wang, Hsiang-Huei)	—	—
ASUS INVESTMENTS (SUZHOU) CO., LTD.	Director	ASUS Technology (Suzhou) Co. Ltd. (Representative : Andrew Ke)	—	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)	158,433	100.00%
	Director	ASUS TECHNOLOGY PTE LTD. (Representative: Wang, Shiang-Huei)	—	—
	Director	ASUS TECHNOLOGY PTE LTD. (Representative: Su, Shio-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: Hsiao, An-Ling)	—	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 HOLDINGS MEXICO, S. A. DE C. 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: Wang, Cheng-Tu)	20,000	100.00%
ASUSTEK COMPUTER (PTY) LIMITED	Director	ASUS TECHNOLOGY PTE LTD. (Representative: Liang, Ming-Lun)	1,000	100.00%
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	Director	ASUS TECHNOLOGY PTE LTD. (Representative: Lie, Yee-Sann)	500,000	100.00%
eMES (SHUZHOU) CO., LTD.	Chairman	SHINEWAVE INTERNATIONAL INC. (Representative: Yu, Jiunn-Hwa*)	—	100.00%
	Director	SHINEWAVE INTERNATIONAL INC.	—	—

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
	Director	(Representative: Cheng Shu-Fen*) SHINEWAVE INTERNATIONAL INC.	—	—
	Supervisor	(Representative: Chang Chih-Liang*) SHINEWAVE INTERNATIONAL INC. (Representative: Chin Wu)	—	—
UNIMAX HOLDINGS LIMITED	Director	ASUS INTERNATIONAL LIMITED (Representative: Jonney Shih)	6,500,000	100.00%
UNIMAX ELECTRONICS INC.	Chairman & President	UNIMAX HOLDINGS LIMITED(Representative: Kent Chien)	21,300,000	100.00%
	Director	UNIMAX HOLDINGS LIMITED(Representative: Wu, Chih-Peng)	—	—
	Director	UNIMAX HOLDINGS LIMITED (Representative: Jonathan Tsang)	—	—
	Supervisor	UNIMAX HOLDINGS LIMITED (Representative: Charlene Hsu)	—	—
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	Director	AGAIT TECHNOLOGY CORPORATION (Representative: Jerry Shen)	18,820,000	100.00%
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	Director	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (Representative : Jerry Shen)	—	100.00%
ASUS CLOUD SINGAPORE PTE. LTD.	Chairman	ASUS CLOUD CORPORATION. (Representative: Wu, Han-Chang)	1	100.00%
	Director	ASUS CLOUD CORPORATION (Representative: Sung, Lai-Chi*)	—	—
ASUS CLOUD (LUXEMBOURG) S. A R. L.	Director	ASUS CLOUD CORPORATION. (Representative: Wu, Han-Chang)	—	100.00%
ASUS LIFE CORPORATION	Chairman	Shangri-La Information Limited*(Representative: Janet Huang)	250,000	25.00%
	Director	OmniHealth Group, Inc. (Representative: Mingho Huang)	250,000	25.00%
	Director	ASUS CLOUD CORPORATION (Representative: Eric Chen)	250,000	50.00%
	Director	ASUS CLOUD CORPORATION (Representative: Joe Hsieh)	—	—
	Director	ASUS CLOUD CORPORATION (Representative: Wjh Chen)	—	—
	Supervisor	Steve Kuo	—	—
	Supervisor	Xin-chen Ji	—	—
AAEON ELECTRONICS, INC	The Chairman of BOD	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	490,000	100.00%
	President	Paul Yang	—	—
AAEON DELEOPMENT INCORPORATED	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	50,000	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	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Chuang, Yung-Shun)	300	100.00%
	Director	AAEON TECHNOLOGY (EUROPE) B.V. (Representative: Fabrizio del Maffeo)	—	—
AAEON INVESTMENT CO., LTD.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	15,000,000	100.00%
	Director	AAEON TECHNOLOGY INC. (Representative: I.J. Lee)	—	—
	Director	AAEON TECHNOLOGY INC. (Representative: Howard Lin)	—	—
	Supervisor	AAEON TECHNOLOGY INC. (Representative: Steve Hsu)	—	—
ONYX HEALTHCARE INC.	Chairman & President	AAEON TECHNOLOGY INC. (Representative: Chuang, Yung-Shun)	9,816,678	49.07%
	Director	AAEON TECHNOLOGY INC.	—	—

NAME OF CORPORATION	TITLE	NAME OF PERPRESENTATIVE	SHAREHOLDING	
			SHARES	%
	Director & President	(Representative: Chinlong Hsu) 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.	Director	AAEON DELELOPMENT INC. (Representative: Chuang, Yung-Shun)	465,840	100.00%
	Director	AAEON DELELOPMENT INC. (Representative: KS Seng)	—	—
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: CHIU, CHIEN -PANG *)	—	—
	Director	UPI-SEMICONDUCTOR CORP. (Representative: CHENG, TSUNG-CHIH*)	—	—
	Supervisor	UPI-SEMICONDUCTOR CORP. (Representative: HSU, WEN-CHUN)	—	—
UPI SEMICONDUCTOR CORPORATION (HK) LTD.	Director	UPI SEMICONDUCTOR CORP. (Representative: Chris Yu)	4,350,000	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*)	—	—
JPD LABO 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	ASKEY COMPUTER CORP (Representative: OU, TA-CHOU *)	3,843,090	79.76%
	Director	WISE ACCESS (HK) LIMITED (Representative: OU, TA-CHOU *)	780,000	16.19%
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 CORPORATION (THAILAND) CO., LTD.	Director	MAGIC INTERNATIONAL CO., LTD. (Representative: Kao, Chung- Ming)	20,000	100.00%
ASKEY TECHNOLOGY (SHANGHAI) LTD.	Chairman	MAGIC INTERNATIONAL CO., LTD. (Representative: Lin, Cheng-Kuei*)	—	100.00%
	Supervisor	MAGIC INTERNATIONAL CO., LTD. (Representative: Tina Chu)	—	—
	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.

2. Summarized Operation Results of Affiliated Enterprises

In thousand NTD / As of Dec 31, 2017

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	14,880	30,064,142	29,955,769	108,373	63,008,267	519,307	(431,645)	-
ASUS TECHNOLOGY INC.	190,000	6,991,715	6,317,306	674,409	23,258,635	282,068	251,815	13.25
ASUS HOLLAND B. V.	48,422	352,792	158,792	194,000	462,841	13,481	10,452	-
ASUSTEK HOLDINGS LIMITED	691,278	603,424	1,463	601,961	-	(175)	(46,132)	-
HUA-CHENG VENTURE CAPITAL CORP.	1,145,000	1,724,087	36,618	1,687,469	-	(189)	104,858	0.92
HUA-MIN INVESTMENT CO., LTD.	680,000	1,050,100	17,876	1,032,224	-	(171)	85,060	1.25
ASUS GLOBAL PTE. LTD.	833,280	157,493,646	128,597,128	28,896,518	336,603,008	4,624,770	7,527,729	-
ASMEDIA TECHNOLOGY INC.	600,379	2,303,902	561,021	1,742,881	2,975,231	752,057	432,098	7.23
ASUS DIGITAL NTERNATIONAL PTE. LTD.	24,701	6,225	76	6,149	-	(126)	(1,213)	-
PT. ASUS TECHNOLOGY INDONESIA JAKARTA	58,566	57,111	4,793	52,318	-	(6,892)	(6,389)	-
PT. ASUS TECHNOLOGY INDONESIA BATAM	263,529	312,160	49,893	262,267	-	(3,653)	(1,291)	-
SHINEWAVE INTERNATIONAL INC.	107,250	195,155	29,591	165,564	117,420	(9,414)	(8,875)	(0.83)
EMES (SHUZHOU) CO., LTD.	7,872	13,176	2,910	10,266	23,279	235	718	Note 1
INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN)	201,000	140,421	39,037	101,384	100,863	(31,315)	(31,617)	(1.57)
INTERNATIONAL UNITED TECHNOLOGY CO., LTD.	-	-	-	-	-	-	-	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
ASKEY COMPUTER CORP.	4,800,000	17,117,110	11,683,257	5,433,853	30,404,979	(1,039,822)	(1,055,389)	(2.20)
ASKEY INTERNATIONAL CORP.	297,600	350,213	143,770	206,443	154,676	(56,098)	(44,433)	-
DYNALINK INTERNATIONAL CORP.	242,847	67,992	66,336	1,656	-	(192)	20,388	-
MAGIC INTERNATIONAL CO., LTD.	3,497,566	3,913,186	-	3,913,186	-	(96)	(27,329)	-
ASKEY (VIETNAM) COMPANY LIMITED	170,660	129,606	53,879	75,727	-	-	1	-
WISE ACCESS (HK) LIMITED	40,221	104	66,440	(66,336)	-	(36)	20,329	Note 1
MAGICOM INTERNATIONAL CORP.	2,709,053	3,899,097	-	3,899,097	-	(216)	8,541	-
OPENBASE LIMITED	1,488	188,071	155,265	32,806	915,711	(91)	-	-
LEADING PROFIT CO., LTD.	1,489,488	2,019,578	2,043,608	(24,030)	17,425,441	(27,284)	(22,570)	-
UNI LEADER INTERNATIONAL LTD.	1,488	4,185,642	4,166,334	19,308	18,844,157	(1,181)	-	-
ASKEY COMMUNICATION GMBH	3,557	3,479	77	3,402	307	(62)	15	-
ASKEY CORPORATION (THAILAND) CO.,LTD.	1,833	1,862	324	1,538	-	(294)	(293)	-
ASKEY DO BRASIL TECNOLOGIA LTDA.	13,477	4,688	332	4,356	-	(7,052)	(6,969)	-
SILIGENCE SAS	171,375	162,599	105,153	57,446	837,661	13,945	27,298	-
ASKEY TECHNOLOGY (SHANGHAI) LTD.	113,354	9,975	3,752	6,223	15,232	(6,816)	(6,122)	Note 1
ASKEY TECHNOLOGY (JIANGSU) LTD.	3,161,516	13,385,854	9,616,257	3,769,597	27,841,062	(128,387)	7,179	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)
ASKEY MAGICXPRESS (WUJIANG) CORP.	86,597	93,687	275	93,412	-	(9)	1,123	Note 1
AGAIT TECHNOLOGY CORPORATION	140,000	26,638	1,231	25,407	-	(3,051)	(5,291)	(0.38)
AGAIT TECHNOLOGY (H.K.) CORPORATION LIMITED	-	-	-	-	-	(2)	(2)	Note 1
AAEON TECHNOLOGY INC.	1,068,000	5,029,883	841,260	4,188,623	3,809,723	302,433	560,197	5.60
AAEON ELECTRONICS, INC.	145,824	331,076	159,561	171,515	751,484	(38,532)	(21,414)	-
AAEON DEVELOPMENT INCORPORATED	19,636	42,843	-	42,843	-	(68)	(4,288)	-
AAEON TECHNOLOGY CO., LTD.	262,099	279,023	10	279,013	-	(54)	4,496	-
AAEON TECHNOLOGY (EUROPE) B. V.	3,557	115,225	67,531	47,694	441,427	5,102	6,746	-
AAEON INVESTMENT CO., LTD.	150,000	119,814	40	119,774	-	(81)	369	0.02
AAEON TECHNOLOGY SINGAPORE PTE. LTD.	10,370	55,376	12,977	42,399	178,707	(1,364)	(1,579)	-
AAEON TECHNOLOGY GMBH	1,067	19,567	3,582	15,985	48,048	1,661	1,950	-
AAEON TECHNOLOGY (SUZHOU) INC.	258,622	362,910	86,794	276,116	489,663	1,375	4,786	Note 1
ONYX HEALTHCARE INC.	200,075	1,061,216	190,916	870,300	978,466	156,429	115,911	5.79
ONYX HEALTHCARE USA, INC.	59,520	214,316	141,943	72,373	584,193	12,731	9,011	-
ONYX HEALTHCARE EUROPE B. V.	3,557	11,544	1,695	9,849	32,452	1,812	1,455	-
ONYX HEALTHCARE (SHANGHAI) LTD.	45,085	28,318	16,127	12,191	31,055	(11,010)	(10,141)	Note 1
UPI SEMICONDUCTOR CORP.	683,462	1,186,272	400,869	785,403	1,447,638	144,873	99,833	1.46

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(NTD)
UBIQ SEMICONDUCTOR CORP.	200,000	512,426	321,122	191,304	1,222,371	(16,767)	(12,494)	(0.62)
UPI SEMICONDUCTOR CORPORATION (HK) LTD.	129,456	8,721	-	8,721	-	(27,454)	(30,772)	Note 1
UPI SEMICONDUCTOR CORPORATION (SHENZHEN) LTD.	16,847	10,069	2,179	7,890	25,900	(2,863)	(2,999)	Note 1
JPD LABO CO., LTD.	18,540	27,892	4,014	23,878	58,877	4,908	2,185	-
ASUS CLOUD CORPORATION	500,000	83,672	28,723	54,949	57,642	(74,190)	(76,593)	(1.53)
ASUS CLOUD SINGAPORE PTE. LTD.	19,935	308	-	308	-	(284)	(418)	-
ASUS CLOUD (LUXEMBOURG) S. A R. L	18,065	3,994	1,255	2,739	-	484	403	-
ASUS LIFE CORPORATION	10,000	10,095	4,117	5,978	9,084	(3,494)	(1,738)	(1.74)
ASUS INTERNATIONAL LIMITED	2,670,366	37,123,088	1,145	37,121,943	-	(1,716)	826,321	-
DEEP DELIGHT LIMITED	339,919	343,473	-	343,473	-	-	3,525	-
CHANNEL PILOT LIMITED	893,782	39,146,274	3,462,567	35,683,707	-	(278)	785,291	-
UNIMAX HOLDINGS LIMITED	193,440	76,872	-	76,872	-	(19)	(2,029)	-
UNIMAX ELECTRONICS INC.	212,986	84,473	7,643	76,830	34,366	(2,468)	(2,010)	(0.09)
ASUS TECHNOLOGY PTE. LIMITED	1,321,922	40,387,664	314,755	40,072,909	3,392	(9,843)	(265,712)	-
ASUS MIDDLE EAST FZCO	4,050	41,009	28,744	12,265	102,451	1,925	1,925	-
ASUS EGYPT L. L. C.	1	3,245	1,537	1,708	4,817	140	(93)	-
PT. ASUS SERVICE INDONESIA	31,973	46,097	8,073	38,024	47,800	1,104	548	-
ASUS MARKETING (THAILAND) CO., LTD.	14,666	24,748	8,129	16,619	77,735	2,228	2,216	-

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 GMBH	9,093	283,055	145,034	138,021	1,198,608	10,447	12,708	-
ASUS FRANCE SARL	3,770	116,115	73,735	42,380	327,893	7,278	9,199	-
ASUSTEK (UK) LIMITED	2,006	56,918	19,991	36,927	210,534	6,137	4,321	-
ASUS TECHNOLOGY (HONG KONG) LIMITED	1,903	69,719	61,552	8,167	162,939	1,673	1,047	Note 1
ASUS KOREA CO., LTD.	22,090	54,713	6,685	48,028	90,654	9,760	10,347	-
ASUSTEK COMPUTER (S) PTE. LTD.	445	8,948	475	8,473	12,332	6,904	6,656	-
ASUS POLSKA SP. Z O. O.	427	61,398	10,116	51,282	110,434	3,078	2,612	-
ASUS TECHNOLOGY PRIVATE LIMITED	94,074	349,872	58,539	291,333	207,290	59,521	69,709	-
ASUS EUROPE B. V.	312,119	6,748,791	6,073,222	675,569	27,201,310	351,339	235,116	-
ASUS TECHNOLOGY (VIETNAM) CO., LTD.	1,690	27,358	14,365	12,993	148,703	4,562	1,947	-
ASUSTEK ITALY S. R. L.	1,707	139,835	118,879	20,956	279,291	8,718	4,010	-
ASUS IBERICA S. L.	1,067	47,388	12,590	34,798	155,835	2,990	2,161	-
ASUS JAPAN INCORPORATION	54,297	2,077,277	1,903,387	173,890	8,560,996	111,521	94,445	-
ASUS COMPUTER CZECH REPUBLIC S. R. O.	279	25,275	10,942	14,333	70,153	1,992	492	-
ASUS SERVICE AUSTRALIA PTY LIMITED	22,027	110,328	77,174	33,154	158,551	(10,107)	(12,994)	-
ASUS AUSTRALIA PTY LIMITED	8,115	89,066	42,554	46,512	155,527	9,302	10,124	-
ASUS ISRAEL (TECHNOLOGY) LTD.	388	9,626	7,255	2,371	46,366	1,350	1,136	-

