SILICONWARE PRECISION INDUSTRIES CO., LTD.

AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS AND

REPORT OF INDEPENDENT ACCOUNTANTS

DECEMBER 31, 2018 AND 2017

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

pwc 資誠

AUDIT REPORT OF INDEPENDENT ACCOUNTANTS

To the Board of Directors and Shareholder of Siliconware Precision Industries Co., Ltd.

Opinion

We have audited the accompanying consolidated balance sheets of Siliconware Precision Industries Co., Ltd. and its subsidiaries as at December 31, 2018 and 2017, and the related consolidated statements of comprehensive income, of changes in equity and of cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of Siliconware Precision Industries Co., Ltd. and its subsidiaries as at December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the "Regulations Governing the Preparations of Financial Reports by Securities Issuers" and the International Financial Reporting Standards, International Accounting Standards, IFRIC Interpretations, and SIC Interpretations as endorsed by the Financial Supervisory Commission.

Basis for opinion

We conducted our audits in accordance with the "Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants" and generally accepted auditing standards in the Republic of China (ROC GAAS). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the consolidated Financial Statements* section of our report. We are independent of Siliconware Precision Industries Co., Ltd. and its subsidiaries 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other matter – Parent company only financial reports

We have audited and expressed an unmodified opinion on the parent company only financial statements of Siliconware Precision Industries Co., Ltd. as at and for the years ended December 31, 2018 and 2017.

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

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

In preparing the consolidated financial statements, management is responsible for assessing Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

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Those charged with governance, including audit committee, are responsible for overseeing Siliconware Precision Industries Co., Ltd. and its subsidiaries' financial reporting process.

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 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries' 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries 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 Siliconware Precision Industries Co., Ltd. and its subsidiaries to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of Siliconware Precision Industries Co., Ltd. and its subsidiaries audit. We remain solely responsible for our audit opinion.

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

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

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the 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 report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Andy Chang

Chou, Chien-Hung

For and on behalf of PricewaterhouseCoopers, Taiwan
February 21, 2019

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 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 consolidated financial statements and report of independent accountants 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 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.

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	As of December 31, 2018	December 31, 2017 (Adjusted)	January 1, 2017 (Adjusted)
Current Assets				
Cash and cash equivalents	6 (1), 6 (9)	$ 14,166,817	$ 24,444,083	$ 24,476,270
Available-for-sale financial assets, current		-	-	178,176
Contract assets, current	6 (9), 6 (21)	2,064,328	-	-
Notes receivable, net	6 (9)	36,707	15,879	23,591
Accounts receivable, net	6 (2), 6 (9)	15,340,720	16,861,111	17,354,883
Other receivables	6 (9)	374,909	492,081	581,630
Current tax assets	6 (25)	58,731	-	-
Inventories	6 (3)	6,660,576	6,123,682	6,498,832
Non-current assets held for sale	6 (4)	-	-	387,503
Other financial assets, current	6 (5), 6 (9), 8	6,303,664	392,100	357,400
Other current assets - other		818,044	736,976	593,010
Total current assets		45,824,496	49,065,912	50,451,295
Non-current Assets				
Available-for-sale financial assets, non-current	6 (7), 6 (9)	-	4,135,207	3,615,658
Investments accounted for using the equity method	6 (8)	6,949,952	2,932,392	2,400,981
Property, plant and equipment	6 (10)	63,078,575	62,398,065	65,380,409
Intangible assets	6 11)	91,081	119,268	175,862
Deferred tax assets	6 (25)	693,599	640,924	786,196
Other non-current assets - other	6 (5), 6 (9), 8	2,114,999	1,595,087	949,840
Total non-current assets		72,928,206	71,820,943	73,308,946
TOTAL ASSETS		$ 118,752,702	$ 120,886,855	$ 123,760,241
Current Liabilities				
Short-term loans	6 (9), 6 (15)	$ 3,965,436	$ 3,422,400	$ 2,741,250
Financial liabilities at fair value through profit or loss, current	6 (9), 6 (12)	-	809,640	773,908
Accounts payable	6 (9)	10,114,522	7,456,974	8,194,647
Other payables	6 (9), 6 (13)	10,131,601	10,082,704	11,896,517
Current tax liabilities	6 (25)	1,106,728	764,082	653,222
Current portion of convertible bonds		-	-	12,712,651
Current portion of long-term loans	6 (9), 6 (15)	666,667	3,173,333	3,500,747
Other current liabilities - other	6 (9)	511,097	485,482	615,497
Total current liabilities		26,496,051	26,194,615	41,088,439
Non-current Liabilities				
Convertible bonds	6 (9), 6 (14)	-	12,015,229	-
Long-term loans	6 (9), 6 (15)	12,587,108	12,666,667	14,840,000
Deferred tax liabilities	6 (25)	63,122	268,118	134,827
Other non-current liabilities	6 (9), 6 (16)	1,509,669	1,422,434	1,509,655
Total non-current liabilities		14,159,899	26,372,448	16,484,482
Total Liabilities		40,655,950	52,567,063	57,572,921
Equity Attributable to Owners of the Company				
Capital stock	6 (17)	33,917,489	31,163,611	31,163,611
Capital reserve	6 (18)	18,466,004	12,642,615	12,641,997
Retained earnings	6 (19)			
Legal reserve		12,527,334	11,837,317	10,844,001
Unappropriated earnings		10,462,090	10,434,175	9,978,766
Accumulated other comprehensive income	6 (20)	(556,829)	2,242,074	1,558,945
Equity attributable to owners of the Company		74,816,088	68,319,792	66,187,320
Non-controlling Interests	6 (28)	3,280,664	-	-
Total Equity		78,096,752	68,319,792	66,187,320
TOTAL LIABILITIES AND EQUITY		$ 118,752,702	$ 120,886,855	$ 123,760,241

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, EXCEPT EARNINGS PER SHARE)

	Notes	For the years ended December 31, 2018	2017
Operating Revenues	6 (21)	$ 87,416,767	$ 83,554,385
Operating Costs	6 (3), 6 (11), 6 (22)	(69,569,382)	(66,740,290)
Gross Profit		17,847,385	16,814,095
Operating Expenses	6 (11), 6 (22)		
Selling expenses		(1,057,157)	(1,032,799)
General and administrative expenses		(3,501,866)	(3,264,130)
Research and development expenses		(4,090,360)	(3,841,996)
		(8,649,383)	(8,138,925)
Operating Profit		9,198,002	8,675,170
Non-operating Income and Expenses			
Other income	6 (23)	240,620	355,070
Other gains and losses	6 (7), 6 (8), 6 (24)	351,350	229,036
Finance costs	6 (14)	(516,642)	(593,821)
Share of profit or loss of associates accounted for using equity method	6 (8)	269,522	71,612
Losses on financial assets and liabilities at fair value through profit or loss	6 (6), 6 (12)	(442,006)	(35,732)
		(97,156)	26,165
Income before Income Tax		9,100,846	8,701,335
Income Tax Expense	6 (25)	(1,410,972)	(1,801,170)
Net Income		$ 7,689,874	$ 6,900,165
Other Comprehensive Income	6 (20), 6 (25)		
Items that will not be reclassiflied to profit or loss			
Remeasurements of post-employment benefit obligations		(62,766)	10,647
Share of other comprehensive income (loss) of associates		(265,105)	-
Income tax relating to items that will not be reclassified to profit or loss		22,120	(1,810)
Items that may be subsequently reclassified to profit or loss			
Exchange difference on translation of foreign financial statements		(208,846)	(226,323)
Unrealized gain (loss) on available-for-sale financial assets		-	465,175
Share of other comprehensive income (loss) of associates		(16,493)	456,665
Income tax relating to items that may be reclassified to profit or loss		-	(12,388)
Other Comprehensive Income (Loss) for the year, net of tax		(531,090)	691,966
Total Comprehensive Income for the year		$ 7,158,784	$ 7,592,131
Net Income Attributable to:			
Owners of the Company		$ 7,824,233	$ 6,900,165
Non-controlling Interests		(134,359)	-
		$ 7,689,874	$ 6,900,165
Total Comprehensive Income Attributable to:			
Owners of the Company		$ 7,384,548	$ 7,592,131
Non-controlling Interests		(225,764)	-
		$ 7,158,784	$ 7,592,131
Earnings Per Share (in dollars)	6 (26)		
Basic		$ 2.38	$ 2.21
Diluted		$ 2.32	$ 1.86