NAME OF CORPORATION	CAPITAL	TOTAL ASSETS	TOTAL LIABILITIES	NET WORTH	NET OPERATING REVENUES	OPERATING INCOME (LOSS)	NET INCOME (LOSS)	EARNING (LOSS) PER SHARE(N/NTD)
ASUS COMPUTER COLOMBIA S. A. S	743	5,751	5,652	99	39,771	2,789	(584)	-
ASUSTEK COMPUTERS (PTY) LIMITED	2	10,015	6,252	3,763	35,183	2,381	2,381	-
ASUSTEK COMPUTER MALAYSIA SDN. BHD.	3,665	32,704	15,929	16,775	40,622	2,493	1,849	-
ASUS CZECH SERVICE S. R. O.	7,512	112,995	29,599	83,396	386,338	10,885	4,814	-
ASUS PERU S. A. C.	9	9,414	7,369	2,045	36,080	982	822	-
ASUS HOLDINGS MEXICO, S. A. DE C. V.	77,284	1,407,023	1,472,669	(65,646)	1,723,202	602	1,109	-
ASUS MEXICO, S. A. DE C. V.	200	12,450	8,395	4,055	53,842	1,780	747	-
ASUS INDIA PRIVATE LIMITED	156,523	2,715,096	2,777,277	(62,181)	4,879,573	(49,676)	(56,888)	-
ACBZ IMPORTACAO E COMERCIO LTDA.	4,936,728	8,202,389	3,350,096	4,852,293	9,435,801	468,762	469,753	-
ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY	1,435	11,446	3,284	8,162	38,363	1,117	843	-
ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA.	1,067	18,181	8,343	9,838	51,897	1,828	826	-
ASUS SWITZERLAND GMBH	10,355	25,790	3,984	21,806	52,506	1,529	1,355	-
ASUS NORDIC AB	1,083	102,723	48,069	54,654	259,593	8,352	5,665	-
ASUSTEK COMPUTER (SHANGHAI) CO. LTD.	241,056	28,307,267	32,813,307	(4,506,040)	61,664,998	(701,923)	(495,806)	Note 1
ASUS COMPUTER (SHANGHAI) CO., LTD.	59,520	84,464	17,945	66,519	163,088	4,670	3,046	Note 1
ASUS TECHNOLOGY (SUZHOU) CO., LTD.	1,458,240	3,205,889	375,836	2,830,053	1,973,670	127,231	288,758	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)
ASUSTEK COMPUTER (CHONGQING) CO., LTD.	2,053,440	8,255,126	3,329,139	4,925,987	9,567,134	9,020	472,997	Note 1
ASUS INVESTMENTS (SUZHOU) CO., LTD.	488,508	477,247	13,362	463,885	-	(7,495)	(2,650)	Note 1

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

ASUSTeK Computer Inc. Declaration of Internal Control

Date: March 16, 2018

The internal control system in 2017 conforms to the following declarations made in accordance with the self-inspection conducted:

1. 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.
2. 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.
3. 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.
4. We have based on the aforementioned internal control criteria to inspect the effectiveness of internal control design and enforcement.
5. We believe that our audits provide a reasonable basis for our opinion. On December 31, 2017, 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.
6. 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.
7. We hereby declared that the Declaration of Internal Control was approved by the Board of Directors on March 16, 2018 unanimously by the directors at the meeting.

ASUSTeK Computer Inc.



Chairman: Jonney Shih



President: Jerry Shen





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, 2017 and 2016, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years ended December 31, 2017 and 2016, and notes to the 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, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 in accordance with the "Regulations Governing the Preparation of Financial Reports by Securities Issuers" 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 reports of the other independent auditors, we believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the 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.

Key audit matters for the Group’s consolidated financial statements in the current period are stated as follows:

Evaluation of inventories

Description

Refer to Note 4(13) for the accounting policies on the evaluation of inventories, Note 5 for the uncertainty of accounting estimations and assumptions for evaluation of inventories, and Note 6(8) for the details of allowance for inventory valuation loss.

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 result in potential price fluctuations and product marginalization in the market. Additionally, it also affects the estimation of net realisable values of inventories.

In response to changing markets and its development strategies, 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 realisable value. Since the evaluation of inventories is subject to management’s judgment and the accounting estimations will have significant influence on the inventory values, the evaluation of inventories has been identified a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

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

Provision for sales returns and discounts

Description

Refer to Note 4(26) for the accounting policies on provisions for liabilities, Note 5 for the uncertainty of accounting estimations and assumptions for provision for sales returns and discounts, and Note 6(16) for the details of provision for sales returns and discounts. As of December 31, 2017, provision for sales returns and discounts amounted to \$20,350,947 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 a key audit matter.

How our audit addressed the matter

We have performed primary audit procedures for the above matter as follows:

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

2. Selected samples and tested the calculation logic used in the provision for sales returns and discounts statements, including accrual and reversal statements of provision for sales returns and discounts.
3. Selected samples and confirmed the accrual amounts based on the accrual statements of provision for sales returns and discounts have been properly recognised in the financial statements.
4. Selected samples and confirmed the reversal amounts based on the reversal statements of provision for sales returns and discounts have been properly recognised in the financial statements and checked against the original vouchers.

Other matter – Reference to the audits of other independent auditors

We did not audit the financial statements of certain consolidated subsidiaries and investments accounted for under the equity method, which statements reflect total assets of \$7,260,183 thousand and \$8,243,605 thousand (including investments accounted for under the equity method amounting to \$119,517 thousand and \$101,532 thousand), constituting 2.11% and 2.26% of consolidated total assets as of December 31, 2017 and 2016, respectively, total operating revenues of \$27,967,397 thousand and \$38,604,597 thousand, constituting 6.44% and 8.27% of consolidated operating revenues for the years ended December 31, 2017 and 2016, respectively, and the share of profit and other comprehensive income of associates and joint ventures accounted for under the equity method of \$22,777 thousand and \$3,960 thousand, constituting 0.36% and 0.02% of consolidated comprehensive income for the years ended December 31, 2017 and 2016, 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, 2017 and 2016.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the “Regulations Governing the Preparation of Financial Reports by Securities Issuers” and the 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 an auditor’s report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ROC GAAS will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these 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



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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 auditor's 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 auditor's 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 auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our auditor's report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Chou, Chien-Hung

Chang, Ming-Hui

for and on behalf of PricewaterhouseCoopers, Taiwan

March 16, 2018

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

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

ASSETS	Notes	DECEMBER 31, 2017		DECEMBER 31, 2016	
		AMOUNT	%	AMOUNT	%
<u>Current assets</u>					
Cash and cash equivalents	6(1)	\$ 72,192,962	21	\$ 87,692,669	24
Financial assets at fair value through profit or loss - current	6(2)	8,057,062	3	6,170,649	2
Available-for-sale financial assets - current	6(3)	803,394	-	313,448	-
Derivative financial assets for hedging - current	6(5)	11,392	-	1,329,360	-
Notes receivable	6(6)	8,369,528	3	4,890,436	1
Trade receivables	6(6)(7) and 7	76,509,775	22	79,807,901	22
Other receivables	7	629,230	-	545,384	-
Inventories	6(8)	83,055,957	24	87,094,696	24
Prepayments		7,753,577	2	6,023,824	2
Other current assets	8	205,503	-	103,732	-
Total current assets		<u>257,588,380</u>	<u>75</u>	<u>273,972,099</u>	<u>75</u>
<u>Non-current assets</u>					
Available-for-sale financial assets - non-current	6(3)	54,233,390	16	58,393,833	16
Financial assets carried at cost - non-current	6(4)	181,313	-	153,458	-
Investments accounted for under equity method	6(9)	364,542	-	356,037	-
Property, plant and equipment	6(10) and 8	15,250,476	4	13,743,767	4
Investment property		4,003,398	1	4,007,221	1
Intangible assets	6(11)	1,953,183	1	1,898,724	1
Deferred income tax assets	6(26)	8,202,158	2	8,795,857	2
Other non-current assets	6(12) and 8	3,114,329	1	2,898,930	1
Total non-current assets		<u>87,302,789</u>	<u>25</u>	<u>90,247,827</u>	<u>25</u>
<u>TOTAL ASSETS</u>		<u>\$ 344,891,169</u>	<u>100</u>	<u>\$ 364,219,926</u>	<u>100</u>

(Continued)

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

LIABILITIES AND EQUITY	Notes	DECEMBER 31, 2017		DECEMBER 31, 2016	
		AMOUNT	%	AMOUNT	%
Current liabilities					
Short-term borrowings	6(13)	\$ 5,750,078	2	\$ 2,978,526	1
Financial liabilities at fair value through profit or loss - current	6(2)	429,979	-	148,975	-
Derivative financial liabilities for hedging - current	6(5)	682,446	-	46,526	-
Notes and trade payables	6(7) and 7	56,494,911	17	73,544,002	20
Other payables - accrued expenses	7	39,704,639	12	38,104,869	11
Current income tax liabilities		4,604,939	1	5,173,029	1
Provisions for liabilities - current	6(16) and 9	41,179,190	12	43,296,679	12
Receipts in advance		781,602	-	595,293	-
Current portion of long-term borrowings	6(14)	2,750	-	728,092	-
Other current liabilities	7	4,255,639	1	3,880,921	1
Total current liabilities		153,886,173	45	168,496,912	46
Non-current liabilities					
Long-term borrowings	6(14)	1,011,177	-	540,000	-
Deferred income tax liabilities	6(26)	10,673,666	3	10,384,511	3
Other non-current liabilities	6(15)	645,850	-	581,289	-
Total non-current liabilities		12,330,693	3	11,505,800	3
Total liabilities		166,216,866	48	180,002,712	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)	5,554,197	1	5,079,722	1
Retained earnings	6(19)(26)				
Legal reserve		33,429,055	10	31,508,782	9
Special reserve		693,941	-	693,941	-
Unappropriated retained earnings		102,790,860	30	101,793,153	28
Other equity	6(3)(5)(20)(26)	25,248,529	8	34,982,282	10
Total equity attributable to shareholders of the parent		175,144,185	51	181,485,483	50
Non-controlling interest	6(28)	3,530,118	1	2,731,731	1
Total equity		178,674,303	52	184,217,214	51
TOTAL LIABILITIES AND EQUITY		\$ 344,891,169	100	\$ 364,219,926	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, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE DATA)

Items	Notes	FOR THE YEARS ENDED DECEMBER 31,			
		2017		2016	
		AMOUNT	%	AMOUNT	%
Operating revenue	6(21) and 7	\$ 433,966,791	100	\$ 466,802,706	100
Operating costs	6(8)(15)(24)(25) and 7	(374,562,306)	(86)	(400,575,339)	(86)
Gross profit		<u>59,404,485</u>	<u>14</u>	<u>66,227,367</u>	<u>14</u>
Operating expenses	6(12)(15)(24)(25), 7 and 9				
Selling expenses		(24,767,150)	(6)	(26,349,734)	(5)
General and administrative expenses		(6,971,426)	(2)	(7,826,774)	(2)
Research and development expenses		(14,931,072)	(3)	(13,298,904)	(3)
Total operating expenses		(46,669,648)	(11)	(47,475,412)	(10)
Operating profit		<u>12,734,837</u>	<u>3</u>	<u>18,751,955</u>	<u>4</u>
Non-operating income and expenses					
Other income	6(22)	3,910,368	1	3,717,455	1
Other gains (losses)	6(2)(3)(10)(11)(23)	3,469,793	1	1,861,529	-
Finance costs		(175,235)	-	(62,445)	-
Share of profit of associates and joint ventures accounted for under equity method	6(9)	23,971	-	13,455	-
Total non-operating income and expenses		<u>7,228,897</u>	<u>2</u>	<u>5,529,994</u>	<u>1</u>
Profit before income tax		<u>19,963,734</u>	<u>5</u>	<u>24,281,949</u>	<u>5</u>
Income tax expenses	6(26)	(3,923,740)	(1)	(4,663,545)	(1)
Profit for the year		<u>\$ 16,039,994</u>	<u>4</u>	<u>\$ 19,618,404</u>	<u>4</u>
Other comprehensive income					
Components of other comprehensive income that will not be reclassified to profit or loss					
Remeasurements of defined benefit plan	6(15)(20)	(\$ 22,282)	-	(\$ 35,593)	-
Income tax relating to components of other comprehensive income	6(26)	1,222	-	15,979	-
Components of other comprehensive income that will be reclassified to profit or loss					
Financial statements translation differences of foreign operations	6(20)	(4,856,680)	(2)	(923,066)	-
Unrealized gain (loss) on valuation of available-for-sale financial assets	6(3)(20)	(3,721,315)	(1)	6,136,840	1
Gain (loss) on effective portion of cash flow hedges	6(5)(20)	(1,953,888)	-	395,549	-
Share of other comprehensive income (loss) of associates and joint ventures accounted for under equity method	6(9)(20)	(111)	-	(137)	-
Income tax relating to the components of other comprehensive income	6(20)(26)	803,136	-	119,309	-
Other comprehensive income (loss) for the year		(\$ 9,749,918)	(3)	\$ 5,708,881	1
Total comprehensive income for the year		<u>\$ 6,290,076</u>	<u>1</u>	<u>\$ 25,327,285</u>	<u>5</u>
Profit attributable to:					
Shareholders of the parent		\$ 15,544,905	4	\$ 19,202,737	4
Non-controlling interest		495,089	-	415,667	-
		<u>\$ 16,039,994</u>	<u>4</u>	<u>\$ 19,618,404</u>	<u>4</u>
Total comprehensive income attributable to:					
Shareholders of the parent		\$ 5,811,152	1	\$ 24,914,879	5
Non-controlling interest		478,924	-	412,406	-
		<u>\$ 6,290,076</u>	<u>1</u>	<u>\$ 25,327,285</u>	<u>5</u>
Earnings per share (In dollars)	6(27)				
Basic earnings per share		<u>\$ 20.93</u>		<u>\$ 25.85</u>	
Diluted earnings per share		<u>\$ 20.79</u>		<u>\$ 25.60</u>	

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, 2017 AND 2016
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	<u>FOR THE YEARS ENDED DECEMBER 31,</u>	
	<u>2017</u>	<u>2016</u>
<u>Cash flows from operating activities</u>		
Profit before income tax for the year	\$ 19,963,734	\$ 24,281,949
Adjustments to reconcile 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)	1,250,126	1,218,758
Amortisation	403,056	385,023
Bad debt provision (reversal) of allowance for doubtful accounts	(379,220)	370,385
Net gain (loss) on financial assets or liabilities at fair value through profit or loss	2,335,591	(1,546,659)
Share of profit of associates and joint ventures accounted for under equity method	(23,971)	(13,455)
Interest income	(1,081,957)	(866,175)
Dividend income	(2,828,411)	(2,851,280)
Interest expense	175,235	62,445
Others	(1,014)	162,932
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	(1,020,392)	1,901,657
Notes receivable	(3,479,231)	(78,842)
Trade receivables	3,917,500	(1,664,388)
Other receivables	236	416,315
Inventories	4,038,739	17,050,112
Prepayments	(1,511,178)	843,696
Other current assets	(98,224)	30,857
Financial liabilities at fair value through profit or loss	(2,961,612)	(2,071,520)
Notes and trade payables	(17,057,959)	14,936,229
Other payables - accrued expenses	366,320	(4,713,526)
Provisions for liabilities	(2,117,489)	5,259,984
Receipts in advance	186,309	(258,822)
Other current liabilities	328,356	(78,420)
Other operating liabilities	23,412	15,095
Receipt of interest	1,072,580	868,819
Payment of interest	(204,271)	(236,003)
Payment of income tax	(2,677,119)	(4,120,599)
Net cash flows provided by (used in) operating activities	(1,380,854)	49,304,567
<u>Cash flows from investing activities</u>		
Acquisition of property, plant and equipment	(2,100,196)	(5,568,345)
Acquisition of investment property	-	(3,921,506)
Acquisition of intangible assets	(337,823)	(169,226)
Decrease (increase) in refundable deposits	(102,684)	60,542
Changes in other non-current assets	(264,042)	(1,042,301)
Receipt of dividends	2,842,531	2,865,857
Others	38,975	13,512
Net cash flows provided by (used in) investing activities	76,761	(7,761,467)
<u>Cash flows from financing activities</u>		
Increase in short-term borrowings	2,771,552	1,160,101
Proceeds from long-term borrowings	2,328,800	1,880,000
Repayment of long-term borrowings	(2,572,824)	(2,765,611)
Increase in deposits received	19,338	123,603
Payment of cash dividends	(12,626,925)	(11,141,404)
Disposal of ownership interests in subsidiaries (without losing control)	64,433	286,188
Change in non-controlling interest	707,901	283,610
Others	698	549
Net cash flows provided by (used in) financing activities	(9,307,027)	(10,172,964)
Effects due to changes in exchange rate	(4,888,587)	(556,615)
Increase (decrease) in cash and cash equivalents	(15,499,707)	30,813,521
Cash and cash equivalents at beginning of year	87,692,669	56,879,148
Cash and cash equivalents at end of year	\$ 72,192,962	\$ 87,692,669

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, 2017 AND 2016
 (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 16, 2018.