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

		Equity Attributable to Owners of the Company										
				Retained Earnings		Other Equity Items						
	Notes	Capital Stock	Capital Reserve	Legal Reserve	Unappropriated Earnings	Unrealized Gain (Loss) on Available-for-sale Financial Assets	Urealized Gain (Loss) on Financial Assets at Fair Value Through Other Comprehensive Income	Exchange Difference on Translation of Foreign Financial Statements	Remeasurements of Post-Employment Benefit Obligations	Total	Non-controlling Interests	Total Equity
For the year ended December 31, 2017												
Balance at January 1, 2017		$ 31,163,611	$ 12,641,997	$ 10,844,001	$ 10,252,276	$ 1,974,250	$ -	($ 415,305)	($ 273,510)	$ 66,187,320	$ -	$ 66,187,320
Effect of retrospective adjustments and applications	4(4)	-	-	-	(273,510)	-	-	-	273,510	-	-	-
Restated balance at January 1, 2017		31,163,611	12,641,997	10,844,001	9,978,766	1,974,250	-	415,305	-	66,187,320	-	66,187,320
Net income		-	-	-	6,900,165	-	-	-	-	6,900,165	-	6,900,165
Other comprehensive income (loss)	6(20)	-	-	-	8,837	909,590	-	(226,461)	-	691,966	-	691,966
Total comprehensive income (loss)		-	-	-	6,909,002	909,590	-	(226,461)	-	7,592,131	-	7,592,131
Appropriation of earnings for prior years:	6(19)											
Legal reserve		-	-	993,316	(993,316)	-	-	-	-	-	-	-
Cash dividends		-	-	-	(5,453,632)	-	-	-	-	(5,453,632)	-	(5,453,632)
Changes in equity of associates accounted for using equity method	6(8)	-	-	-	(6,645)	-	-	-	-	(6,645)	-	(6,645)
Chagnes in other capital reserve		-	618	-	-	-	-	-	-	618	-	618
Balance at December 31, 2017		$ 31,163,611	$ 12,642,615	$ 11,837,317	$ 10,434,175	$ 2,883,840	$ -	($ 641,766)	$ -	$ 68,319,792	$ -	$ 68,319,792
For the year ended December 31, 2018												
Balance at January 1, 2018		$ 31,163,611	$ 12,642,615	$ 11,837,317	$ 10,698,848	$ 2,883,840	$ -	($ 641,766)	($ 264,673)	$ 68,319,792	$ -	$ 68,319,792
Effect of retrospective adjustments and applications	3(1), 4(4)	-	-	-	2,403,603	(2,883,840)	328,370	-	264,673	112,806	-	112,806
Restated balance at January 1, 2018		31,163,611	12,642,615	11,837,317	13,102,451	-	328,370	641,766	-	68,432,598	-	68,432,598
Net income		-	-	-	7,824,233	-	-	-	-	7,824,233	(134,359)	7,689,874
Other comprehensive income (loss)	6(20)	-	-	-	(50,516)	-	(255,235)	(133,934)	-	(439,685)	(91,405)	(531,090)
Total comprehensive income (loss)		-	-	-	7,773,717	-	(255,235)	(133,934)	-	7,384,548	(225,764)	7,158,784
Appropriation of earnings for prior years:	6(19)											
Legal reserve		-	-	690,017	(690,017)	-	-	-	-	-	-	-
Cash dividends		-	-	-	(9,734,319)	-	-	-	-	(9,734,319)	-	(9,734,319)
Cash distribution from capital reserve	6(18)	-	(5,087,623)	-	-	-	-	-	-	(5,087,623)	-	(5,087,623)
Changes in percentage of ownership interest in subsidiaries	6(28)	-	-	-	-	-	-	155,994	-	155,994	3,506,428	3,662,422
Differences between consideration and carrying amount arising from acquisition or disposal of subsidiaries	6(18), 6(28)	-	604,964	-	-	-	-	-	-	604,964	-	604,964
Compensation expense of share-based payment	6(27)	-	13,199	-	-	-	-	-	-	13,199	-	13,199
Changes in equity of associates accounted for using equity method		-	85	-	10,258	-	(10,258)	-	-	85	-	85
Conversion of convertible bonds	6(17)	2,753,878	10,291,933	-	-	-	-	-	-	13,045,811	-	13,045,811
Chagnes in other capital reserve		-	831	-	-	-	-	-	-	831	-	831
Balance at December 31, 2018		$ 33,917,489	$ 18,466,004	$ 12,527,334	$ 10,462,090	$ -	$ 62,877	($ 619,706)	$ -	$ 74,816,088	$ 3,280,664	$ 78,096,752

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2018	2017
Cash flows from operating activities			
Consolidated income before income tax		$ 9,100,846	$ 8,701,335
Adjustments			
Adjustments to reconcile profit (loss)			
Depreciation	6(10), 6(22)	15,123,889	14,415,980
Amortization	6(22)	102,968	209,319
Expected credit loss	6(2)	44,912	-
Provision for bad debt expense	6(2)	-	11,911
Losses on financial assets and liabilities at fair value through profit or loss	6(6), 6(12)	442,006	35,732
Interest expense		515,810	593,115
Interest income	6(23)	(180,248)	(150,260)
Dividend income	6(23)	-	(204,810)
Compensation cost of employee share options	6(27)	13,199	-
Share of profit of associates accounted for using the equity method		(269,522)	(71,612)
Gains on disposal of property, plant and equipment	6(24)	(59,999)	(150,579)
Gain on disposal of non-current assets held for sales	6(4), 6(24)	-	(19,402)
Gain on disposal of investments	6(7), 6(8), 6(24)	-	(62,014)
Impairment losses on non-financial assets	6(10), 6(24)	72,595	88,231
Foreign currency exchange loss (gain)		189,456	(1,278,468)
Changes in assets and liabilities related to the operation			
Contract assets		(307,495)	-
Notes receivable		(20,959)	7,389
Accounts receivable		586,164	441,656
Other receivables		25,301	73,152
Inventories		(1,266,308)	361,748
Other current assets - other		(243,495)	(147,132)
Other non-current assets - other		30,919	(642,483)
Accounts payable		710,809	(711,571)
Other payables		435,213	(619,470)
Other current liabilities		18,174	(158,151)
Other non-current liabilities		6,407	(11,185)
Cash provided by operations		25,070,642	20,712,431
Interest received		180,537	159,776
Dividend received		52,580	195,072
Interest paid		(403,839)	(301,086)
Income tax paid		(1,165,504)	(1,370,710)
Net cash provided by operating activities		23,734,416	19,395,483

(Continued)

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS)

	Notes	For the years ended December 31, 2018	2017
Cash flows from investing activities			
Return of capital contribution from avaliable-for-sale financial assets	6(7)	$ -	$ 176,855
Acquisition of investments accounted for using the equity method	6(6), 6(8)	(451,563)	-
Cash received from return of capital by investees accounted for using the equity method	6(8)	262,942	-
Proceeds from disposal of non-current assets held for sale	6(4)	-	411,745
Acquisition of property, plant and equipment	6(29)	(14,680,693)	(12,932,655)
Proceeds from disposal of property, plant and equipment		197,356	210,742
Acquisition of intangible assets	611)	(35,832)	(29,237)
Increase in other financial assets	6(5)	(6,065,358)	(202,137)
Increase in other non-current assets		(403,419)	-
Net cash used in investing activities		(21,176,567)	(12,364,687)
Cash flows from financing activities			
Increase in short-term loans	6(29)	699,979	2,265,169
Decrease in short-term loans	6(29)	(259,701)	(1,353,089)
Proceeds from long-term loans	6(29)	11,382,647	1,000,000
Repayment of long-term loans	6(29)	(14,088,031)	(3,413,112)
Increase in deposit-in	6(29)	65,759	72,744
Decrease in deposit-in	6(29)	(44,756)	(50,995)
Payment for cash dividends and cash distribution from capital reserve	6(18), 6(19)	(14,821,942)	(5,453,632)
Proceeds from disposal of interests in subsidiaries	6(28)	4,557,070	-
Income tax paid		(315,176)	-
Net cash used in financing activities		(12,824,151)	(6,932,915)
Effect on foreign currency exchange		(10,964)	(130,068)
Net decrease in cash and cash equivalents		(10,277,266)	(32,187)
Cash and cash equivalents at the beginning of the year		24,444,083	24,476,270
Cash and cash equivalents at the end of the year	6(1)	$ 14,166,817	$ 24,444,083

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

SILICONWARE PRECISION INDUSTRIES CO., LTD. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

1. History and Organization

Siliconware Precision Industries Co., Ltd. (the "Company") was incorporated as a company limited by shares under the Company Law of the Republic of China (the "R.O.C".) in May 1984, and has been listed on the Taiwan Stock Exchange (the "TWSE") since April 1993, and on the NASDAQ National Market under the trading symbol of SPIL since June 2000. The Company is mainly engaged in the assembly, testing and turnkey services of integrated circuits. The address of the registered office is No. 123, Sec. 3, Da Fong Rd., Tantzu, Taichung 427, Taiwan, R.O.C. According to the Joint Share Exchange Agreement, Supplemental Agreement to Joint Share Exchange Agreement and the Joint Share Exchange Agreement entered into with Advanced Semiconductor Engineering, Inc. (the "ASE"), the Company and ASE have become wholly-owned subsidiaries of ASE Technology Holding Co., Ltd. (the "Hold Co.") on April 30, 2018, and the Company's ordinary shares have been delisted on the same date.

2. The Date of Authorization for Issuance of the Consolidated Financial Statements and Procedures for Authorization

The consolidated financial statements have been authorized to issue by the Board of Directors on February 21, 2019.

3. Application of New Standards, Amendments and Interpretations

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

New standards, interpretations and amendments endorsed by the FSC for application from 2018:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Disclosure initiative (amendments to IAS 7)	January 1, 2017
Recognition of deferred tax assets for unrealised losses (amendments to IAS 12)	January 1, 2017
Annual improvements to IFRSs 2014 - 2016 cycle - Amendments to IFRS 12, 'Disclosure of interests in other entities'	January 1, 2017
Clarifications and measurement of share based payment transactions (amendments to IFRS 2)	January 1, 2018
IFRS 9, 'Financial instruments'	January 1, 2018
IFRS 15, 'Revenue from contracts with customers'	January 1, 2018
Clarifications to IFRS 15, 'Revenue from contracts with customers' (amendments to IFRS 15)	January 1, 2018
Transfers of investment property (amendments to IAS 40)	January 1, 2018
IFRIC 22, 'Foreign Currency Transactions and Advance Consideration'	January 1, 2018
Annual improvements to IFRSs 2014 - 2016 cycle - Amendments to IFRS 1, 'First-time adoption of international financial reporting standards'	January 1, 2018
Annual improvements to IFRSs 2014 - 2016 cycle - Amendments to IAS 28, 'Investments in associates and joint ventures'	January 1, 2018

Except for the following, the above standards and interpretations have no significant impact on the Company's accounting policies based on the Company's assessment.

1) IFRS 15 "Revenue from Contracts with Customers" and related amendment

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

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

After adopting IFRS 15, in the case of services provided according to the customer's agreed specifications, if the customer simultaneously obtains and consumes the benefits provided by the performance of the Group, or when the customer controls the assets at the time the assets are created or strengthened, the Group will gradually recognize its revenue over time. Before adopting IFRS 15, the Group recognized revenue at a point of time when the process agreed with the customer was completed.

The Group elected modified retrospective approach to apply IFRS 15 to contracts that were not complete as of January 1, 2018 and recognized the cumulative effect of retrospectively applying IFRS 15 in retained earnings on January 1, 2018. Had the Group applied IAS 18 in the current year, the following adjustments should have been made to reflect the line items and balances under IFRS 15.

	As of December 31, 2018			
Affected Items of Consolidated Balance Sheet	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy	Remark
Contract assets - current	$ 2,064,328	$ -	$ 2,064,328	(a), (b)
Accounts receivable, net	15,340,720	16,414,088	(1,073,368)	(a)
Inventories	6,660,576	7,470,281	(809,705)	(b)
Current tax liabilities	1,106,728	1,072,798	33,930	(b)
Deferred tax liabilities	63,122	60,221	2,901	(b)
Unappropriated earnings	10,462,090	10,320,278	141,812	(b)
Non-controlling interests	3,280,664	3,278,053	2,611	(b)

	For the Year Ended December 31, 2018			
Affected Items of Comprehensive Income Statement	Balance by using IFRS 15	Balance by using previous accounting policies	Effects from changes in accounting policy	Remark
Operating revenues	$ 87,416,767	$ 87,291,129	$ 125,638	(b)
Operating costs	(69,569,382)	(69,477,230)	92,152	(b)
Income tax expense	(1,410,972)	(1,404,991)	5,981	(b)
Net income	7,689,874	7,662,369	27,505	(b)
Earnings Per Share (in New Taiwan dollars)				
Basic	$ 2.38	$ 2.37	$ 0.01	
Diluted	$ 2.32	$ 2.31	$ 0.01	

(a) Under IFRS 15, the services which have been rendered but not yet billed had been recognized as contract assets, but were previously presented as part of accounts receivable.

(b) Under IFRS 15, the services which have been processed before completion had been recognized as contract assets over time.

2) IFRS 9 "Financial Instruments"

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

On the basis of the facts and circumstances that existed as of January 1, 2018, the Group has performed an assessment of the classification of recognized financial assets and has elected not to restate prior reporting periods. The following table shows the original measurement categories and carrying amount under IAS 39 and the new measurement categories and carrying amount under IFRS 9 for each class of the Group's financial assets and financial liabilities as of January 1, 2018.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

	As of January 1, 2018			
	Measurement Category		Carrying Amount	
Financial Assets	IAS 39	IFRS 9	IAS 39	IFRS 9
Cash and cash equivalents	Loans and receivables	Measured at amortised cost	$ 24,444,083	$ 24,444,083
Equity securities	Available-for-sale financial assets, non-current	Measured at fair value through profit or loss, non-current	4,135,207	4,135,207
Notes receivable, accounts receivables and other receivables	Loans and receivables	Measured at amortised cost	17,369,071	17,359,497
Other financial assets, current	Loans and receivables	Measured at amortised cost	392,100	392,100
Refundable deposit (shown as other non-current assets - other)	Loans and receivables	Measured at amortised cost	666,936	666,936

After adopting IFRS 9, the Group plans to adopt a simplified approach for accounts receivable and contract assets and measure the loss allowance at an amount equal to life time expected credit losses under credit loss model. Before adopting IFRS 9, the Group assessed at the end of each reporting period whether there is no objective evidence on impairment, and then collectively assessed impairment on receivables.