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 16 and IAS 41, "Agriculture: bearer plants"	January 1, 2016
Amendments to IAS 19, "Defined benefit plans: employee contributions"	July 1, 2014
Amendments to IAS 27, "Equity method in separate financial statements"	January 1, 2016
Amendments to IAS 36, "Recoverable amount disclosures for non-financial assets"	January 1, 2014
Amendments to IAS 39, "Novation of derivatives and continuation of hedge accounting"	January 1, 2014
IFRIC 21, "Levies"	January 1, 2014
Annual improvements to IFRSs 2010-2012 cycle	July 1, 2014
Annual improvements to IFRSs 2011-2013 cycle	July 1, 2014
Annual improvements to IFRSs 2012-2014 cycle	January 1, 2016
The above standards and interpretations have no significant impact to the Group's financial condition and financial performance based on the Group's assessments.	

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

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

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

New Standards, Interpretations and Amendments	Effective date by International Accounting Standards Board
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 financial performance based on the Group’s assessment.

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 revenue; information related to performance obligations; changes in contract asset and liability account balances between different periods and significant judgements and assumptions.

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

Affected accounts of consolidated balance sheet	Amount under 2017 IFRSs	Effect of adopting new standards	Amount under 2018 IFRSs	Remark
<u>January 1, 2018</u>				
Financial assets at fair value through profit or loss - current	\$ 8,057,062	\$ -	\$ 8,057,062	
Financial assets at fair value through profit or loss - non-current	-	133,358	133,358	B
Available-for-sale financial assets - current	803,394	(803,394)	-	A
Available-for-sale financial assets - non-current	54,233,390	(54,233,390)	-	A、B
Financial assets at fair value through other comprehensive income - non-current	-	803,394	803,394	A
Financial assets carried at cost - non-current	181,313	(181,313)	-	A、B
Total affected assets	<u>\$ 63,275,159</u>	<u>\$ 27,018</u>	<u>\$ 63,302,177</u>	
Contract liabilities	\$ -	\$ 781,602	\$ 781,602	C
Provisions for liabilities - current	41,179,190	(20,350,947)	20,828,243	C
Receipts in advance	781,602	(781,602)	-	C
Refund liabilities	-	20,350,947	20,350,947	C
Total affected liabilities	<u>41,960,792</u>	<u>-</u>	<u>41,960,792</u>	
Unappropriated retained earnings	102,790,860	289,922	103,080,782	A、B
Other equity	25,248,529	(262,904)	24,985,625	A、B
Total affected equity	<u>128,039,389</u>	<u>27,018</u>	<u>128,066,407</u>	
Total affected liabilities and equity	<u>\$ 170,000,181</u>	<u>\$ 27,018</u>	<u>\$ 170,027,199</u>	

Explanation:

- A. In accordance with IFRS 9, the Group will reclassify available-for-sale financial assets and financial assets carried at cost in the amounts of \$54,948,924 and \$121,542 and makes an irrevocable election on equity instruments not held for dealing or trading purpose. It results in an increase in financial assets at fair value through other comprehensive income of \$55,111,757, an increase in retained earnings of \$311,614 and a decrease in other equity of \$270,323.
- B. In accordance with IFRS 9, the Group will reclassify available-for-sale financial assets and financial assets carried at cost in the amounts of \$87,860 and \$59,771 to increase financial assets at fair value through profit or loss and decrease retained earnings and increase other equity in the amounts of \$133,358, \$21,692 and \$7,419 respectively.
- C. In accordance with IFRS 15, the Group expects to adjust the presentation of certain accounts in the balance sheet as follows:
- (A) Under IFRS 15, estimated sales returns and discounts is recognized as refund liabilities, different from provisions for liabilities - current previously in the balance sheet. As of January 1, 2018, the balance would amount to \$20,350,947.
- (B) Under IFRS 15, liabilities relating to sales contracts are recognized as contract liabilities, different from receipts in advance previously in the balance sheet. As of January 1, 2018, the balance would amount to \$781,602.
- (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 are as follows:

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

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

IFRS 16, "Leases"

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these 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", IFRSs, International Accounting Standards (IASs), International Financial Reporting Interpretations Committee and SICs as endorsed by the FSC.

(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 (%)		Remark
			2017/12/31	2016/12/31	
ASUS	ASUS COMPUTER INTERNATIONAL (ACI)	Selling of 3C products in North America	100.00	100.00	
ASUS	ASUS TECHNOLOGY INCORPORATION (ASUTC)	Selling of 3C products in Taiwan	100.00	100.00	
ASUS	ASUS HOLLAND B. V. (ACH)	Repairing of 3C products	100.00	100.00	
ASUS	ASUS INTERNATIONAL LIMITED (AIL)	Investing in 3C 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 of 3C products	100.00	100.00	
ASUS	ASUS CLOUD CORPORATION (ASUSCLOUD)	Selling and consulting of internet service	90.06	90.06	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
ASUS	ASKEY COMPUTER CORP. (ASKEY)	Designing, manufacturing, repairing and selling of 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 of computer peripheral and smart vacuums	100.00	100.00	
ASUS	ASUS DIGITAL INTERNATIONAL PTE. LTD. (ADI)	Investing in computer peripherals business	100.00	100.00	
ASUS	PT. ASUS TECHNOLOGY INDONESIA JAKARTA (ACJK)	Selling of 3C products in Indonesia	100.00	-	
ASUS and HCVC	SHINEWAVE INTERNATIONAL INC. (SWI)	Developing, selling and consulting of information system software	51.00	51.00	
ASUS and HCVC	INTERNATIONAL UNITED TECHNOLOGY CO., LTD. (TAIWAN) (IUT)	Developing, manufacturing and selling of ink-jet print heads and ink-jet digital image output technology	56.73	56.73	
ASUS and HCVC	PT. ASUS TECHNOLOGY INDONESIA BATAM (ACBT)	Selling of 3C products in Indonesia	100.00	-	
ASUS, HCVC and HMI	ASMEDIA TECHNOLOGY INC. (ASMEDIA)	Designing, developing and manufacturing of high-speed analog circuit	53.11	53.37	
ASUS, HCVC and HMI	UPI SEMICONDUCTOR CORP. (UPI)	Designing, developing and selling of integrated circuits	52.03	52.03	
ASUS, HCVC and HMI	AAEON TECHNOLOGY INC. (AAEON)	Manufacturing and selling of industrial computers and computer peripherals	56.63	63.00	
ASUS, HCVC, HMI and AAEON	ONYX HEALTHCARE INC. (ONYX)	Designing, manufacturing and selling of medical computers	55.86	57.22	Note 3 and 4
SWI GROUP	EMES (SUZHOU) CO., LTD. (EMES)	Selling and consulting of information system software	100.00	100.00	
ASKEY GROUP	ASKEY INTERNATIONAL CORP. (ASKEYI)	Selling and servicing of 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	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
ASKEY GROUP	ASKEY (VIETNAM) COMPANY LIMITED (ASKEYVN)	Manufacturing and selling of 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 of communication products	100.00	100.00	
ASKEY GROUP	OPENBASE LIMITED (OB)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	LEADING PROFIT CO., LTD. (LP)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	UNI LEADER INTERNATIONAL LTD. (UNI)	Selling of communication products and computer peripherals	100.00	100.00	
ASKEY GROUP	ASKEY TECHNOLOGY (JIANGSU) LTD. (ASKEYJS)	Manufacturing and selling of 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 of communication products	95.95	80.00	
ASKEY GROUP	ASKEY MAGICXPRESS (WUJIANG) CORP. (ASKEYMWJ)	Manufacturing and selling of communication products	100.00	100.00	
ASKEY GROUP	ASKEY COMMUNICATION GMBH (ASKEYCG)	Selling and servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY DO BRASIL TECNOLOGIA LTDA. (ASKEYBR)	Servicing of communication products	100.00	100.00	
ASKEY GROUP	ASKEY CORPORATION (THAILAND) CO., LTD. (ASKEYTH)	Intelligent energy-savings service	100.00	-	
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	
AGA GROUP	AGAITECH HOLDING LTD. (AG AHL)	Investing in computer peripherals business	-	100.00	
AGA GROUP	AGA IT TECHNOLOGY (H.K.) CORPORATION LIMITED (AG AHK)	Investing in computer peripherals business	100.00	100.00	
AGA GROUP	AGA IT TECHNOLOGY (SHENZHEN) LIMITED (AG ASZ)	Selling smart vacuums	-	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
AAEON GROUP	AAEON ELECTRONICS, INC. (AAEONEI)	Selling of 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 of industrial computers and computer peripherals	100.00	100.00	
AAEON GROUP	AAEON TECHNOLOGY GMBH (AAEONG)	Selling of 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 of industrial computers and computer peripherals	100.00	94.20	
AAEON GROUP	AAEON TECHNOLOGY (SUZHOU) INC. (AAEONSZ)	Manufacturing and selling of industrial computers and interface cards	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE USA, INC. (ONYXHU)	Selling of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE EUROPE B. V. (ONYXHE)	Marketing support and repairing of medical computers and peripherals	100.00	100.00	
ONYX GROUP	ONYX HEALTHCARE (SHANGHAI) LTD. (ONYXSH)	Selling of medical computers and peripherals	100.00	100.00	
UPI GROUP	UBIQ SEMICONDUCTOR CORP. (UBIQ)	Designing, developing and selling of integrated circuits	100.00	100.00	
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (HK) LIMITED (UPIHK)	Investing in integrated circuits technical support consulting service business	100.00	100.00	
UPI GROUP	UPI-SEMICONDUCTOR CORPORATION (SHENZHEN) LIMITED (UPISZ)	Marketing support and technical service of integrated circuits	100.00	100.00	
UPI GROUP	JPD LABO CO., LTD. (JPDJP)	Designing and developing of integrated circuits	100.00	100.00	Note 2
ASUSCLOUD GROUP	ASUS CLOUD SINGAPORE PTE. LTD. (ASUSCLOUDSG)	Investing in internet service business	100.00	100.00	
ASUSCLOUD GROUP	ASUS CLOUD (TIANJIN) INFORMATION TECHNOLOGY CO., LTD. (ASUSCLOUDTJ)	Selling internet service	-	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
ASUSCLOUD GROUP	ASUS LIFE CORPORATION (ASUSLC)	Selling of internet information service	50.00	50.00	
ASUSCLOUD GROUP	ASUS CLOUD (LUXEMBOURG) S. A R. L (ASUSCLOUDLB)	Providing maintenance and operating service for information hardware	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 support and repairing of 3C products in Middle East	100.00	100.00	
AIL GROUP	ASUS EGYPT L. L. C. (ACEG)	Marketing support of 3C products in Egypt	100.00	100.00	
AIL GROUP	ASUS COMPUTER GMBH (ACG)	Selling and marketing support of 3C products in Germany	100.00	100.00	
AIL GROUP	ASUS FRANCE SARL (ACF)	Marketing support of 3C products in France	100.00	100.00	
AIL GROUP	ASUSTEK (UK) LIMITED (ACUK)	Marketing support of 3C products in United Kingdom	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY (HONG KONG) LIMITED (ACHK)	Marketing support and repairing of 3C products in Hong Kong	100.00	100.00	
AIL GROUP	ASUS KOREA CO., LTD. (ACKR)	Marketing support and repairing of 3C products in South Korea	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (S) PTE. LTD. (ACSG)	Repairing of 3C products in Singapore	100.00	100.00	
AIL GROUP	ASUS POLSKA SP. Z O. O. (ACPL)	Marketing support of 3C products in Poland	100.00	100.00	
AIL GROUP	ASUS TECHNOLOGY PRIVATE LIMITED (ACIN)	Marketing support and repairing of 3C products in India	100.00	100.00	
AIL GROUP	ASUS EUROPE B.V. (ACNL)	Selling of 3C products	100.00	100.00	Note 1
AIL GROUP	ASUS TECHNOLOGY (VIETNAM) CO., LTD. (ACVN)	Repairing of 3C products in Vietnam	100.00	100.00	
AIL GROUP	ASUSTEK ITALY S. R. L. (ACIT)	Marketing support of 3C products in Italy	100.00	100.00	
AIL GROUP	ASUS IBERICA S. L. (ACIB)	Marketing support of 3C products in Spain	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
AIL GROUP	ASUS TECHNOLOGY (SUZHOU) CO., LTD. (ACSZ)	Researching and developing of 3C products	100.00	100.00	
AIL GROUP	ASUS JAPAN INCORPORATION (ACJP)	Selling of 3C products in Japan	100.00	100.00	
AIL GROUP	ASUS COMPUTER CZECH REPUBLIC S. R. O. (ACCZ)	Marketing support of 3C products in Czech Republic	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (SHANGHAI) CO., LTD. (ACSH)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS SERVICE AUSTRALIA PTY LIMITED (ASAU)	Repairing of 3C products in Australia	100.00	100.00	
AIL GROUP	ASUS AUSTRALIA PTY LIMITED (ACAU)	Marketing support of 3C products in Australia	100.00	100.00	
AIL GROUP	ACBZ IMPORTACAO E COMERCIO LTDA. (ACBZ)	Selling of 3C products in Brazil	100.00	100.00	
AIL GROUP	ASUS INDIA PRIVATE LIMITED (ASIN)	Selling of 3C products in India	100.00	100.00	
AIL GROUP	ASUS ISRAEL (TECHNOLOGY) LTD. (ACIL)	Marketing support of 3C products in Israel	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTER (CHONGQING) CO., LTD. (ACCQ)	Selling of 3C products in China	100.00	100.00	
AIL GROUP	ASUS PERU S. A. C. (ACPE)	Marketing support of 3C products in Peru	100.00	100.00	
AIL GROUP	PT. ASUS SERVICE INDONESIA (ASID)	Repairing of 3C products in Asia-pacific and America	100.00	100.00	
AIL GROUP	ASUS HOLDINGS MEXICO, S. A. DE C. V. (ACMH)	Selling of 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS MEXICO, S. A. DE C. V. (ACMX)	Marketing support of 3C products in Mexico	100.00	100.00	
AIL GROUP	ASUS PORTUGAL, SOCIEDADE UNIPessoal LDA. (ACPT)	Marketing support of 3C products in Portugal	100.00	100.00	
AIL GROUP	ASUS HUNGARY SERVICES LIMITED LIABILITY COMPANY (ACHU)	Marketing support and repairing of 3C products in Hungary	100.00	100.00	
AIL GROUP	ASUS SWITZERLAND GMBH (ACCH)	Marketing support of 3C products in Switzerland	100.00	100.00	
AIL GROUP	ASUS NORDIC AB (ACN)	Marketing support of 3C products in North Europe	100.00	100.00	
AIL GROUP	ASUS COMPUTER COLOMBIA S. A. S. (ACCO)	Marketing support of 3C products in Colombia	100.00	100.00	

Investor	Subsidiary	Main business activities	Ownership (%)		Remark
			2017/12/31	2016/12/31	
AIL GROUP	ASUS MARKETING (THAILAND) CO., LTD. (ACTH)	Marketing support of 3C products in Thailand	100.00	100.00	
AIL GROUP	ASUSTEK COMPUTERS (PTY) LIMITED (ACZA)	3C products marketing support and repair in Africa	100.00	-	
AIL GROUP	ASUSTEK COMPUTER MALAYSIA SDN. BHD. (ACMY)	3C products marketing support and repair in Malaysia	100.00	-	
AIL GROUP	UNIMAX ELECTRONICS INCORPORATION (UEI)	Manufacturing and selling of automotive electronics and computer peripherals	100.00	100.00	
AIL GROUP	ASUS COMPUTER (SHANGHAI) CO., LTD. (ACS)	Repairing support of 3C products	100.00	100.00	
AIL GROUP	ASUS INVESTMENTS (SUZHOU) CO., LTD. (ACISZ)	Leasing real estate	100.00	100.00	
AIL GROUP and ACH	ASUS CZECH SERVICE S. R. O. (ACCZS)	Repairing of 3C products in Europe	100.00	100.00	

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

Note 2: The name of UPI SOLUTIONS CO., LTD. was changed to JPD LABO CO., LTD. since June 1, 2017.

Note 3: HCVC has disposed all the ownership of shares at the third quarter of 2017.

Note 4: Percentage of ownership represents controlling ratio not consolidated shareholding percentage.

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) 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.

(6) 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.

(7) 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 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 do not arise from 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 10~60 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 50 years.

(18) Intangible assets

A. Goodwill and trademark arise in a business combination accounted for by applying the acquisition method.

B. Other intangible assets, mainly computer software, are amortised on a straight-line basis over their estimated useful lives of 1~6 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 flow 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:

A. 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, 2017, provisions for discounts and sales returns amounted to \$20,350,947.

B. 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, 2017, the carrying amount of inventories was \$83,055,957.

6. **DETAILS OF SIGNIFICANT ACCOUNTS**

(1) Cash and cash equivalents

	<u>2017/12/31</u>	<u>2016/12/31</u>
Cash on hand and petty cash	\$ 7,252	\$ 8,027
Checking accounts and demand deposits	33,103,905	28,186,635
Time deposits	37,419,354	59,495,580
Others	1,662,451	2,427
	<u>\$ 72,192,962</u>	<u>\$ 87,692,669</u>

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

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

	<u>2017/12/31</u>	<u>2016/12/31</u>
Current items:		
Financial assets held for trading		
Open-end funds	\$ 7,547,488	\$ 5,089,953
Listed and OTC stocks	489,050	223,024
Non-hedging derivatives	20,524	857,672
	<u>\$ 8,057,062</u>	<u>\$ 6,170,649</u>
Current items:		
Financial liabilities held for trading		
Non-hedging derivatives	\$ 429,979	\$ 148,975

A. The Group recognized net gain (loss) on derivative financial instruments held for trading amounting to (\$2,647,636) and \$1,512,488 and net gain on non-derivative financial instruments held for trading amounting to \$312,045 and \$34,171 for the years ended December 31, 2017 and 2016, respectively.

B. The unexpired contracts are as follows:

Items	2017/12/31		2016/12/31	
	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 40,000	2017/09-2018/01	EUR 428,000	2016/06-2017/09
-NOK/USD	NOK 124,202	2017/10-2018/03	NOK 124,283	2016/10-2017/03
-RUB/USD	RUB -	-	RUB 1,223,471	2016/12-2017/02
-JPY/USD	JPY -	-	JPY 100,000	2016/06-2017/01
-GBP/USD	GBP -	-	GBP 21,395	2016/11-2017/04
-SEK/USD	SEK -	-	SEK 50,857	2016/12-2017/01
-CNH/USD	CNH -	-	CNH 1,187,695	2016/12-2017/01
-CAD/USD	CAD -	-	CAD 187,080	2016/08-2017/08
-NTD/USD	USD -	-	USD 155,000	2016/11-2017/02
-CHF/USD	CHF -	-	CHF 711	2016/12-2017/01
-USD/NTD	USD 600	2017/12-2018/01	USD -	-
Currency option contracts				
-IDR/USD	IDR -	-	IDR 1,185,080,000	2016/12-2017/03
-GBP/USD	GBP -	-	GBP 36,000	2016/12-2017/03
-CNH/USD	CNH -	-	CNH 5,474,254	2016/08-2017/04
-RUB/USD	RUB 449,160	2017/10-2018/01	RUB -	-
-EUR/USD	EUR 10,000	2017/11-2018/02	EUR -	-
-JPY/USD	JPY 3,963,600	2017/12-2018/03	JPY -	-
Currency swap contracts				
-USD/NTD	USD 500	2017/12-2018/03	USD -	-

Items	2017/12/31			2016/12/31		
	Contract amount (Nominal principal)		Contract period	Contract amount (Nominal principal)		Contract period
	(in thousands)			(in thousands)		
Derivative financial liabilities:						
Forward exchange contracts						
-EUR/USD	EUR	313,000	2017/09-2018/04	EUR	110,000	2016/12-2017/05
-RUB/USD	RUB	-	-	RUB	124,612	2016/12-2017/01
-SEK/USD	SEK	174,020	2017/12-2018/03	SEK	124,661	2016/12-2017/02
-CHF/USD	CHF	4,967	2017/11-2018/01	CHF	-	-
-INR/USD	INR	-	-	INR	341,850	2016/12-2017/01
-IDR/USD	IDR	-	-	IDR	269,610,000	2016/12-2017/01
-GBP/USD	GBP	22,600	2017/10-2018/04	GBP	7,000	2016/12-2017/04
-USD/NTD	USD	-	-	USD	600	2016/12-2017/02
-PLN/USD	PLN	48,686	2017/11-2018/02	PLN	-	-
-CAD/USD	CAD	36,800	2017/06-2018/03	CAD	-	-
-AUD/USD	AUD	14,000	2017/12-2018/02	AUD	-	-
-NTD/USD	USD	145,000	2017/10-2018/01	USD	-	-
Currency option contracts						
-EUR/USD	EUR	208,000	2017/11-2018/03	EUR	72,000	2016/12-2017/03
-JPY/USD	JPY	7,642,950	2017/12-2018/03	JPY	34,050,000	2016/12-2017/04
-RUB/USD	RUB	4,447,730	2017/11-2018/03	RUB	6,537,310	2016/11-2017/03
-INR/USD	INR	10,125,760	2017/10-2018/04	INR	-	-
-GBP/USD	GBP	29,000	2017/11-2018/02	GBP	-	-
-CNH/USD	CNH	1,919,033	2017/08-2018/04	CNH	-	-
-USD/NTD	USD	-	-	USD	174,000	2016/11-2017/03
Currency swap contracts						
-USD/NTD	USD	20,000	2017/03-2018/06	USD	-	-

(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 an 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) Currency swap contracts

The Group entered into currency swap contracts to hedge cash flow risk of the floating-rate liability positions. However, these currency swap 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

	<u>2017/12/31</u>	<u>2016/12/31</u>
Current items:		
Listed and OTC stocks	\$ 310,939	\$ 280,939
Unlisted and non-OTC stocks	-	30,000
	<u>310,939</u>	<u>310,939</u>
Valuation adjustment	556,915	66,923
Accumulated impairment	(64,460)	(64,414)
	<u>\$ 803,394</u>	<u>\$ 313,448</u>
Non-current items:		
Listed and OTC stocks	\$ 26,591,875	\$ 26,591,903
Unlisted and non-OTC stocks	355,066	305,440
Convertible bonds	7,575	7,575
	<u>26,954,516</u>	<u>26,904,918</u>
Valuation adjustment	27,419,567	31,630,884
Accumulated impairment	(140,693)	(141,969)
	<u>\$ 54,233,390</u>	<u>\$ 58,393,833</u>

- A. The Group recognized (\$3,734,883) and \$6,113,856 in other comprehensive income (loss) for fair value change and reclassified \$52,397 and (\$10,716) from equity to profit or loss for the years ended December 31, 2017 and 2016, respectively.
- B. After evaluating and comparing the carrying amount of available-for-sale financial assets and its recoverable amounts, the Group recognized impairment loss amounting to \$3,454 and \$21,932 for the years ended December 31, 2017 and 2016, respectively.
- C. The Group has no available-for-sale financial assets pledged to others.

(4) Financial assets measured at cost

	<u>2017/12/31</u>	<u>2016/12/31</u>
Non-current items:		
Unlisted and non-OTC stocks	\$ 315,641	\$ 288,558
Private fund	59,771	69,631
	<u>375,412</u>	<u>358,189</u>
Accumulated impairment	(194,099)	(204,731)
	<u>\$ 181,313</u>	<u>\$ 153,458</u>

- 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

	<u>2017/12/31</u>	<u>2016/12/31</u>
	<u>Assets (Liabilities)</u>	<u>Assets (Liabilities)</u>
Current items:		
Forward exchange contracts	\$ 11,392	\$ 1,329,360
- cash flow hedges		
Forward exchange contracts	(682,446)	(46,526)
- cash flow hedges		
	<u>(\$ 671,054)</u>	<u>\$ 1,282,834</u>

Cash flow hedges:

	<u>Hedged item</u>	<u>Derivative instruments designated as hedges</u>	<u>Fair value of derivative instruments designated as hedges</u>	<u>Period of anticipated cash flow</u>	<u>Period of gain (loss) expected to be recognized</u>
2017/12/31	Expected transactions	Forward exchange contracts	(\$ 671,054)	2018/01-2018/07	2018/01-2018/07
2016/12/31	Expected transactions	Forward exchange contracts	1,282,834	2017/01-2017/06	2017/01-2017/06

- 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, 2017 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, 2017 and 2016, respectively.
- B. Information on gain or loss arising from cash flow hedges recognized in profit (loss) and other comprehensive income (loss):

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Amount adjusted in other comprehensive income (loss)	(\$ 1,953,888)	\$ 395,549
Amount transferred from other comprehensive income to profit (loss)	(2,137,129)	1,280,086

C. The unexpired contracts are as follows:

	2017/12/31				2016/12/31			
	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	130,000	2017/09-2018/03	EUR	535,000	2016/10-2017/06		
-GBP/USD	GBP	-		- GBP	28,000	2016/11-2017/03		
-JPY/USD	JPY	1,500,000	2017/11-2018/03	JPY	4,500,000	2016/11-2017/03		
-SEK/USD	SEK	-		- SEK	46,000	2016/12-2017/03		
-RUB/USD	RUB	-		- RUB	200,000	2016/12-2017/03		
-AUD/USD	AUD	5,000	2017/12-2018/03	AUD	18,000	2016/10-2017/03		
-INR/USD	INR	-		- INR	1,025,000	2016/11-2017/03		
-PLN/USD	PLN	-		- PLN	130,000	2016/10-2017/03		
-NOK/USD	NOK	20,000	2017/10-2018/03	NOK	36,000	2016/11-2017/03		
-TRY/USD	TRY	-		- TRY	24,000	2016/11-2017/03		
Derivative financial liabilities for hedging:								
Forward exchange contracts								
-INR/USD	INR	750,000	2017/12-2018/03	INR	425,000	2016/12-2017/03		
-SEK/USD	SEK	50,000	2017/09-2018/03	SEK	12,000	2016/12-2017/03		
-RUB/USD	RUB	1,800,000	2017/12-2018/03	RUB	2,900,000	2016/11-2017/03		
-TRY/USD	TRY	-		- TRY	10,000	2016/12-2017/03		
-EUR/USD	EUR	620,000	2017/06-2018/07	EUR	-	-		
-GBP/USD	GBP	30,000	2017/09-2018/03	GBP	-	-		
-AUD/USD	AUD	15,000	2017/12-2018/03	AUD	-	-		
-PLN/USD	PLN	60,000	2017/12-2018/03	PLN	-	-		
-NOK/USD	NOK	20,000	2017/12-2018/03	NOK	-	-		

(6) Notes and trade receivables

	2017/12/31	2016/12/31
Notes receivable	\$ 8,369,528	\$ 4,890,436
Trade receivables	80,957,042	85,382,828
	89,326,570	90,273,264
Less: Allowance for sales returns and discounts	(1,986,834)	(2,497,173)
Less: Allowance for doubtful accounts (accumulated impairment)	(2,460,433)	(3,077,754)
	<u>\$ 84,879,303</u>	<u>\$ 84,698,337</u>

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

	2017/12/31	2016/12/31
Less than 90 days	\$ 9,774,462	\$ 11,518,562
Between 91 and 180 days	200,925	462,395
More than 181 days	60,096	165,909
	<u>\$ 10,035,483</u>	<u>\$ 12,146,866</u>

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

B. Individual assessment of impaired trade receivables:

(A) Impaired but not past due

	<u>2017/12/31</u>	<u>2016/12/31</u>
Gross amount	\$ 15	\$ 1,719

(B) Impaired and past due

	<u>2017/12/31</u>	<u>2016/12/31</u>
Gross amount	\$ 2,460,418	\$ 3,076,035

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

	<u>2017</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
January 1	\$ 1,928,328	\$ 1,149,426	\$ 3,077,754
Recognition (reversal)	(42,603)	(351,985)	(394,588)
Write-offs	(400)	(17,639)	(18,039)
Net exchange differences	(147,870)	(56,824)	(204,694)
December 31	<u>\$ 1,737,455</u>	<u>\$ 722,978</u>	<u>\$ 2,460,433</u>
	<u>2016</u>		
	<u>Individual provision</u>	<u>Group provision</u>	<u>Total</u>
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	<u>\$ 1,928,328</u>	<u>\$ 1,149,426</u>	<u>\$ 3,077,754</u>

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:

	<u>2017/12/31</u>	<u>2016/12/31</u>
Group 1	\$ 38,905,037	\$ 40,219,490
Group 2	27,569,255	27,441,545
	<u>\$ 66,474,292</u>	<u>\$ 67,661,035</u>

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.