The Company has elected not to restate prior reporting periods when adopting IFRS 9 and IFRS 15 using the modified retrospective approach. The material effects of adopting the new standards as of January 1, 2018 are summarized below:

Affected items of Consolidated Balance Sheet	2017 version IFRS amount (Note)	Effect of adoption of new standards	2018 version IFRS amount	Remark
January 1, 2018				
Financial assets at fair value through profit or loss, non current	$ -	$ 4,135,207	$ 4,135,207	A
Available-for-sale financial assets, non current	4,135,207	(4,135,207)	-	A
Contract assets, current	-	1,766,801	1,766,801	C(a)(b)
Accounts receivable, net	16,861,111	(909,849)	15,951,262	B,C(a)
Other receivables	492,081	(1,204)	490,877	B
Inventories	6,123,682	(717,551)	5,406,131	C(b)
Deferred income tax assets	640,924	1,805	642,729	E
Total affected assets	$ 28,253,005	$ 140,002	$ 28,393,007	
Contract liabilities, current	$ -	$ 12,128	$ 12,128	C(c)
Other current liabilities - other	485,482	(12,128)	473,354	C(c),D
Deferred income tax liabilities	268,118	27,196	295,314	E
Total affected liabilities	753,600	27,196	780,796	
Unappropriated earnings	10,698,848	2,668,276	13,367,124	A,B,C(b),E
Accumulated other comprehensive income	1,977,401	(2,555,470)	(578,069)	A
Total affected equity	12,676,249	112,806	12,789,055	
Total affected liabilities and equity	$ 13,429,849	$ 140,002	$ 13,569,851	

Note: Without retrospective adjustment to changes in accounting policy

Explanation:

A. When adopting IFRS 9, the Group expects to reclassify available-for-sale financial assets of $4,135,207 to financial assets at fair value through profit or loss and increase retained earnings and decrease accumulated other comprehensive income in the amounts of $2,555,470 and $2,555,470, respectively.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

B. In line with the regulations of IFRS 9 on provision for impairment, accounts receivable and other receivables will be reduced by $8,370 and $1,204, respectively, and retained earnings will be decreased by $9,574.

C. Presentation of contract assets and contract liabilities

When adopting IFRS 15, the Group expects to change the presentation of certain accounts in the balance sheet as follows:

(a) Under IFRS 15, the services which have been rendered but not yet billed will be recognized as contract assets, but were previously presented as part of accounts receivable in the balance sheet. As of January 1, 2018, the balance of contract asset is $901,479.

(b) Under IFRS 15, the services which have been processed before completion will be recognized as contract assets over time. As of January 1, 2018, the contract assets and retained earnings will be increased by $865,322 and $147,771, respectively, and inventory will be decreased by $717,551.

(c) Under IFRS 15, liabilities in relation to contracts are recognized as contract liabilities, but were previously presented as advance sales receipts in the balance sheet. As of January 1, 2018, the balance of contract liabilities will be to $12,128.

D. Under IFRS 15, current provisions (shown as other current liabilities - other) are reclassified as refund liabilities (shown as other current liabilities - other), but were previously presented as current provisions in the balance sheet. As of January 1, 2018, the balance is $316,391.

E. Recognition of deferred income tax assets and liabilities.

When initially adopting IFRS 9 and IFRS 15, the Group will recognize deferred income tax assets and liabilities for the temporary differences resulted from the adjustments. Accordingly, deferred income tax assets and deferred income tax liabilities will be increased by $1,805 and $27,196 and retained earning will be decreased by $25,391, respectively, on January 1, 2018.

(2) Effect of new issuances of or amendments to IFRS as endorsed by the FSC but not yet adopted

New standards, interpretations and amendments endorsed by the FSC for application from 2019:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendments to IFRS 9, "Prepayment Features with Negative Compensation"	January 1, 2019
IFRS 16, "Leases"	January 1, 2019
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 on the Company's accounting policies based on the Company's assessment.

IFRS 16, "Leases" ("IFRS 16") supersedes IAS 17, "Leases" and the related interpretations. Upon initial application of IFRS 16, if the Group is a lessee, it will recognize right-of-use assets and lease liabilities (except for those leases with terms of 12 months or less and leases of low-value assets). On the consolidated statements of comprehensive income, the Group should present the depreciation expense charged on the right-of-use assets separately from interest expense computed by using effective interest method accrued on the lease liabilities. On the consolidated statements of cash flows, cash payments for the principal portion of the lease liabilities are classified within financing activities; cash payments for interest portion are classified within operating activities. Currently, payments under operating lease contracts are recognized as expenses on a straight-line basis. Prepaid lease payments for land use rights of land located in China are recognized as prepayments for leases. Cash flows for operating leases are classified within operating activities on the consolidated statements of cash flows. The accounting stays the same for lessors, which is to classify their leases as either finance leases or operating leases and account for those two types of leases differently. IFRS 16 only requires enhanced disclosures to be provided by lessors.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

The Group has reported its assessment to the Board of Directors in the first quarter of 2018 and determined IFRS 16 will have significant impact on the Group's financial position.The Group anticipates applying IFRS 16 retrospectively with the cumulative effect of the initial application of this standard recognized on January 1, 2019. Comparative information will not be restated.

For leases currently classified as operating leases with the application of IAS 17, lease liabilities will be measured at the present value of the remaining lease payments, discounted using the lessee's incremental borrowing rate on January 1, 2019. Right-of-use assets will be measured at an amount equal to the lease liabilities, adjusted by the amount of any prepaid or accrued lease payments. The Group will apply IAS 36 to all right-of-use assets.

The Group expects to apply the following practical expedients:

a) The Group will apply a single discount rate to a portfolio of leases with reasonably similar characteristics to measure lease liabilities.

b) The Group will account for those leases for which the lease term ends on or before December 31, 2019 as short-term leases.

c) The Group will exclude initial direct costs from the measurement of right-of-use assets on January 1, 2019.

d) The Group will use hindsight to determine lease term if the contract contains options to extend or terminate the lease.

Impact on assets and liabilities as of January 1, 2019

Affected Items of Consolidated Balance Sheet	2018 version IFRS amount	Effect of adoption of new standards	2019 version IFRS amount
Right-of-use assets	$ -	$ 3,274,058	$ 3,274,058
Other current assets - other	818,044	(374,091)	443,953
Other non-current assets - other	2,114,999	(1,192,162)	922,837
Total affected assets	$ 2,933,043	$ 1,707,805	$ 4,640,848
Current portion of obligation under leases	$ -	$ 85,637	$ 85,637
Obligation under leases	-	1,627,466	1,627,466
Other non-current liabilities	1,509,669	(5,298)	1,504,371
Total affected liabilities	$ 1,509,669	$ 1,707,805	$ 3,217,474

(3) IFRS 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 endorsed by the FSC are as follows:

New Standards, Interpretations, and Amendments	Effective date by International Accounting Standards Board
Amendments to IAS 1 and IAS 8, "Disclosure Initiative - Definition of Material"	January 1, 2020
Amendments to IFRS 3, "Definition of a Business"	January 1, 2020
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 17, "Insurance Contracts"	January 1, 2021

The above standards and interpretations have no significant impact on the Group's accounting policies based on the Company's assessment.

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

The consolidated financial statements of the Group have been prepared 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 FSC (collectively referred herein as the "IFRSs").

(2) Basis of Consolidation

The consolidated financial statements have been prepared under the historical cost convention, except for certain financial assets and financial liabilities which are carried at fair value, shared-based payment measured at fair value and defined benefit liabilities recognized based on the net amount of pension fund assets less present value of defined benefit obligation. The preparation of consolidated financial statements requires the use of certain critical accounting estimates and also requires management to exercise its judgment in the process of applying the accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements are disclosed in Note 5.

(3) Principles of Consolidation

A. Pursuant to IFRS 10, "Consolidated Financial Statements", the consolidated financial statements includes all the entities controlled by the Company or its subsidiaries. Control is presumed to exist when the parent owns, directly or indirectly through subsidiaries, more than half of the voting power of an entity. Control also exists when the parent owns half or less of the voting power of an entity but can achieve control through other means and conditions.

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 changed 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.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

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. Consolidated subsidiaries:

Name of investor	Name of subsidiaries	Main operating activities	% of ownership held by the named investors as of December 31, 2018	2017	Note
The Company	SPIL (B.V.I.) Holding Limited	Investment activities	100%	100%	
The Company	Siliconware Investment Co., Ltd.	Investment activities	100%	100%	
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc. (SUI)	Communications and relationship maintenance with companies headquartered in North America	100%	100%	
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Investment activities	100%	100%	
SPIL (Cayman) Holding Limited	Siliconware Technology (Suzhou) Limited	Assembly and testing services	70%	100%	(a)
SPIL (Cayman) Holding Limited	Siliconware Electronics (Fujian) Co., Limited	Assembly and testing services	100%	100%	(b)

Note a: SPIL (Cayman) Holding Limited disposed 30% shares of Siliconware Technology (Suzhou) Ltd. in February 2018. Please refer to Note 6(28).

Note b: Siliconware Electronics (Fujian) Co., Limited was established in July 2017 and mainly engaged in assembly and tesitng services for memory and logic devices.

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

G. Adjustments for subsidiaries with different accounting periods: None

H. Significant restrictions: None

I. Subsidiaries that have non-controlling interests and that are material to the Group: None

(4) Changes in accounting policies

According to IFRS 10, "Consolidated financial statements", the Company adopts uniform accounting policy with the Parent Company, the Hold Co., to prepare consolidated financial statements and making financial information more reliable and relevant. The changes in the accounting policies have been resolved by the Board of Directors and recognized by the supervisors on April 30, 2018. Changes in the accounting policies included (a) remeasurements of post- employment benefit obligations presentation from under other equity to retained earnings, and (b) regular purchases and sales of financial assets recognition from trade date accounting to settlement date accounting. The Company adopted accounting policy retrospectively, and the effect of adoption on prior periods is shown in the tables below:

Affected Items of Consolidated Balance Sheet	As of December 31, 2017	As of January 1, 2017
Increase in other equity - Remeasurements of post-employment benefit obligations	$ 264,673	$ 273,510
Decrease in retained earnings	($ 264,673)	($ 273,510)

(5) Segment Reporting

The chief operating decision maker determines the group's performance based on the geographic perspective. The nature of services, production process, type of customers and service delivery model at these two geographical locations are similar. While the chief operating decision maker receives separate reports for each location, these two operating segments have been aggregated into one reportable segment as they have similar long-term average gross margins and have similar economic characteristics. As a result, the Group discloses a single reporting segment by aggregating all operating segments.

(6) Foreign Currency Translation

A. Items included in the financial statements of each of the Group's entities are measured using their functional currencies. The consolidated financial statements are presented in New Taiwan Dollar (NTD), which is the Group's presentation currency and the Company's functional currency. Entities with presentation currency different from functional currency translate assets and liabilities at the closing rate, and income and expenses at the average exchange rate for the period.

B. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year-end exchange rates are recognized in other gains and losses of the statement of comprehensive income.

C. Translation differences on non-monetary financial assets and liabilities held at fair value through profit or loss are recognized as part of the fair value gain or loss. Translation differences on non-monetary financial assets, such as equities classified as available-for-sale, are included 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. Translation.differences from group entities that have a functional currency different from the presentation currency is recognized in other comprehensive income and accumulated in equity attributed to the owners of the Company and non-controlling interests as appropriate.

On the disposal of the Group's entire interest in a foreign operation, or a disposal involving loss of control over a subsidiary that includes a foreign operation, all of the exchange differences accumulated in equity in respect of that operation attributable to the owners of the Company are reclassified to profit or loss.

In relation to a partial disposal of a subsidiary that does not result in the Group losing control over the subsidiary, the proportionate share of accumulated exchange differences is re-attributed to the non-controlling interests of the subsidiary and is not recognized in profit or loss. For all other partial disposals, the proportionate share of the accumulated exchange differences recognized in other comprehensive income is reclassified to profit or loss.

(7) Classification of Current and Noncurrent Assets / Liabilities

A. Assets that meet one of the following criteria are classified as current assets, otherwise they are classified as noncurrent assets:
   (a) Assets arising from operating activities that are expected to be realized or consumed, or are intended to be sold within the normal operation cycle;
   (b) Assets held mainly for trading purposes;
   (c) Assets expected to be realized within twelve months from the balance sheet date;
   (d) Cash or cash equivalents, excluding restricted cash and cash equivalents and those that are to be exchanged or used to pay off liabilities more than twelve months after the balance sheet date.

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

(a) Liabilities arising from operating activities 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 twelve months from the balance sheet date;

(d) Liabilities for which the repayment date cannot be extended unconditionally to more than twelve months after the balance sheet date.

(8) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, time deposits that meet operating short-term cash commitments and that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value, and other short-term highly liquid investments.

(9) Accounts Receivable

2018

Accounts and notes receivable entitle the Company a legal right to receive consideration in exchange for rendered services. The short-term accounts and notes receivable without bearing interest are subsequently measured at initial invoice amount as the effect of discounting is immaterial.

2017

Accounts receivable is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method, less provision for impairment. Accounts receivable expected to be collected within one year is not reported at present value due to the facts that the difference between the maturity value and the fair value discounted by implicit interest rate is immaterial and the frequency of transactions is high.

(10) Inventories

A. Inventories are recorded at cost when acquired under a perpetual inventory system. Cost is determined using the weighted-average method. The cost of work in process comprises raw materials, direct labor, other direct costs and related production overheads based on normal operating capacity. As of the balance sheet date, inventories are stated at the lower of cost or net realizable value by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price in the ordinary course of business less all estimated costs of completion and necessary selling expenses.

B. In the service agreements with and/or purchase orders from customers, the Group and the customer both agree what materials are to be provided by the customer and what materials are to be provided by the Group. Materials provided by the customers are considered consigned materials. According to the service agreement and/or purchase order, title (ownership) of the consigned materials belongs to the customers. The Group does not take title to these consigned materials. The Group does not have any rights or obligations with respect to the consigned materials other than keeping them in good care while under the Group's custody, and therefore, the risk does not transfer to the Group. In addition, the customers are informed of the status and locations of integrated circuits being assembled and/or tested by the Group which provides further evidence that the customers are taking control or monitoring those consigned materials. As such, the Group does not book the consigned materials into its inventory account.

(11) Non-current Assets Held for Sale

A. Non-current assets are classified as held for sale if their carrying amount will be recovered principally through a sale transaction rather than through continuing use. This condition is regarded as met only when the sale is highly probable and the non-current asset held for sale is available for immediate sale in its present condition. To meet the criteria for the sale being highly probable, the appropriate level of management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

B. Non-current assets classified as held for sale are measured at the lower of their previous carrying amount and fair value less costs to sell. Recognition of depreciation would cease.

(12) Financial Assets

2018

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

Financial assets held by the Group are classified into the following categories: financial assets at fair value through profit or loss and financial assets at amortized cost.

(a) Financial asset at fair value through profit or loss

Financial asset is classified as at fair value through profit or loss when the financial asset is mandatorily classified as at fair value through profit or loss. The Group's financial assets mandatorily classified as at fair value through profit or loss include investments in equity instruments which are not designated as at fair value through other comprehensive income. Financial assets at fair value through profit or loss are subsequently measured at fair value, with any gains or losses arising on remeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividend or interest earned on the financial asset.

(b) Financial assets at amortized cost

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

i. The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

ii. The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

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

The Group derecognizes a financial asset when the contractual rights to receive the cash flows from the financial asset expire or the contractual rights to receive cash flows of the financial asset have been transferred and the Group has transferred substantially all risks and rewards of ownership of the financial asset. On derecognition of a financial asset, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss which had been recognized in other comprehensive income is recognized in profit or loss.

2017

A. Classification

The classification depends on the nature and purpose of acquiring the financial assets and the classification is determined at the time of initial recognition.

(a) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Except for maturities greater than one year after the end of the reporting period, which are classified as non-current assets; otherwise, they are classified as current assets. The Group's loans and receivables are comprised of accounts receivable and other receivables on the balance sheet.