D. The Group holds financial assets as security for trade receivables.

(7) Offsetting financial assets and financial liabilities

- A. The Group has assets (fair value of \$32,856,423 and \$35,269,570 on December 31, 2017 and 2016, respectively) and liabilities (fair value of \$40,618,937 and \$44,557,406 on December 31, 2017 and 2016, respectively) with certain companies that meet the offsetting criteria in paragraph 42 of IAS 32, resulting in the presentation of a net amount for trade receivables and notes and trade payables. For certain transactions, the Group has received financial assets from those companies as collateral on December 31, 2016, 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 and trade payables						
	Gross amount of financial assets (before offset)	Gross amount of financial liabilities (before offset)	Offsetting amount	Amount of financial assets presented in the balance sheet (after offset)	Amount of financial liabilities presented in the balance sheet (after offset)	Not set off in the balance sheet: collateral (received) /provided
2017/12/31	\$ 32,856,423	(\$ 40,618,937)	(\$ 32,856,423)	\$ -	(\$ 7,762,514)	\$ -
2016/12/31	35,269,570	(44,557,406)	(35,131,118)	138,452	(9,426,288)	(30,000)

(8) Inventories

	2017/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 36,986,735	(\$ 5,112,502)	\$ 31,874,233
Work in process	2,241,052	(216,099)	2,024,953
Finished goods	2,501,394	(323,269)	2,178,125
Merchandise inventories	54,650,769	(8,782,364)	45,868,405
Inventories in transit	1,110,241	-	1,110,241
	<u>\$ 97,490,191</u>	<u>(\$ 14,434,234)</u>	<u>\$ 83,055,957</u>
	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
	<u>\$ 103,584,676</u>	<u>(\$ 16,489,980)</u>	<u>\$ 87,094,696</u>

Except for costs of goods sold, the inventories recognized as operating costs amounted to (\$775,539) and \$2,520,913, of which (\$1,271,658) and \$2,015,033 pertain to the (reversal) decline in value of inventories for the years ended December 31, 2017 and 2016, respectively. The Group reversed a 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, 2017.

(9) Investments accounted for under equity method

	<u>2017/12/31</u>	<u>2016/12/31</u>
Associates	\$ 364,542	\$ 356,037

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

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Profit (loss) for the year	\$ 23,971	\$ 13,455
Other comprehensive income (loss) for the year - net of income tax	4,517	987
Total comprehensive income (loss) for the year	<u>\$ 28,488</u>	<u>\$ 14,442</u>

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

	<u>2017/12/31</u>	<u>2016/12/31</u>
Fair value of associates	\$ 190,823	\$ 154,213

(10) Property, plant and equipment

	<u>Land</u>	<u>Buildings</u>	<u>Machinery and equipment</u>	<u>Miscellaneous equipment</u>	<u>Construction in progress and equipment under installation</u>	<u>Total</u>
January 1, 2017						
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)
	<u>\$ 6,474,545</u>	<u>\$ 4,546,800</u>	<u>\$ 1,655,883</u>	<u>\$ 1,066,539</u>	<u>\$ -</u>	<u>\$ 13,743,767</u>
January 1, 2017	\$ 6,474,545	\$ 4,546,800	\$ 1,655,883	\$ 1,066,539	\$ -	\$ 13,743,767
Acquisitions	-	85,864	721,404	522,835	845,837	2,175,940
Disposals	-	(12,839)	(30,793)	(13,794)	-	(57,426)
Depreciation	-	(260,331)	(543,881)	(440,174)	-	(1,244,386)
Impairment	-	-	(11,164)	(103)	-	(11,267)
Reversal of impairment	-	-	15,332	-	-	15,332
Reclassifications	-	52,577	32,250	89,944	557,241	732,012
Effects due to changes in consolidated entities	-	-	-	7,332	-	7,332
Net exchange differences	(44,194)	(59,001)	(10,854)	(5,003)	8,224	(110,828)
December 31, 2017	<u>\$ 6,430,351</u>	<u>\$ 4,353,070</u>	<u>\$ 1,828,177</u>	<u>\$ 1,227,576</u>	<u>\$ 1,411,302</u>	<u>\$ 15,250,476</u>
December 31, 2017						
Cost	\$ 6,430,351	\$ 7,165,888	\$ 5,586,398	\$ 6,328,088	\$ 1,411,302	\$ 26,922,027
Accumulated depreciation and impairment	-	(2,812,818)	(3,758,221)	(5,100,512)	-	(11,671,551)
	<u>\$ 6,430,351</u>	<u>\$ 4,353,070</u>	<u>\$ 1,828,177</u>	<u>\$ 1,227,576</u>	<u>\$ 1,411,302</u>	<u>\$ 15,250,476</u>

	Land	Buildings	Machinery and equipment	Miscellaneous equipment	Construction in progress and equipment under installation	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)
	<u>\$ 2,078,462</u>	<u>\$ 4,060,839</u>	<u>\$ 1,955,878</u>	<u>\$ 947,610</u>	<u>\$ -</u>	<u>\$ 9,042,789</u>
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	<u>\$ 6,474,545</u>	<u>\$ 4,546,800</u>	<u>\$ 1,655,883</u>	<u>\$ 1,066,539</u>	<u>\$ -</u>	<u>\$ 13,743,767</u>
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)
	<u>\$ 6,474,545</u>	<u>\$ 4,546,800</u>	<u>\$ 1,655,883</u>	<u>\$ 1,066,539</u>	<u>\$ -</u>	<u>\$ 13,743,767</u>

- A. After evaluating and comparing the carrying amount of property, plant and equipment and its recoverable amounts, the Group recognized impairment loss amounting to \$11,267 and \$6,895 and impairment reversal gain amounting to \$15,332 and \$14,764 for the years ended December 31, 2017 and 2016, respectively.
- B. Information about the property, plant and equipment that were pledged to others as collateral is provided in Note 8.

(11) Intangible assets

	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
January 1, 2017					
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)
	<u>\$ 355,103</u>	<u>\$ 306,670</u>	<u>\$ 1,131,898</u>	<u>\$ 105,053</u>	<u>\$ 1,898,724</u>
January 1, 2017	\$ 355,103	\$ 306,670	\$ 1,131,898	\$ 105,053	\$ 1,898,724
Acquisitions	-	324,057	-	-	324,057
Disposals	-	(17,247)	-	-	(17,247)
Amortisation	-	(277,191)	-	(35,222)	(312,413)
Reclassifications	-	61,534	-	-	61,534
Net exchange differences	-	(1,480)	-	8	(1,472)
December 31, 2017	<u>\$ 355,103</u>	<u>\$ 396,343</u>	<u>\$ 1,131,898</u>	<u>\$ 69,839</u>	<u>\$ 1,953,183</u>
December 31, 2017					
Cost	\$ 358,298	\$ 2,033,671	\$ 1,180,794	\$ 651,650	\$ 4,224,413
Accumulated amortisation and impairment	(3,195)	(1,637,328)	(48,896)	(581,811)	(2,271,230)
	<u>\$ 355,103</u>	<u>\$ 396,343</u>	<u>\$ 1,131,898</u>	<u>\$ 69,839</u>	<u>\$ 1,953,183</u>
	<u>Trademark</u>	<u>Computer software</u>	<u>Goodwill</u>	<u>Others</u>	<u>Total</u>
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)
	<u>\$ 355,103</u>	<u>\$ 362,487</u>	<u>\$ 1,131,898</u>	<u>\$ 147,007</u>	<u>\$ 1,996,495</u>
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	<u>\$ 355,103</u>	<u>\$ 306,670</u>	<u>\$ 1,131,898</u>	<u>\$ 105,053</u>	<u>\$ 1,898,724</u>
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)
	<u>\$ 355,103</u>	<u>\$ 306,670</u>	<u>\$ 1,131,898</u>	<u>\$ 105,053</u>	<u>\$ 1,898,724</u>

- A. After evaluating the carrying amount of intangible assets and its recoverable amounts, the Group recognized impairment reversal gain amounting to \$0 and \$460 for the years ended December 31, 2017 and 2016, 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. The recoverable amount is based on the fair value of cash generating units less disposal costs. The fair value is based on stock price in active market classified as Level 2. The main investment however has been listed on the TWSE from August, 2017 and the fair value is classified as Level 1 on December 31, 2017.
- C. The Group has no intangible assets pledged to others.

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

	<u>2017/12/31</u>	<u>2016/12/31</u>
Land use right	\$ 1,196,841	\$ 1,244,205

In December, 2017, 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 the use of land for a period of 40~50 years. All rentals had been paid on the contract dates. The Group recognized rental expenses of \$32,660 and \$35,140 for the years ended December 31, 2017 and 2016, respectively.

(13) Short-term borrowings

<u>Type of borrowings</u>	<u>2017/12/31</u>	<u>Interest rate range</u>	<u>Collateral</u>
Bank borrowings			
Credit borrowings	\$ 5,750,078	0.80% ~2.90%	-

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

(14) Long-term borrowings

Type of borrowings	Borrowing period and repayment term	Interest rate range	Collateral	2017/12/31
Credit borrowings - installment-repayment				
Bank of Taiwan	2017.10~2019.09, payable at maturity date, commencing 2 years after the initial date of borrowing	1.11%	-	\$ 440,000
Taishin International Bank	2017.03~2020.03, payable at maturity date, commencing 3 years after the signature date of contract	1.28%	-	500,000
Others	2017.05~2022.05	4.01%~ 4.48%	Land and buildings	73,927
				<u>1,013,927</u>
Less: Current portion of long-term borrowings				(2,750)
				<u>\$ 1,011,177</u>

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
				<u>1,268,092</u>
Less: Current portion of long-term borrowings				(728,092)
				<u>\$ 540,000</u>

Under the borrowing contracts, the Company's subsidiaries who signed the contracts are required to maintain certain covenants annually agreed by both sides, and the bank can inspect at any time when necessary. As of December 31, 2017 and 2016, 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:

	<u>2017/12/31</u>	<u>2016/12/31</u>
Present value of defined benefit obligations	(\$ 371,237)	(\$ 330,219)
Fair value of plan assets	<u>218,427</u>	<u>209,595</u>
Net defined benefit liability	<u>(\$ 152,810)</u>	<u>(\$ 120,624)</u>

(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, 2017	(\$ 330,219)	\$ 209,595	(\$ 120,624)
Current service cost	(15,554)	-	(15,554)
Interest (expense) income	(4,761)	2,752	(2,009)
Remeasurements:			
Return on plan assets (excluding amounts included in interest income or expense)	-	(681)	(681)
Change in demographic assumptions	(12,010)	-	(12,010)
Change in financial assumptions	(749)	-	(749)
Experience adjustments	(8,842)	-	(8,842)
Pension fund contribution	-	6,761	6,761
Pension payment	3,367	-	3,367
Exchange difference	(2,469)	-	(2,469)
December 31, 2017	<u>(\$ 371,237)</u>	<u>\$ 218,427</u>	<u>(\$ 152,810)</u>

	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	<u>(\$ 330,219)</u>	<u>\$ 209,595</u>	<u>(\$ 120,624)</u>

(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, 2017 and 2016 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,	
	2017	2016
Discount rate	1.20%~7.50%	1.20%~8.50%
Future salary increases rate	2.00%~10.00%	2.00%~10.00%

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	Decrease	Increase	Decrease
	0.25%~1%	0.25%~1%	0.25%~1%	0.25%~1%
December 31, 2017				
Effect on present value of defined benefit obligation	(\$ 17,291)	\$ 18,167	\$ 13,278	(\$ 12,497)
December 31, 2016				
Effect on present value of defined benefit obligation	(\$ 15,551)	\$ 17,090	\$ 12,004	(\$ 11,685)

The sensitivity analysis above was determined based on the change of one assumption while the other conditions remain unchanged. In practice, the change in assumptions would occur in isolation of one another as some of the assumptions may be correlated. 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, 2018 are \$7,572.

(G) As of December 31, 2017, the weighted average duration of that retirement plan is 10.2 ~ 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 \$1,079,828 and \$1,125,825 for the years ended December 31, 2017 and 2016, respectively.

(16) Provisions for liabilities

	<u>Provisions for warranty</u>	<u>Provisions for sales returns and discounts</u>	<u>Provisions for legal claims and royalty</u>	<u>Total</u>
January 1, 2017	\$ 14,070,105	\$ 21,576,443	\$ 7,650,131	\$ 43,296,679
Recognition (reversal)	11,563,922	38,247,846	447,914	50,259,682
Used	(11,252,149)	(38,134,158)	(245,485)	(49,631,792)
Net exchange differences	(803,175)	(1,339,184)	(603,020)	(2,745,379)
December 31, 2017	<u>\$ 13,578,703</u>	<u>\$ 20,350,947</u>	<u>\$ 7,249,540</u>	<u>\$ 41,179,190</u>

	<u>Provisions for warranty</u>	<u>Provisions for sales returns and discounts</u>	<u>Provisions for legal claims and royalty</u>	<u>Total</u>
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
Used	(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	<u>\$ 14,070,105</u>	<u>\$ 21,576,443</u>	<u>\$ 7,650,131</u>	<u>\$ 43,296,679</u>

Analysis of total provisions:

	<u>2017/12/31</u>	<u>2016/12/31</u>
Current	<u>\$ 41,179,190</u>	<u>\$ 43,296,679</u>

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

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

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

(A) Voting rights

GDR holders may, pursuant to the Depositary Agreement and the relevant laws and regulations of 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 Act requires that the amount of capital surplus to be capitalized mentioned above should not exceed 10% of the paid-in capital each year. Capital surplus should not be used to cover accumulated deficit unless the legal reserve is insufficient.

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

(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 8, 2016, the Company distributed cash dividends to owners amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2015 earnings. On June 7, 2017, the shareholders resolved to distribute cash dividends amounting to \$12,626,925 (\$17 (in dollars) per share) for the appropriation of 2016 earnings.
- F. The appropriations of 2017 earnings had been proposed by the Board of Directors on March 16, 2018. Details are summarized as follows:

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

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

- G. For the information relating to employees' compensation and directors' remuneration, please refer to Note 6(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, 2017	\$ 1,282,834	\$ 31,628,691	\$ 2,149,750	(\$ 78,993)	\$ 34,982,282
-The Company	-	(3,887,043)	(4,302,517)	-	(8,189,560)
-Subsidiaries	(1,953,888)	152,167	276,978	(19,274)	(1,544,017)
-Associates	-	(7)	(169)	-	(176)
December 31, 2017	<u>(\$ 671,054)</u>	<u>\$ 27,893,808</u>	<u>(\$ 1,875,958)</u>	<u>(\$ 98,267)</u>	<u>\$ 25,248,529</u>

	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	<u>\$ 1,282,834</u>	<u>\$ 31,628,691</u>	<u>\$ 2,149,750</u>	<u>(\$ 78,993)</u>	<u>\$ 34,982,282</u>

(21) Operating revenue

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales revenue	<u>\$ 433,966,791</u>	<u>\$ 466,802,706</u>

(22) Other income

	For the years ended December 31,	
	2017	2016
Interest income	\$ 1,081,957	\$ 866,175
Dividend income	2,828,411	2,851,280
	<u>\$ 3,910,368</u>	<u>\$ 3,717,455</u>

(23) Other gains (losses)

	For the years ended December 31,	
	2017	2016
Net gains (losses) on non-derivative financial instruments	\$ 312,045	\$ 34,171
Net gains (losses) on derivative financial instruments	(2,647,636)	1,512,488
Net currency exchange gains (losses)	5,353,971	(525,304)
Gains (losses) on disposal of investments	54,156	21,759
Other net gains (losses)	397,257	818,415
	<u>\$ 3,469,793</u>	<u>\$ 1,861,529</u>

(24) Costs and expenses by nature

	For the years ended December 31,					
	2017			2016		
	Operating costs	Operating expenses	Total	Operating costs	Operating expenses	Total
Employee benefit expenses	\$ 3,632,899	\$ 22,527,035	\$ 26,159,934	\$ 3,282,252	\$ 20,512,508	\$ 23,794,760
Depreciation	566,918	677,468	1,244,386	540,198	672,529	1,212,727
Amortisation	18,028	385,028	403,056	14,813	370,210	385,023

(25) Employee benefit expenses

	For the years ended December 31,	
	2017	2016
Wages and salaries	\$ 22,848,803	\$ 20,481,492
Labor and health insurance	1,505,443	1,438,975
Pension (Note)	1,097,391	1,141,716
Other personnel expenses	708,297	732,577
	<u>\$ 26,159,934</u>	<u>\$ 23,794,760</u>

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

A. According to the Articles of Incorporation of the Company, the current year's profit shall be used first to cover accumulated deficit, if any, and then the remaining balance shall be distributed as follows: no less than 1% as employees' compensation, and no more than 1% as directors' remuneration.

B. For the years ended December 31, 2017 and 2016, employees' compensation was accrued at \$1,064,379 and \$1,364,457, respectively; directors' remuneration was accrued at \$56,020 and \$71,814, respectively. The aforementioned amounts were recognized in salary expenses.