(b) Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated in this category or not classified in any of the other categories. Except for those that are expected to be disposed more than one year after the end of the reporting period, which are classified as non-current assets, otherwise, they are classified as current assets.

B. Recognition and Measurement

(a) Regular purchases and sales of financial assets are recognized on the settlement date. Financial assets carried at fair value through profit or loss are initially recognized at fair value, and transaction costs are expensed in the statements of comprehensive income. Other financial assets not carried at fair value through profit or loss are initially recognized at fair value plus transaction costs. Financial assets are derecognized when the rights to receive cash flows from the investments have expired or transferred and the Group has transferred substantially all risks and rewards of ownership.

(b) Financial assets at fair value through profit or loss and available-for-sale financial assets are subsequently carried at fair value. Gains or losses arising from changes in the fair value of the "financial assets at fair value through profit or loss" are presented as non-operating income and expenses in the statements of comprehensive income. Changes in the fair value of securities classified as available-for-sale are recognized in other comprehensive income. Dividend income from these two categories of assets is recognized in the statements of comprehensive income as dividend income when the Group has the right to receive dividend.

(c) Loans and receivables and held-to-maturity financial assets are subsequently carried at amortized cost using the effective interest method. Subsequent interest is recognized in the statements of comprehensive income as other income.

(d) When securities classified as available-for-sale are sold or impaired, the accumulated fair value adjustments recognized in equity are included in the statements of comprehensive income as "gain/loss on disposal of investment" and "impairment losses", respectively.

(13) Impairment of Financial Assets

2018

At each balance sheet date, the Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables) and contract assets.

For accounts receivable or contract assets that do not contain a significant financing component, the Group recognizes the impairment provision for lifetime Expected Credit Loss ("ECL"). For all other financial instruments, the Group recognizes lifetime ECL when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

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

The Group recognizes an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account.

2017

A. Loans and Receivables

(a) The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. A financial asset or a group of financial asset is impaired and impairment losses are incurred only if:

i. There is objective evidence of impairment as a result of one or more events that occurred after initial recognition of the asset (a "loss event"),
ii. That loss event has an impact on the estimated future cash flows of the financial asset or a group of financial assets, and
iii. The amount can be reliably estimated.

Evidence of impairment includes:

i. The issuer or the debtor is experiencing significant financial difficulty;
ii. Default or delinquency in interest or principal payment;
iii. Concessions made to the insolvent debtor by creditors owing to economic or legal considerations;
iv. The probability that they will enter bankruptcy or other financial reorganization;
v. The disappearance of an active market for that financial asset because of financial difficulties;
vi. Where observable data indicates that there is a measurable decrease in the estimated future cash flow 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, such as:
  - Deterioration of debtor's repayment condition
  - Changes in national or local economic conditions that correlate with defaults on the assets in the group

(b) The Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, and individually or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is or continues to be recognized are not included in a collective assessment of impairment. For those impaired assets, the amount of the 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. The carrying amount of the asset is reduced through the allowance for doubtful accounts and the amount of the loss is recognized in the consolidated statements of comprehensive income. In subsequent period, if the amount of the impairment loss decreases and the decrease can be objectively related to an event occurring after the impairment was recognized (such as an improvement in the debtor's credit rating), the reversal of the previously recognized impairment loss is recognized in the consolidated statements of comprehensive income. The reversal shall not result in a carrying amount of a financial asset that exceeds what the amortized cost would have been had the impairment not been recognized at the date the impairment is reversed.

B. Available-for-sale Financial Assets

The Group assesses at the end of each reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired. Other than the conditions mentioned in item A. (a) above, in the case of equity investments classified as available-for-sale, objective evidence of impairment for an investment in an equity instrument includes information about significant changes with an adverse effect that have taken place in the technological, 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.

Significant or prolonged decline in the fair value of the security below its cost is also objective evidence that the assets are impaired. If any such evidence exists for available-for-sale financial assets, the cumulative loss-measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognized in profit or loss-is removed from equity and recognized in profit or loss. Impairment losses already recognized in the consolidated statements of comprehensive income on equity instruments are not reversed through profit or loss.

(14) Investments Accounted for Using the Equity Method

The investments accounted for using the equity method include investments in associates.

A. Associates are all entities over which the Group has significant influence, exclusive of subsidiaries. Significant influence means the power to participate in the financial and operating policy decisions of the investees, but not control or jointly control those decisions. The Group applies the equity method to account for its investment in associates. The investments are initially recognized at cost, and the portion of acquisition cost over net identifiable assets is recognized as goodwill, which is never amortized and perceived as a segment of overall investment while assessing the impairment. Any excess of the Group's share of the net fair value of the identifiable assets over the acquisition cost is recognized in profit or loss.

B. The Group's share of post-acquisition profit or loss in associates is recognized under non-operating income and expenses in the consolidated statements of comprehensive income, and its share of post-acquisition movements in other comprehensive income is recognized in other comprehensive income with a corresponding adjustment to the carrying amount of the investment. When the Group's share of losses in an associate equals to or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognize further losses, unless it has legal or constructive obligations or made payments on behalf of the associate. When changes in an associate's equity that are not recognized in profit or loss or other comprehensive income of the associate and such changes not affecting the Group's ownership percentage of the associate, the Group recognizes the Group's share of change in 'capital reserve' and 'retained earnings' in proportion to its ownership.

C. Profits and losses resulting from the transactions between the Group and its associates are recognized in the Group's financial statements only to the extent of unrelated investor's interests in the associates. Unrealized losses are eliminated unless the transaction provides evidence of an impairment of the asset transferred. Accounting policies of associates have been changed where necessary to ensure consistency with the policies adopted by the Group. In the case that an associate issues new shares and the Group does not subscribe or acquire new 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 shall be adjusted for its share of equity interest. However, if the balance in capital reserve is insufficient, the Group shall be recognized as reduction of retained earnings. In addition to the above adjustment, when 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.

D. When the Group disposes associates, (e.g., loss of significant influence over associates), other comprehensive income and capital surplus previously recognized in relation to the investment in associates shall be reclassified to profit and loss. The associate is to be re-measured, with the difference between fair value and carrying value recognized in current period's profit or loss. If the Group still retains significant influence over the associate, then the aforementioned other comprehensive income and capital surplus are reclassified to profit or loss proportionately.

E. The Group assesses its associates for signs of impairment every quarter. If there is any sign of impairmnet, the Group would calculate the recoverable amount and recognize impairment loss.

(15) Property, Plant and Equipment

A. Property, plant and equipment are stated at historical cost. The acquisition costs include the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating, and the obligations to dismantle and remove the items and restore the site on which they are located. The subsequent costs will only be recognized under the conditions that future economic benefits associated with the item will flow to the Group and the item cost can be measured reliably. Day-to-day servicing costs and repairment expenditures are recognized as expenses as incurred.

B. The Group capitalizes borrowing costs that are directly attributable to the acquisition or construction of a qualifying asset as part of the cost of that asset. The capitalized borrowing costs will be depreciated through the residual useful lives of related items. Borrowing costs which do not qualify for capitalization are recognized in profit or loss.

C. If material part of replacing items of property, plant and equipment has different useful live from the main asset, it should be recognized and depreciated separately. Land is not depreciated. Depreciation on other assets is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives. The estimated useful lives of property, plant and equipment are as follows:

Property, plant and equipment	Estimated useful lives
Main buildings	20 - 55 years
Construction and improvements	3 - 20 years
Machinery and equipment	5 - 7 years
Other equipment	2 - 6 years

D. The assets' residual value, useful lives, and depreciation method are reviewed and adjusted when appropriate in each reporting period. Gains and losses on disposals are recognized as other gains and losses in the statements of comprehensive income.

(16) Intangible Assets

Intangible assets are the expenditures of license fees and computer software. License fees are capitalized at historical cost. Acquired computer software is capitalized on the basis of the costs incurred to acquire and bring to use the specific software. Both license fees and computer software are intangible assets with limited useful lives. Computer software is amortized over 3 years using stright-line method whereas license fees are amortized over their economic lives or the contract years using straight-line method or based on portions of sales. Subsequent measurements are measured using costs less accumulated amortization.

(17) Impairment of Non-financial Assets

A. Intangible assets with definite useful life and other assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are largely independent cash flows (cash-generating units). The recoverable amount is the higher of an asset's fair value, defined as the price that would be received to dispose an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, less costs to dispose, or its value in use. The value in use is the present value of the future cash flows expected to be derived from an asset or cash-generating unit. Impairment loss is recognized in profit or loss.

B. An impairment loss recognized in prior periods for an asset shall be reversed if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset shall be reversed to its recoverable amount. The increased carrying amount of an asset attributable to a reversal of an impairment loss shall not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. Reversal of impairment loss is recognized in profit or loss.

(18) Accounts Payable

Accounts payable is obligation to pay for goods or services that have been acquired in the ordinary course of business from suppliers. Account payable is recognized initially at fair value and subsequently measured at amortized cost using the effective interest method. Accounts payables of which payment due is within one year or less are not discounted as their fair value is close to the value in maturity and are transacted actively.

(19) Derecognition of financial liabilities

The Group derecognizes a financial liability only when the obligation specified in the contract is discharged, cancelled or expired. On derecognition of a financial liability, the difference between the carrying amount of the financial liability derecognized and the consideration paid or payable is recognized in profit or loss.

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

A. Financial liability is classified in fair value through profit or loss while it is held for trading or identified at fair value through profit or loss on initial recognition. A financial liability is held for trading if it is acquired or incurred principally for the purpose of selling or repurchasing it in the near term, or if it is a derivative that is neither classified as a financial guarantee contract nor designated and effective as a hedging instrument. A financial liability is designated as at fair value through profit or loss upon initial recognition if:

i. Hybrid (combined) contracts; or

ii. They eliminate or significantly reduce a measurement or recognition inconsistency; or

iii. They are managed and their performance is evaluated on a fair value basis, in accordance with a documented risk management policy.

B. Financial liabilities at fair value through profit or loss are stated at fair value upon initial recognition, and the related transaction cost are expensed immediately. In subsequent measurement, the Group measures fair value fluctuation in current profit or loss.

(21) Convertible bonds

Convertible bonds issued by the Company contain conversion options (that is, the bondholders have the right to convert the bonds into the Company's common shares, but not by exchanging a fixed amount of cash for a fixed number of common shares), redemption options and put options. The Company classifies the bonds payable and derivative features embedded in convertible bonds on initial recognition as a financial asset or a financial liability in accordance with the substance of the contractual arrangement. Convertible bonds are accounted for as follows:

i. Conversion options, redemption options and put options embedded in convertible bonds are recognized initially at net fair value as "financial liabilities at fair value through profit or loss". They are subsequently remeasured and stated at fair value on each balance sheet date; the gain or loss is recognized as "gain or loss on valuation of financial liabilities at fair value through profit or loss".

ii. Bonds payable of convertible bonds is initially recognized at the residual value of total issue price less amount of "financial liabilities at fair value through profit or loss" as stated above, and subsequently stated at amortised cost. Any difference between the proceeds and the redemption value is accounted for as the premium or discount on bonds payable and presented as an addition to or deduction from bonds payable, which is amortized in profit or loss as an adjustment to the "finance costs" over the period of bond circulation using the effective interest method.

iii. Any transaction costs directly attributable to the issuance of convertible bonds are allocated to each liability component in proportion to the allocation of proceeds.

iv. When bondholders exercise conversion options, the liability components of the bonds (including "bonds payable" and "financial liabilities at fair value through profit or loss") are remeasured on the conversion date. The book value of common shares issued due to the conversion shall be based on the adjusted book value of the liability components.

(22) Borrowings

Borrowings are recognized initially at fair value, net of transaction costs incurred, and subsequently carried at amortized cost. Any difference between the proceeds, net of transaction costs, and the redemption value is recognized in the statements of comprehensive income over the period of the borrowings using the effective interest method. Fees paid on the establishment of loan facilities are recognized as transaction costs of the loan to the extent that it is probable that some or all of the facilities will be drawn down. In this case, the fee is deferred until the draw-down occurs. To the extent there is no evidence that it is probable that some or all of the facilities will be drawn down, the fee is capitalized as a prepayment for liquidity services and amortized over the period of the facility to which it relates.

(23) Current and Deferred Income Tax

A. Tax expense for the period comprises current and deferred income tax. Tax is recognized in the income statement, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, that tax is also recognized in other comprehensive income or directly in equity.

B. Current income tax is calculated on the basis of the tax law enacted or substantively enacted at the balance sheet date in 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 which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

C. According to the Income Tax Law of the R.O.C., an additional tax of unappropriated earnings is provided for as income tax in the year the shareholder approves to retain earnings.

D. Deferred income tax is recognized, using the balance sheet liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the consolidated financial statements. However, deferred income tax liabilities are not recognized if they arise from the initial recognition of goodwill; deferred income tax is not accounted for if it arises from initial recognition 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 determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled. 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.

E. Deferred income tax is provided on temporary differences arising on investments in subsidiaries, except for deferred income tax liability 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.

(24) Employee Benefits

A. Pensions

(a) For defined contribution plans, the Group pays contributions over employees' service years and recognizes employee benefit expenses when they are due. The Group has no legal or constructive obligations to pay further contributions if the fund does not hold sufficient assets to pay all employees the benefits.

(b) For defined benefit plans, net obligation is defined as the present value of an amount of pension benefits that employees will receive on retirement for their services with the Group in current period or prior periods. The liability recognized in the balance sheet in respect of defined benefit pension plans is the present value of the defined benefit obligation at the balance sheet date less the fair value of plan assets. The defined benefit net obligation is calculated annually by independent actuaries using the projected unit credit method. The rate used to discount is determined by using interest rates of government bonds (at the balance sheet date) of a currency and term consistent with the currency and term of the employment benefit obligations. Remeasurements arising on defined benefit plans are recognized in other comprehensive income in the period in which they arise and are recorded as retained earnings. Past-service costs are recognized immediately in profit or loss.

B. Employees' and directors' remuneration

The Group recognizes related expenses and liabilities when the Group has legal or constructive obligation and could reasonably estimate such amount. Any difference between estimated amount and distributed amount resolved by the Board of Directors on behalf of the shareholder in the subsequent year shall be adjusted in the profit or loss of the following year.

(25) Employee share options

Employee share options granted to employees are measured at the fair value at the grant date. The fair value determined at the grant date is expensed on a straight-line basis over the vesting period, based on Hold Co.'s best estimate of the number of options that are expected to ultimately vest, with a corresponding increase in capital surplus - employee share options. It is recognized as an expense in full at the grant date if vesting immediately. The grant date is the date that employees and Hold Co. have a shared understanding of the terms and conditions of the share-based payment arrangements.

At each balance sheet date, Hold Co. reviews its estimate of the number of employee share options expected to vest. The impact of the revision of the original estimates is recognized in profit or loss such that the cumulative expense reflects the revised estimate, with a corresponding adjustment to the capital surplus - employee share options.

(26) Provision

A. 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 resources will be required to settle the obligation, and the amount has been reliably estimated. Provisions are not recognized for future operating losses.

B. Provisions are measured at the present value of the expenditures expected to be required to settle the obligation, which is discounted using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense.

C. A contingent liability is a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group. A present obligation that arises from past events but is not recognized because either that it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation or that the amount of the obligation cannot be measured with sufficient reliability. Contingent liabilities are not recognized on the balance sheet.

(27) Revenue Recognition

2018

Services provided by the Group include wafer bumping, wafer sort, IC packaging and final testing. Actual services and fees of the Group may vary by customers and are pre-agreed before provision of services. The Group regards each of the captioned services as a separate stage. Fees for each stage of services are negotiated independently and the fee for a specific stage is the then market price for that stage. The recognition of performance obligations under the customer contract is mainly for packaging and testing services, and the Group recognizes revenue when fulfilling each performance obligation.