The employees' compensation and directors' remuneration were estimated and accrued based on no less than 1% and no more than 1% of profit of current year distributable for the year ended December 31, 2017. The Board of Directors resolved to distribute employees' and directors' compensation amounting to \$1,064,379 and \$56,020, respectively, and employees' compensation will be distributed in cash.

Employees' compensation and directors' remuneration for 2016 as resolved by the Board of Directors during its meeting were in agreement with those amounts recognized in the 2016 financial statements. The employees' compensation mentioned above is distributed in cash.

Information about employees' compensation and directors' remuneration of the Company as resolved by the Board of Directors during its meeting is available at the Market Observation Post System website.

(26) Income tax

A. Income tax expenses

(A) Components of income tax expense:

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Current income tax:		
Current income tax on profits for the year	\$ 1,962,126	\$ 2,816,310
Additional 10% tax on unappropriated earnings	468,961	427,410
Difference between prior year's income tax estimation and assessed results	69,096	650,510
Total current income tax	<u>2,500,183</u>	<u>3,894,230</u>
Deferred income tax:		
Origination and reversal of temporary	701,455	769,315
Impact of change in tax rate	<u>722,102</u>	<u>-</u>
Income tax expenses	<u>\$ 3,923,740</u>	<u>\$ 4,663,545</u>

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

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Changes in fair value of available-for-sale financial assets	\$ 19,459	\$ 17,695
Currency translation differences	(822,595)	(137,004)
Remeasurement of defined benefit plans	<u>(1,222)</u>	<u>(15,979)</u>
	<u>(\$ 804,358)</u>	<u>(\$ 135,288)</u>

B. Reconciliation between income tax expenses and accounting profit:

	For the years ended December 31,	
	2017	2016
Income tax calculated based on profit before tax and statutory tax rate	\$ 3,772,803	\$ 5,004,417
Effect from items disallowed by tax regulations	(487,635)	(486,509)
Effect from tax exemption on investment income (loss)	(317,306)	(242,724)
Effect from investment tax credit	(47,235)	(56,171)
Effect from net operating loss carryforward	7,831	3,881
Difference between prior year's income tax estimation and assessed results	69,096	650,510
Additional 10% tax on unappropriated earnings	468,961	427,410
Change in assessment of realization of deferred tax assets	69,367	(443,122)
Effect of different tax rates on unrealized profit from sales	111,081	(404,722)
Effect of exchange rates	(589,873)	116,034
Impact of change in tax rate	722,102	-
Taxable loss not recognized as deferred tax assets	104,544	17,708
Others	40,004	76,833
Income tax expenses	<u>\$ 3,923,740</u>	<u>\$ 4,663,545</u>

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

	2017				December 31
	January 1	Recognized in profit or loss	Recognized in other comprehensive income	Effect of exchange difference	
Temporary differences:					
- Deferred income tax assets:					
Decline in value of inventories	\$ 2,104,161	(\$ 203,660)	\$ -	(\$ 68,379)	\$ 1,832,122
Unrealized profit from sales	736,285	(131,765)	-	(2,942)	601,578
Unrealized purchase discounts	353,949	(11,144)	-	-	342,805
Unrealized sales discounts	1,836,978	(148,633)	-	(69,501)	1,618,844
Unrealized provisions for warranty	1,625,067	(187,018)	-	(61,505)	1,376,544
Other unrealized expenses	1,163,364	(99,023)	-	(12,132)	1,052,209
Loss carryforwards	386,746	36,304	-	(26,932)	396,118
Currency translation differences	23,048	-	357,022	-	380,070
Others	566,259	54,540	4,029	(22,960)	601,868
Subtotal	<u>8,795,857</u>	<u>(690,399)</u>	<u>361,051</u>	<u>(264,351)</u>	<u>8,202,158</u>
- Deferred income tax liabilities:					
Investment income from foreign investees	(9,721,525)	(758,603)	-	-	(10,480,128)
Currency translation differences	(466,901)	-	465,573	-	(1,328)
Unrealized gain on valuation of available-for-sale financial assets	(37,340)	-	(19,459)	-	(56,799)
Others	(158,745)	25,445	(2,807)	696	(135,411)
Subtotal	<u>(10,384,511)</u>	<u>(733,158)</u>	<u>443,307</u>	<u>696</u>	<u>(10,673,666)</u>
Total	<u>(\$ 1,588,654)</u>	<u>(\$ 1,423,557)</u>	<u>\$ 804,358</u>	<u>(\$ 263,655)</u>	<u>(\$ 2,471,508)</u>

2016

	<u>January 1</u>	<u>Recognized in profit or loss</u>	<u>Recognized in other comprehensive income</u>	<u>Effect of exchange difference</u>	<u>December 31</u>
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
Currency translation differences	632	-	22,416	-	23,048
Others	408,463	139,092	15,979	2,725	566,259
Subtotal	<u>8,369,307</u>	<u>518,346</u>	<u>38,395</u>	<u>(130,191)</u>	<u>8,795,857</u>
- Deferred income tax liabilities:					
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	<u>(9,191,398)</u>	<u>(1,287,661)</u>	<u>96,893</u>	<u>(2,345)</u>	<u>(10,384,511)</u>
Total	<u>(\$ 822,091)</u>	<u>(\$ 769,315)</u>	<u>\$ 135,288</u>	<u>(\$ 132,536)</u>	<u>(\$ 1,588,654)</u>

D. Expiration dates of unused taxable loss and amounts of unrecognized deferred income tax assets are as follows:

2017/12/31				
Year incurred	Amount filed/assessed	Unused amount	Unrecognized deferred income tax assets	Year of expiration
2008	\$ 38,907	\$ 33,621	\$ 33,621	2018
2009	118,867	118,867	76,019	2019
2010	42,565	42,565	42,565	2020
2011	110,065	109,286	109,286	2021
2012	302,312	298,847	298,847	2022
2013	160,166	159,750	159,750	2018-2023
2014	195,072	147,922	128,462	2019-2024
2015	823,064	641,106	380,212	2025
2016	127,932	127,906	85,270	2021-2026
2017	1,790,459	1,790,459	636,922	2022-2027

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

E. The amounts of deductible temporary differences that were not recognized as deferred income tax assets are as follows:

	2017/12/31	2016/12/31
Deductible temporary differences	\$ 646,497	\$ 802,384

F. As of December 31, 2017 and 2016, 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 2015 except for 2014.

H. Unappropriated retained earnings:

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

- I. As of December 31, 2017 and 2016, the balance of the imputation tax credit account was \$14,640,235 and \$15,112,733, respectively. The creditable tax rate was 15.67% for the year ended December 31, 2016.
- J. The amendments to the Income Tax Act were promulgated and became effective on February 7, 2018. Under the amendments, the corporate income tax rate will be raised from 17% to 20% retroactively effective from January 1, 2018. Such change will increase the deferred income tax assets and liabilities by 3%. However, the impact of temporary differences on income tax is dependent on the Group's strategy with regard to the amendments and the actual situation in the future. After the Group's assessment of deferred tax assets and liabilities, there is no significant impact on the Group's financial condition.
- K. On January 18, 2018, the Legislative Yuan passed third reading and revoked the Integrated Income Tax System. The balance of imputation tax credit account will be cleared on January 1, 2018.

(27) Earnings per share

	<u>For the year ended December 31, 2017</u>		
	<u>Amount</u>	<u>Weighted average</u>	<u>Earnings per share</u>
	<u>after income tax</u>	<u>number of ordinary</u>	<u>(in dollars)</u>
		<u>shares outstanding</u>	
		<u>(shares in thousands)</u>	
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 15,544,905	742,760	\$ <u>20.93</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	4,795	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 15,544,905	<u>747,555</u>	\$ 20.79

For the year ended December 31, 2016

	Amount after income tax	Weighted average number of ordinary shares outstanding (shares in thousands)	Earnings per share (in dollars)
<u>Basic earnings per share</u>			
Profit attributable to ordinary shareholders of the parent	\$ 19,202,737	742,760	\$ <u>25.85</u>
<u>Diluted earnings per share</u>			
Assumed conversion of all dilutive potential ordinary shares - employees' compensation	-	7,323	
Profit attributable to ordinary shareholders of the parent plus assumed conversion of all dilutive potential ordinary shares	\$ 19,202,737	750,083	\$ 25.60

(28) Transactions with non-controlling interests

A. Disposal of equity interest in subsidiaries (without losing control)

From June to August, 2017, the Group disposed 1.14% ownership of its subsidiary – ONYX and received cash consideration of \$64,433. In January, September and October, 2016, the Group disposed 2.82%, 0.5% and 2.71% ownership of its subsidiary - ONYX and received 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 and received cash consideration of \$139,553. The effect of disposal of equity interest in subsidiaries to capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed is as follows:

	For the years ended December 31,	
	2017	2016
Proceeds from disposal of subsidiaries	\$ 64,433	\$ 286,188
Less: Disposed carrying amount of equity interest in subsidiaries	(12,767)	(73,975)
Disposed other equity of subsidiaries	(69)	(1,242)
Capital surplus - difference between consideration and carrying amount of subsidiaries acquired or disposed	\$ 51,597	\$ 210,971

B. When the subsidiary increased capital by cash, the Group did not acquire new shares in proportion to its existing holdings.

In August 2017, the Group's subsidiary – AAEON increased its capital by issuing new shares and received cash consideration of \$1,085,660. Since the Group did not acquire new shares in proportion to its existing holdings, the Group's ownership of the subsidiary decreased by 6.37%.

The effect of the change in ownership interest in subsidiaries to capital surplus - recognition of changes in ownership interest in subsidiaries is as follows:

	<u>For the year ended December 31, 2017</u>	
Proceeds from subsidiary increased capital by issuing new shares	\$	1,085,660
Less: Increased in carrying amount of non-controlling interest	(691,971)
Effect of employee share-based payment		<u>9,299</u>
Capital surplus - recognition of changes in ownership interest in subsidiaries	\$	<u><u>402,988</u></u>

(29) Operating leases

The Group leases offices, warehouse and parking lots under operating lease agreements. The Group recognized rental expenses of \$1,119,244 and \$1,085,142 for the years ended December 31, 2017 and 2016, respectively. Information about the future aggregate minimum lease payments under non-cancellable operating leases is provided in Note 9.

7. **RELATED PARTY TRANSACTIONS**

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

<u>Names of related parties</u>	<u>Relationship with the Group</u>
ASUSTOR INC.	Associate
LITEMAX ELECTRONIC INC.	Associate
EXCELLIANCE MOS CORPOATION	Associate
Others (related parties with non-significant transactions)	Others

(3) Significant transactions and balances with related parties

A. Sales of goods:

	<u>For the years ended December 31,</u>	
	<u>2017</u>	<u>2016</u>
Sales of goods		
-Associates	\$ 1,762	\$ 1,369
-Others	<u>9,659</u>	<u>3,813</u>
	<u>\$ 11,421</u>	<u>\$ 5,182</u>

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,	
	2017	2016
Purchases of goods		
-Associates	\$ 40,707	\$ 46,015
-Others	813,310	964,889
Purchases of services		
-Associates	48	52
-Others	21,489	15,000
	<u>\$ 875,554</u>	<u>\$ 1,025,956</u>

Purchase terms are open account 30 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:

	2017/12/31	2016/12/31
Trade receivables		
-Associates	\$ 499	\$ 239
-Others	2,342	641
	<u>2,841</u>	<u>880</u>
Other receivables		
-Associates	252	507
-Others	128	97
	<u>380</u>	<u>604</u>
	<u>\$ 3,221</u>	<u>\$ 1,484</u>

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

D. Trade payables and other items of current liabilities:

	2017/12/31	2016/12/31
Trade payables		
-Associates	\$ 13,751	\$ 8,387
-Others	189,661	230,927
	<u>203,412</u>	<u>239,314</u>
Other items of current liabilities		
-Associates	994	101
-Others	775	-
	<u>1,769</u>	<u>101</u>
	<u>\$ 205,181</u>	<u>\$ 239,415</u>

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

(4) Key management compensation

	For the years ended December 31,	
	2017	2016
Salaries and other short-term employee benefits	\$ 698,249	\$ 782,942
Post-employment benefits	6,628	6,746
	<u>\$ 704,877</u>	<u>\$ 789,688</u>

8. PLEDGED ASSETS

Pledged assets	Items	Book Value		Purpose
		2017/12/31	2016/12/31	
Other current assets and other non-current assets	Pledged restricted deposits, time deposits and refundable deposits	\$ 222,181	\$ 214,932	Note
Property, plant and equipment	Land and buildings	217,086	100,375	Bank loans, customs guarantee and credit limits
		<u>\$ 439,267</u>	<u>\$ 315,307</u>	

Note: Pledged for customs duties, performance bond, lodgment for security decided by court, letter of credit, foreign exchange forward transactions, 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, DVD player subtitle, Motherboards and Router, User Interface, audio signal encoding and decoding system, Audio stream, cellphone and pad supporting OK Google function, products with Google Play Movies and TV function, touchscreen scrolling in accordance with user touch control, Pad, products with UMTS 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 German 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 supporting Smart Lock function for Android 5.0, AP and router products supporting MU-MIMO, DVD player restriction technology, Zhuyin input function, product with walking navigation, 3GPP(UMTS), record and display function for dynamic and static imaging, triggering function in Camera app for saving information and static imaging processing technique in low power, products using SK hynix Solid State Drive, processors and memories of Samsung, product with Nvidia GPU, MP3 function for desktop and notebook, SDRAM function, ZenFone

trademarks, Google Now digital assistant and Google’s Voice Actions function against the Group. These lawsuits or investigations are currently under investigation in a Taiwan court, in a Texas court, in a California court, in a Delaware court, at the United States International Trade Commission, in a German court and in an India court. The Group cannot presently determine the ultimate outcome and effect of these lawsuits.

B. The European Commission has started an investigation into whether the Group has restricted the retail prices of distributors in February, 2017. This case is under 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 with respect to this investigation.

(2) Commitments

A. The Group has signed a contract amounting to \$3,541,253 for the construction of a new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2017.

B. The Group leases offices, warehouse and parking lots under non-cancellable operating lease agreements. The future aggregate minimum lease payments are as follows:

	<u>2017/12/31</u>	<u>2016/12/31</u>
Less than 1 year	\$ 702,091	\$ 583,696
Between 1 and 2 years	487,377	306,650
Between 2 and 3 years	206,828	183,776
Between 3 and 4 years	132,364	64,049
More than 4 years	211,673	74,103

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

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

Please refer to 6(26) J.

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

	<u>2017/12/31</u>	<u>2016/12/31</u>
Total liabilities	\$ 166,216,866	\$ 180,002,712
Total equity	<u>178,674,303</u>	<u>184,217,214</u>
Total assets	<u>\$ 344,891,169</u>	<u>\$ 364,219,926</u>
Liability ratio	<u>48.19%</u>	<u>49.42%</u>

(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, current portion of long-term borrowings 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 various 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:

2017/12/31						
	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 2,991,872,022	29.760	\$ 89,038,111	1%	\$ 890,381	\$ -
EUR:USD	462,594,040	35.569	16,454,078	1%	164,541	-
CNH:USD	2,250,184,341	4.565	10,272,506	1%	102,725	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	3,750,761,060	29.760	111,622,649	1%	1,116,226	-
EUR:USD	59,877,814	35.569	2,129,803	1%	21,298	-
CNH:USD	2,186,888,918	4.565	9,983,550	1%	99,836	-

2016/12/31

	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$ 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	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
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	-

- f. Net currency exchange gains (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, 2017 and 2016, amounted to \$5,353,971 and (\$525,304), 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, 2017 and 2016 would have increased by \$4,891 and \$2,230, respectively. Other comprehensive income - unrealized gain on valuation of available-for-sale financial assets would have increased by \$550,292 and \$586,997, 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, 2017 and 2016, the Group's borrowings at variable rate were denominated in USD, CNH 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, 2017 and 2016, 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, 2017 and 2016 would have been \$1,229 and \$588 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, 2017 and 2016, 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, 2017 and 2016, the Group held financial assets at fair value through profit or loss of \$8,036,538 and \$5,312,977, 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.

	2017/12/31				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 5,750,078	\$ -	\$ -	\$ -	\$ 5,750,078
Notes and trade payables	56,494,911	-	-	-	56,494,911
Other payables	39,704,639	-	-	-	39,704,639
- accrued expenses					
Long-term borrowings (including current portion)	2,750	442,750	502,750	65,677	1,013,927
Other financial liabilities	1,199,921	36	-	8,297	1,208,254
<u>Derivative financial liabilities:</u>					
Forward exchange contracts	897,265	-	-	-	897,265
Currency option contracts	209,548	-	-	-	209,548
Currency swap contracts	5,612	-	-	-	5,612
	2016/12/31				Total
	Less than 1 year	Between 1 and 2 years	Between 2 and 3 years	More than 3 years	
<u>Non-derivative financial liabilities:</u>					
Short-term borrowings	\$ 2,978,526	\$ -	\$ -	\$ -	\$ 2,978,526
Notes and trade payables	73,544,002	-	-	-	73,544,002
Other payables	38,104,869	-	-	-	38,104,869
- accrued expenses					
Long-term borrowings (including current portion)	728,092	540,000	-	-	1,268,092
Other financial liabilities	1,207,407	-	-	-	1,207,407
<u>Derivative financial liabilities:</u>					
Forward exchange contracts	66,202	-	-	-	66,202
Currency option contracts	129,299	-	-	-	129,299

- 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:

	2017/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Open-end funds	\$ 7,547,488	\$ -	\$ -	\$ 7,547,488
Listed and OTC stocks	489,050	-	-	489,050
Forward exchange contracts	-	19,126	-	19,126
Currency option contracts	-	1,333	-	1,333
Currency swap contracts	-	65	-	65
Derivative financial assets for hedging	-	11,392	-	11,392
Available-for-sale financial assets				
Listed and OTC stocks	54,856,137	-	-	54,856,137
Unlisted and non-OTC stocks	-	170,843	2,229	173,072
Convertible bonds	-	-	7,575	7,575
	<u>\$ 62,892,675</u>	<u>\$ 202,759</u>	<u>\$ 9,804</u>	<u>\$ 63,105,238</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial liabilities at fair value through profit or loss				
Forward exchange contracts	\$ -	\$ 214,819	\$ -	\$ 214,819
Currency option contracts	-	209,548	-	209,548
Currency swap contracts	-	5,612	-	5,612
Derivative financial liabilities for hedging	-	682,446	-	682,446
	<u>\$ -</u>	<u>\$ 1,112,425</u>	<u>\$ -</u>	<u>\$ 1,112,425</u>

	2016/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
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
	<u>\$ 63,800,139</u>	<u>\$ 2,385,965</u>	<u>\$ 21,186</u>	<u>\$ 66,207,290</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
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
	<u>\$ -</u>	<u>\$ 195,501</u>	<u>\$ -</u>	<u>\$ 195,501</u>

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:

	<u>Listed and OTC stocks</u>	<u>Open-end fund</u>	<u>Convertible bond</u>
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. JMC ELECTRONICS CO., LTD. has been listed on the TWSE from January, 2017, therefore, the Group has transferred the fair value from Level 2 to Level 1 at the end of the 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:

	2017		
	Equity instruments	Debt instruments	Total
January 1	\$ 13,611	\$ 7,575	\$ 21,186
Recognized in profit (loss) (Note 1)	(3,409)	-	(3,409)
Recognized in net other comprehensive income (loss) (Note 2)	(7,973)	-	(7,973)
December 31	<u>\$ 2,229</u>	<u>\$ 7,575</u>	<u>\$ 9,804</u>

	2016		
	Equity instruments	Debt instruments	Total
January 1	\$ 28,131	\$ 7,575	\$ 35,706
Recognized in profit (loss) (Note 1)	(20,064)	-	(20,064)
Recognized in net other comprehensive (loss) (Note 2)	8,067	-	8,067
Disposals	(2,523)	-	(2,523)
December 31	<u>\$ 13,611</u>	<u>\$ 7,575</u>	<u>\$ 21,186</u>

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, 2017 and 2016.

G. The investment segment is in charge of valuation procedures for fair value measurements being categorized within Level 3, which is to verify independent fair value of financial instruments. Such assessment is to ensure the valuation results are reasonable by applying independent information to make results close to current market conditions, confirming the source of information is independent, reliable and in line with other resources and any other necessary adjustments to the fair value.

The investment segment cooperatively set up valuation policies, valuation processes and rules for measuring fair value of financial instruments that ensure compliance with the related requirements in IFRS.

H. The following is the qualitative information of significant unobservable inputs and sensitivity analysis of changes in significant unobservable inputs to valuation model used in Level 3 fair value measurement:

	<u>Fair value at December 31, 2017</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
Equity instruments:					
Unlisted and non-OTC stocks	\$ 2,229	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
	<u>Fair value at December 31, 2016</u>	<u>Valuation technique</u>	<u>Significant unobservable input</u>	<u>Range (weighted average)</u>	<u>Relationship of inputs to fair value</u>
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

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. **SUPPLEMENTARY DISCLOSURES**

(1) **Significant transactions information**

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

(2) **Information on investees**

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

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

- A. Information on investment in mainland China: Please refer to table 10.
- B. Significant transactions, either directly or indirectly through a third area, with investee companies in China: Please refer to table 8.

14. **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, 2017		
	3C Brand	Others	Total
Revenues from external customers	\$ 391,888,303	\$ 42,078,488	\$ 433,966,791
Revenues from other segments	\$ 1,010,445	\$ 7,126,116	- (Note 1)
Segment income	\$ 12,517,854	\$ 224,357	\$ 12,742,211
Total assets (Note 2)	\$ -	\$ -	\$ -

	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)	\$ -	\$ -	\$ -

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,	
	2017	2016
Reportable operating segments' profit before adjustment	\$ 12,742,211	\$ 18,794,786
Unallocated profit (loss)	(7,374)	(42,831)
Reportable operating segments' profit	\$ 12,734,837	\$ 18,751,955

(5) Geographical information

Geographical information for the years ended December 31, 2017 and 2016 is as follows:

	For the years ended December 31,			
	2017		2016	
	Revenue	Non-current assets	Revenue	Non-current assets
Taiwan	\$ 69,893,799	\$ 15,730,854	\$ 69,869,403	\$ 15,261,601
China	71,942,390	6,597,867	77,633,211	5,317,323
Singapore	174,007,620	2,392	182,288,894	1,839
USA	64,473,223	1,015,953	70,798,042	1,086,534
Europe	28,929,614	55,030	38,845,866	66,734
Others	24,720,145	354,240	27,367,290	357,574
Total	<u>\$ 433,966,791</u>	<u>\$ 23,756,336</u>	<u>\$ 466,802,706</u>	<u>\$ 22,091,605</u>

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, 2017 and 2016.

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

Table 1

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

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

Note 1 : Nature for Financing : a. Business transaction calls for a loan arrangement.
b. The need for short-term financing.

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

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

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

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

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

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

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

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

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

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

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

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

Note 1 : Nature of relationship of guaranteed Party :

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

Note 2 : Limit of the total amount of guarantee: According to Procedures for Endorsements and Guarantees of ASKEY, the total amount of guarantee shall not exceed 40% of the net worth of ASKEY as of the period.
 Limit of the total amount of guarantee for individual counter-party : According to Procedures for Endorsements and Guarantees of ASKEY, limit of guarantee amount for individual counter-party shall not exceed 30% of the net worth of ASKEY as of the period.

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

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

Table 3 (Amounts in thousands of New Taiwan dollars)

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

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

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

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

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(Amounts in thousands of New Taiwan dollars)

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

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

b. Available-for-sale financial assets - current

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

d. Investments accounted for under equity method

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

b. Current-revaluation

c. Recognized investment gain or loss under equity investment

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

e. Recognized equity adjustment under equity investment

f. Re-classification credit of equity investment

g. Received cash dividends

h. Variance of unrealized profit from sale

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

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

Table 5 (Amounts in thousands of New Taiwan dollars)

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

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

Table 6

(Amounts in thousands of New Taiwan dollars)

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

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

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

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017

Table 7 (Amounts in thousands of New Taiwan dollars)

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY DISCLOSE TRANSACTIONS AMOUNT OF AT LEAST NTS100 MILLION)
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 8-1

(Amounts in thousands of New Taiwan dollars)

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

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

Table 8-2

(Amounts in thousands of New Taiwan dollars)

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

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

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

Note 2 : Transactions are categorized as follows:

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

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

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

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

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

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

Table 9

(Amounts in thousands of New Taiwan dollars)

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

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

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

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

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

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

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

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

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

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

Table 10

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

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

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

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

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

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

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

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

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

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

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

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

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



Independent Auditors' Report

To the Board of Directors and Shareholders of
ASUSTEK COMPUTER INC.

Opinion

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

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

Basis for opinion

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

Key audit matters

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

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

Evaluation of inventories

Description

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

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

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

How our audit addressed the matter

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

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

Provision for sales returns and discounts

Description

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

How our audit addressed the matter

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

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

Other matter – Reference to the audits of other independent auditors

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

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

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

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

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

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

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

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

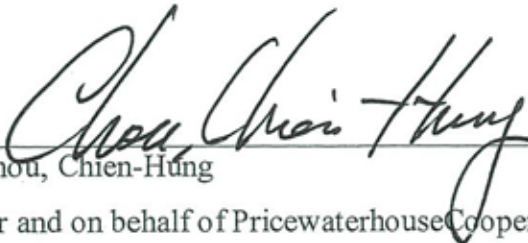


資誠

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

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

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


Chou, Chien-Hung
for and on behalf of PricewaterhouseCoopers, Taiwan


Chang, Ming-Hui

March 16, 2018

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

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

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

(Continued)

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

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

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

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

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

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

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

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

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

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

	FOR THE YEARS ENDED DECEMBER 31,	
	2017	2016
<u>Cash flows from operating activities</u>		
Profit before income tax for the year	\$ 17,552,920	\$ 22,501,564
Adjustments to reconcile profit before income tax to net cash provided by (used in) operating activities		
Income and expenses that results in non-cash flows		
Depreciation (including investment property)	211,320	225,378
Amortisation	219,428	179,923
Reversal of allowance for doubtful account	(16,962)	(93,956)
Net loss (gain) on financial assets or liabilities at fair value through profit or loss	(82,870)	28,138
Share of profit of subsidiaries, associates and joint ventures accounted for under equity method	(8,478,943)	(9,185,786)
Interest income	(14,026)	(23,890)
Dividend income	(2,799,240)	(2,824,326)
Unrealized profit (loss) from sales	(1,361,343)	88,754
Others	(54,058)	8,387
Changes in assets/liabilities relating to operating activities		
Financial assets at fair value through profit or loss	(1,636,110)	(780,889)
Notes and trade receivables	1,449,999	184,476
Trade receivables - related parties	22,242,529	(14,702,314)
Other receivables	(21,542)	31
Inventories	1,479,550	10,059,488
Prepayments	(152,768)	(73,606)
Other current assets	(11,341)	(5,976)
Financial liabilities at fair value through profit or loss	(87,161)	(61,820)
Notes and trade payables	(17,268,832)	14,656,834
Other payables - accrued expenses	(848,346)	(5,262,722)
Provisions for liabilities	(401,401)	(98,171)
Other current liabilities	(114,882)	(292,013)
Receipt of interest	14,189	25,398
Payment of interest	(230)	(111)
Payment of income tax	(1,222,949)	(2,366,715)
Net cash flows provided by (used in) operating activities	8,596,931	12,185,076
<u>Cash flows from investing activities</u>		
Acquisition of investments accounted for under equity method	(331,882)	(100,000)
Proceeds from disposal of investments accounted for under equity method	-	149,056
Acquisition of property, plant and equipment	(561,757)	(4,078,685)
Acquisition of investment property	-	(3,921,506)
Acquisition of intangible assets	(110,408)	(68,607)
Increase in prepayment for investments	(599,900)	-
Changes in other non-current assets	1,313	(177,393)
Receipt of dividends	3,888,956	3,408,711
Others	65,190	4,458
Net cash flows provided by (used in) investing activities	2,351,512	(4,783,966)
<u>Cash flows from financing activities</u>		
Payment of cash dividends	(12,626,925)	(11,141,404)
Others	(3,145)	25,991
Net cash flows provided by (used in) financing activities	(12,630,070)	(11,115,413)
Decrease in cash and cash equivalents	(1,681,627)	(3,714,303)
Cash and cash equivalents at beginning of year	2,016,862	5,731,165
Cash and cash equivalents at end of year	\$ 335,235	\$ 2,016,862

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

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

1. HISTORY AND ORGANISATION

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

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

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

3. APPLICATION OF NEW STANDARDS, AMENDMENTS AND INTERPRETATIONS

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

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

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

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

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

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

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

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

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

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

IFRS 9, “Financial instruments”

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

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

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

Explanation:

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

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

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

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

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

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

IFRS 16, "Leases"

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

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(1) Compliance statement

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

(2) Basis of preparation

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

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

(3) Foreign currency translation

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

A. Foreign currency transactions and balances

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

B. Translation of foreign operations

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

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

(4) Classification of current and non-current items

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

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

Otherwise they are classified as non-current assets.

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

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

Otherwise they are classified as non-current liabilities.

(5) Cash equivalents

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

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

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

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

(7) Available-for-sale financial assets

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

(8) Loans and receivables

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

(9) Impairment of financial assets

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

- B. The criteria that the Company uses to determine whether there is objective evidence of an impairment loss is as follows:
- (A) Significant financial difficulty of the issuer or debtor;
 - (B) A breach of contract, such as a default or delinquency in interest or principal payments;
 - (C) The Company granted the borrower a concession that a lender would not otherwise consider for economic or legal reasons relating to the borrower's financial difficulty;
 - (D) It becomes probable that the borrower will enter bankruptcy or other financial reorganization;
 - (E) The disappearance of an active market for that financial asset because of financial difficulties;
 - (F) Observable data indicating that there is a measurable decrease in the estimated future cash flows from a group of financial assets since the initial recognition of those assets, although the decrease cannot yet be identified with the individual financial asset in the group, including adverse changes in the payment status of borrowers in the group or national or local unfavorable economic conditions that correlate with defaults on the assets in the group;
 - (G) Information about significant changes with an adverse effect that have taken place in the technology, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in the equity instrument may not be recovered; or
 - (H) A significant or prolonged decline in the fair value of an investment in an equity instrument below its cost.
- C. When the Company assesses that there has been objective evidence of impairment and an impairment loss has occurred, accounting for impairment is made as follows according to the category of financial assets:
- (A) Financial assets measured at amortised cost
The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate, and is recognized in profit or loss. If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment loss was recognized, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the asset does not exceed its amortised cost that would have been at the date of reversal had the impairment loss not been recognized previously. Impairment loss is recognized and reversed by adjusting the carrying amount of the asset through the use of an impairment allowance account.
 - (B) Financial assets measured at cost
The amount of the impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at current market return rate of similar financial asset, and is recognized in profit or loss. Impairment loss recognized for this category shall not be reversed subsequently. Impairment loss is recognized by adjusting the carrying amount of the asset through the use of an impairment allowance account.

(C) Available-for-sale financial assets

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

(10) Derecognition of financial assets

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

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

(11) Operating leases (lessor)

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

(12) Inventories

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

(13) Investments accounted for under equity method

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

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

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

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

(14) Property, plant and equipment

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

(15) Operating leases (lessee)

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

(16) Investment property

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

(17) Intangible assets

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

(18) Impairment of non-financial assets

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

B. The recoverable amounts of goodwill and intangible assets with an indefinite useful life shall be evaluated periodically. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. Impairment loss of goodwill previously recognized in profit or loss shall not be reversed in the following years.

(19) Notes and trade payables

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

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

A. Financial liabilities at fair value through profit or loss are financial liabilities held for trading. Financial liabilities are classified in this category of held for trading if held principally for the purpose of repurchasing in the short-term. Derivatives are also categorized as financial liabilities held for trading unless they are designated as hedges.

B. Financial liabilities at fair value through profit or loss are initially recognized at fair value. Related transaction costs are expensed in profit or loss. These financial liabilities are subsequently remeasured and stated at fair value, and any changes in the fair value of these financial liabilities are recognized in profit or loss.

(21) Derecognition of financial liabilities

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

(22) Offsetting financial assets and financial liabilities

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

(23) Derivative financial instruments

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

(24) Provisions for liabilities

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

(25) Employee benefits

A. Short-term employee benefits

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

B. Pensions

(A) Defined contribution plan

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

(B) Defined benefit plan

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

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

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

(C) Termination benefits

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

(D) Employees' compensation and directors' remuneration

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

(26) Income tax

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

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

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

(27) Dividends

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

(28) Revenue recognition

Sales of goods

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

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

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

Critical accounting estimates and assumptions – Evaluation of inventories

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

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

6. DETAILS OF SIGNIFICANT ACCOUNTS

(1) Cash and cash equivalents

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

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

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

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

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

B. The unexpired contracts are as follows:

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

(A) Forward exchange contracts

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

(B) Currency option contracts

The Company entered into currency option contracts to buy or sell various foreign currencies rights at agreed price in the future to hedge exchange rate risk of import and export proceeds. However, these currency option contracts are not accounted for under hedge accounting.

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

(3) Available-for-sale financial assets

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

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

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

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

(4) Financial assets measured at cost

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

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

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

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

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

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

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

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

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

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

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

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

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

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:

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

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

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

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

(6) Offsetting financial assets and financial liabilities

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

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

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

(7) Inventories

	2017/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 30,193,166	(\$ 3,994,025)	\$ 26,199,141
Work in progress	940,705	(62,365)	878,340
Finished goods	563,399	(41,120)	522,279
Merchandise inventories	1,864,119	(356,587)	1,507,532
Inventories in transit	795,703	-	795,703
	<u>\$ 34,357,092</u>	<u>(\$ 4,454,097)</u>	<u>\$ 29,902,995</u>

	2016/12/31		
	Cost	Allowance for valuation loss	Book value
Raw materials	\$ 29,879,731	(\$ 2,701,332)	\$ 27,178,399
Work in progress	1,349,477	(97,032)	1,252,445
Finished goods	658,351	(45,228)	613,123
Merchandise inventories	2,493,507	(533,444)	1,960,063
Inventories in transit	378,515	-	378,515
	<u>\$ 34,759,581</u>	<u>(\$ 3,377,036)</u>	<u>\$ 31,382,545</u>

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

(8) Investments accounted for under equity method

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

A. Subsidiaries

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

B. Associates

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

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

(9) Property, plant and equipment

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

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

(10) Pensions

A. (A) The Company has a defined benefit pension plan in accordance with the Labor Standards Law, covering all regular employees' service years prior to the enforcement of the Labor Pension Act on July 1, 2005 and service years thereafter of employees who chose to continue to be subject to the pension mechanism under the Law. Under the defined benefit pension plan, two units are accrued for each year of service for the first 15 years and one unit for each additional year thereafter, subject to a maximum of 45 units. Pension benefits are based on the number of units accrued and the average monthly salaries and wages of the last 6 months prior to retirement. The Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the retirement fund deposited with Bank of Taiwan, the trustee, under the name of the independent retirement fund committee. Also, the Company would assess the balance in the aforementioned labor pension reserve account by December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method to the employees expected to qualify for retirement in the following year, the Company will make contribution for the deficit by next March. In addition, except for a few foreign employees, the Company had settled its financial obligations to its employees on December 31, 2007.

(B) The Company contributes 2% of the employees' monthly salaries and wages for a few foreign employees in accordance with R.O.C. Labor Standards Law to an independent retirement trust fund, with the Bank of Taiwan, the trustee. The pension costs under the above pension plan were \$932 and \$1,041 for the years ended December 31, 2017 and 2016, respectively.

(C) Expected contribution to the defined benefit pension plan of the Company for the year ending December 31, 2018 are \$828.

B. Effective July 1, 2005, the Company has established a defined contribution pension plan (New Plan) under the Labor Pension Act, covering all regular employees with R.O.C. nationality. Under the New Plan, the Company contributes monthly an amount based on 6% of the employees' monthly salaries and wages to the employees' individual pension accounts at the Bureau of Labor Insurance. The benefits accrued are paid monthly or in lump sum upon termination of employment. The pension costs under the defined contribution pension plan were \$285,526 and \$282,288 for the years ended December 31, 2017 and 2016, respectively.

(11) Provisions for liabilities

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

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

Analysis of total provisions for liabilities:

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

A. Provisions for warranty

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

B. Provisions for legal claims and royalty

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

(12) Common shares

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

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

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

(A) Voting rights

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

(B) Dividends, stock warrants and other rights

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

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

(13) Capital surplus

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

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

(14) Retained earnings

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

(B) The amounts previously set aside by the Company as special reserve on initial application of IFRSs in accordance with Jin-Guan-Zheng-Fa-Zi Letter No. 1010012865, dated April 6, 2012, shall be reversed proportionately when the relevant assets are used, disposed of or reclassified subsequently.

E. As resolved by the shareholders on June 8, 2016, the Company distributed cash dividends to owners amounting to \$11,141,404 (\$15 (in dollars) per share) for the appropriation of 2015 earnings. On June 7, 2017, the shareholders resolved to distribute cash dividends amounting to \$12,626,925 (\$17 (in dollars) per share) for the appropriation of 2016 earnings.

F. The appropriations of 2017 earnings had been proposed by the Board of Directors on March 16, 2018. Details are summarized as follows:

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

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

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

(15) Other equity

	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, 2017	\$ 1,282,834	\$ 31,628,691	\$ 2,149,750	(\$ 78,993)	\$ 34,982,282
-The Company	-	(3,887,043)	(4,302,517)	-	(8,189,560)
-Subsidiaries	(1,953,888)	152,167	276,978	(19,274)	(1,544,017)
-Associates	-	(7)	(169)	-	(176)
December 31, 2017	<u>(\$ 671,054)</u>	<u>\$ 27,893,808</u>	<u>(\$ 1,875,958)</u>	<u>(\$ 98,267)</u>	<u>\$ 25,248,529</u>

	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	<u>\$ 1,282,834</u>	<u>\$ 31,628,691</u>	<u>\$ 2,149,750</u>	<u>(\$ 78,993)</u>	<u>\$ 34,982,282</u>

(16) Operating revenue

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

(17) Other income

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

(18) Other gains (losses)

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

(19) Costs and expenses by nature

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

(20) Employee benefit expenses

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

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

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

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

(21) Income tax

A. Income tax expenses

(A) Components of income tax expenses:

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

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

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

B. Reconciliation between income tax expenses and accounting profit:

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

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

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

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

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

E. Unappropriated retained earnings:

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

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

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

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

(22) Earnings per share

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

(23) Operating leases

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

7. RELATED PARTY TRANSACTIONS

(1) Parent and ultimate controlling party

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

(2) Names of related parties and relationship

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

(3) Significant transactions and balances with related parties

A. Sales of goods:

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

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

B. Purchases of goods and services:

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

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

C. Trade receivables:

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

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

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

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

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

(4) Key management compensation

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

8. **PLEDGED ASSETS**

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

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

(1) Contingencies

A. Lawsuits for infringement of intellectual property rights

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

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

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

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

(2) Commitments

A. The Company has signed a contract amounting to \$3,541,253 for the construction of new office building of the headquarters, but has not recognized capital expenditures as of December 31, 2017.

B. The Company leases offices and parking lots under non-cancellable operating lease agreements.

The future aggregate minimum lease payments are as follows:

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

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

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

Please refer to Note 6(21) G.

12. **OTHERS**

(1) Capital management

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

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

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

(2) Financial instruments

A. Fair value information of financial instruments

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

B. Financial risk management policies

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

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

C. Nature and degree of significant financial risks

(A) Market risk

Foreign exchange risk

- 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 derivative financial instruments to hedge such as forward exchange contracts. Foreign exchange risk arises when future commercial transactions or recognized assets or liabilities are denominated in a currency that is not the entity's functional currency.
- 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:

2017/12/31

	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$2,343,502,015	29.76	\$ 69,742,620	1%	\$ 697,426	\$ -
<u>Non-monetary items</u>						
USD:NTD	2,177,292,083	29.76	64,796,212	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,063,820,730	29.76	61,419,305	1%	614,193	-

2016/12/31

	Foreign currency amount (In dollars)	Exchange rate	Book value (NTD)	Sensitivity Analysis		
				Extent of variation	Effect on profit or loss	Effect on other comprehensive income
(Foreign currency: functional currency)						
<u>Financial assets</u>						
<u>Monetary items</u>						
USD:NTD	\$2,950,583,116	32.25	\$ 95,156,305	1%	\$ 951,563	\$ -
<u>Non-monetary items</u>						
USD:NTD	1,940,103,362	32.25	62,568,333	-	-	-
<u>Financial liabilities</u>						
<u>Monetary items</u>						
USD:NTD	2,477,123,396	32.25	79,887,230	1%	798,872	-

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

Price risk

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

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

Interest rate risk

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

Credit risk

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

(B) Liquidity risk

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

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

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

(3) Fair value information

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

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

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

Level 3: Unobservable inputs for the asset or liability.

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

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

	2016/12/31			
	Level 1	Level 2	Level 3	Total
Assets:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Listed and OTC stocks	\$ 56,225	\$ -	\$ -	\$ 56,225
Open-end funds	4,474,948	-	-	4,474,948
Forward exchange contracts	-	47,498	-	47,498
Available-for-sale financial assets				
Listed and OTC stocks	58,079,269	-	-	58,079,269
Unlisted and non-OTC stocks	-	171,835	-	171,835
Convertible bonds	-	-	7,575	7,575
	<u>\$ 62,610,442</u>	<u>\$ 219,333</u>	<u>\$ 7,575</u>	<u>\$ 62,837,350</u>
Liabilities:				
<u>Recurring fair value measurements</u>				
Financial assets at fair value through profit or loss				
Currency option contracts	<u>\$ -</u>	<u>\$ 50,962</u>	<u>\$ -</u>	<u>\$ 50,962</u>

C. The methods and assumptions the Company used to measure fair value are as follows:

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

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

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

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

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

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

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

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

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

13. **SUPPLEMENTARY DISCLOSURES**

(1) **Significant transactions information**

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

(2) **Information on investees**

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

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

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

14. **OPERATING SEGMENT INFORMATION**

Not applicable.

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

Table 1 (Amounts in thousands of New Taiwan dollars and foreign currencies)

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

Note 1 : Nature for Financing : a. Business transaction calls for a loan arrangement.
b. The need for short-term financing.

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

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

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

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

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

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

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

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

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

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

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

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

Note 1 : Nature of relationship of guaranteed Party :

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

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

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

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

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

Table 3 (Amounts in thousands of New Taiwan dollars)

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

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

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

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

Table 4 (Amounts in thousands of New Taiwan dollars)

Company Name	Marketable Securities		Financial Statement Account (Note 1)	Counter-party	Nature of Relationship	Beginning Balance		Acquisition			Disposal			Ending Balance			
	Type	Name				Shares/Units	Amount	Shares/Units	Amount	Note 2	Shares/Units	Amount	Carrying Value	Note 2	Gain/Loss on Disposal	Shares/Units	Amount
ASUS	Fund	UNION MONEY MARKET	a	-	-	67,187,488	879,007	490,603,780	6,433,000	a	462,652,101	6,065,000	6,063,149	a	1,851	95,139,167	1,249,063
								-	205	b							
ASUS	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	-	-	354,066,423	5,733,000	a	312,662,264	5,063,933	5,061,488	a	2,445	41,404,159	671,683
								-	171	b							
ASUS	Fund	JIH SUN MONEY MARKET	a	-	-	-	-	193,037,030	2,838,000	a	93,131,802	1,369,940	1,368,000	a	1,940	99,905,228	1,471,354
								-	1,354	b							
ASUS	Fund	TAISHIN TA CHONG MONEY MARKET	a	-	-	-	-	42,501,948	600,000	a	-	-	-	-	-	42,501,948	600,238
								-	238	b							
ASUS	Fund	YUANTA DE BAO MONEY MARKET	a	-	-	-	-	167,349,356	1,995,000	a	142,244,753	1,695,597	1,695,000	a	597	25,104,603	300,000
								-									
ASUS	Fund	YUANTA DE LI MONEY MARKET	a	-	-	-	-	49,361,882	800,000	a	6,601,882	107,000	106,991	a	9	42,760,000	693,050
								-	41	b							
ASUS	Fund	FSITC TAIWAN MONEY MARKET	a	-	-	76,128,666	1,153,167	32,326,028	490,000	a	108,454,694	1,644,758	1,643,000	a	1,758	-	-
											-	-	167	b			
ASUS	Fund	FSITC MONEY MARKET	a	-	-	7,711,599	1,362,717	11,408,826	2,020,000	a	16,666,884	2,948,127	2,947,405	a	722	2,453,541	435,194
											-	-	118	b			
ASUS	Fund	SINOPAC TWD MONEY MARKET	a	-	-	-	-	64,670,152	894,000	a	36,213,253	500,196	500,000	a	196	28,456,899	394,000
ASUS	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	71,952,511	1,080,057	33,199,429	500,000	a	71,952,511	1,080,590	1,080,000	a	590	33,199,429	500,037
											-	-	20	b			
ASUS	Fund	UPAMC JAMES BOND MONEY MARKET	a	-	-	-	-	37,750,163	627,000	a	37,750,163	627,042	627,000	a	42	-	-
ASUTC	Fund	NOMURA TAIWAN MONEY MARKET	a	-	-	622,092	10,055	59,408,992	961,000	a	-	-	-	-	-	60,031,084	973,860
								-	2,805	b							
ASUTC	Fund	YUANTA WAN TAI MONEY MARKET	a	-	-	4,611,471	69,221	54,725,279	823,000	a	59,336,750	893,340	891,069	a	2,271	-	-
											-	-	1,152	b			

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

b. Available-for-sale financial assets - current

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

d. Investments accounted for under equity method

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

b. Current-revaluation

c. Recognized investment gain or loss under equity investment

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

e. Recognized equity adjustment under equity investment

f. Re-classification credit of equity investment

g. Received cash dividends

h. Variance of unrealized profit from sale

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

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

Table 5 (Amounts in thousands of New Taiwan dollars)

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES

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

Table 6

(Amounts in thousands of New Taiwan dollars)

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

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

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

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
RECEIVABLES FROM RELATED PARTIES AMOUNTING TO AT LEAST NT\$100 MILLION OR 20% OF THE PAID-IN CAPITAL
DECEMBER 31, 2017

Table 7 (Amounts in thousands of New Taiwan dollars)

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

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

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

ASUSTEK COMPUTER INC. AND SUBSIDIARIES
INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
(ONLY DISCLOSE TRANSACTIONS AMOUNT OF AT LEAST NTS100 MILLION)
FOR THE YEAR ENDED DECEMBER 31, 2017

Table 8-1

(Amounts in thousands of New Taiwan dollars)

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

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

Table 8-2

(Amounts in thousands of New Taiwan dollars)

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

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

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

Note 2 : Transactions are categorized as follows:

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

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

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

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

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

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

Table 9

(Amounts in thousands of New Taiwan dollars)

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

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

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

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

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

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

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

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

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

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

Table 10

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

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

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

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

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

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

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

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

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

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

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

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

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

ASUSTek Computer Inc.

Chairman

Jonney Shih