With the packaging and testing services provided, the customer simultaneously obtains and consumes the benefits provided by the performance of the Group, or when the customer controls the assets at the time the assets are created or strengthened, the Group will gradually recognize its revenue over time. Packaging and testing services rely on the input of technicians to measure the completion rate based on the proportion of incurred costs to estimated total costs. The contract stipulates that the contract is completed after the customer has agreed to the service or after the shipment, so the contract assets are recognized when the service is provided, and the accounts receivable are transferred when the customer agrees to open the bill.

2017

The Group provides assembly, testing, and turnkey services for integrated circuits. The Group recognizes revenue when:

A. the amount of revenue can be measured reliably;

B. it is probable that the economic benefits associated with the transaction will flow to the entity;

C. the stage of completion of the transaction at the end of the reporting period can be measured reliably;

D. the costs incurred for the transaction and the cost to complete the transaction can be measured reliably.

Services provided by the Group include wafer bumping, wafer sort, IC packaging and final testing. Actual services and fees of the Group may vary by customers and are pre-agreed before provision of services. The Group regards each of the captioned services as a separate stage. Fees for each stage of services are negotiated independently and the fee for a specific stage is the then market price for that stage. Revenue is recognized when each stage of services has been completed. Each stage is performed as a whole and may not be separated or proportioned. Sales allowance is estimated by historical experiences and recorded as a deduction to revenue.

(28) Lease

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are lassified as operating leases. Operating lease income and expense are recognized on a straight-line basis over the lease period.

(29) Government grants

Government grants are not recognized until there is reasonable assurance that the Group will comply with the conditions attaching to them and that the grants will be received.

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Government grants are recognized in profit or loss on a systematic basis over the periods in which the Group recognizes as expenses the related costs for which the grants are intended to compensate. Specifically, government grants whose primary condition is that the Group should purchase, construct or otherwise acquire non-current assets are recognized as deferred revenue in the consolidated financial statements and transferred to profit or loss on a systematic and rational basis over the useful lives of the related assets.

Government grants that are receivable as compensation for expenses or losses already incurred or for the purpose of giving immediate financial support to the Group with no future related costs are recognized in profit or loss in the period in which they become receivable.

5. Critical Accounting Estimates and Judgments and Key Sources of Estimation and Uncertainty

Estimates and judgments are continuingly evaluated and are based on historical experience and other factors. The resulting accounting estimates may differ from the actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

(1) Pension Benefits

The present value of the pension obligations is determined on an actuarial basis. When calculating the present value of defined pension obligations, the Company must apply judgments and estimates to determine a number of actuarial assumptions, including discount rates and future salary growth rate. Any changes in these assumptions could significantly impact the carrying amount of defined pension obligations. For relevant sensitivity analysis, please refer to Note 6 (16).

(2) Fair Value of Derivatives and Other Financial Instruments

The fair value of derivatives and other financial instruments that are not traded in active market is determined by using valuation techniques. The Group applies professional judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period. For valuing these derivatives and other financial instruments, the Group maximizes the use of observable market data where it is available and rely as little as possible on entity specific estimates. For sensitivity analysis, please refer to Note 12 (3).

6. Details of Significant Accounts

(1) Cash and Cash Equivalents

	As of December 31, 2018	As of December 31, 2017
Cash on hand and petty cash	$ 1,042	$ 1,340
Savings accounts and checking accounts	3,753,741	5,754,845
Time deposits	10,412,034	18,687,898
	$ 14,166,817	$ 24,444,083

(2) Accounts Receivable, Net

	As of December 31, 2018	As of December 31, 2017
Accounts receivable	$ 15,351,334	$ 16,873,044
Less: Allowance for impairment loss	(10,614)	(11,933)
	$ 15,340,720	$ 16,861,111

The Group assessed the carrying value of receivables mentioned above are highly likely to be recovered;

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therefore, the credit risk is low. Please refer to Note 12 (1) B for relevant analysis.

The movements of the allowance for impairment loss of accounts receivables and allowance for doubtful accounts receivables were as follows:

	2018	2017
Balance as of January 1,	$ 11,933	$ 1,695
Effect of retrospective adjustments and applications	8,370	-
Allowance for impairment loss	46,099	-
Allowance for doubtful accounts	-	11,911
Write-offs	(55,764)	(1,673)
Effects of foreign currency exchange differences	(24)	-
Balance as of December 31,	$ 10,614	$ 11,933

The above movement of 2018 allowance for impairment loss of accounts receivables is based on lifetime Expected Credit Loss ("ECL") of IFRS 9. The movement of 2017 allowance for doubtful accounts receivables is based on individual provision of IAS 39. Please refer to Note 12 (1) B (c) for relevant analysis.

(3) Inventories

	As of December 31,	
	2018	2017
Raw materials and supplies	$ 6,660,576	$ 5,406,131
Work in process	-	717,551
	$ 6,660,576	$ 6,123,682

	For the years ended December 31,	
Expense / loss incurred related to inventories :	2018	2017
Cost of goods sold	$ 69,682,458	$ 66,696,160
Decline in market value and loss on obsolescence	35,445	69,848
Others	(148,521)	(25,718)
	$ 69,569,382	$ 66,740,290

(4) Non-current Assets Held for Sale

On November 3, 2016, the Board of Directors of the Company resolved to sale the plant and its affiliated equipment of Hsinchu facility phase II (No. 15/17, Park Ave. 2, Science-Based Industrial Park, Hsinchu). On December 16, 2016, the Company entered into an aggrement to sell the plant to a non-related party. The transfer was completed in March 2017 with a total consideation of $412,000 and the amount has been collected in full. The Company recognized disposal gains of $19,402 on non-current assets held for sale in 2017.

(5) Other Financial Assets

	As of December 31,	
	2018	2017
Time deposits with original maturity of over three months	$ 6,184,631	$ -
Guarantee deposits	560,594	666,936
Pledged time deposits	430,806	392,100
	7,176,031	1,059,036
Current	6,303,664	392,100
Non-current (shown as other non-current assets - other)	$ 872,367	$ 666,936

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(6) Financial Assets at Fair Value through Profit or Loss

In June 2018, the Company acquired additional common shares of ChipMOS from open market. As a result, the percentage of ownership on ChipMOS was increased from 18.23% to 20.47% and the Company has significant influence over ChipMOS. The Company reclassified the investment of ChipMOS of $4,345,072 to investments accounted for using the equity method.

For the year ended December 31, 2018, the Company recognized loss on financial assets at fair value through profit or loss of $241,698 on ChipMOS before reclassifying to investments accounted for using the equity method.

(7) Available-for-sale Financial Assets - 2017

	December 31, 2017
Non-current Items:	
Common Stock	$ 4,135,207

A. The foreign fund was matured in the first quarter of 2017 and the Company recognized gains on disposal of $53,053.

B. The Company converted all ChipMOS ADSs held by the Company into common stock of ChipMOS Technologies Inc. in the second quarter of 2017.

(8) Investments Accounted for Using Equity Method

Associates	Nation of Registration	Carrying Amount		Percentage of ownership	
		December 31, 2018	December 31, 2017	December 31, 2018	December 31, 2017
Individually immaterial :					
ChipMOS Technologies Inc. (ChipMOS)	Taiwan, R.O.C.	$ 4,192,924	$ -	20.47%	–
Yann Yuan Investment Co., Ltd. (Yann Yuan)	Taiwan, R.O.C.	2,757,028	2,932,392	32.21%	32.21%
		$ 6,949,952	$ 2,932,392		

A. In June 2018, the Company acquired additional common shares of ChipMOS from open market. As a result, the percentage of ownership on ChipMOS was increased from 18.23% to 20.47% and the Company has significant influence over ChipMOS. The Company reclassified the investment of ChipMOS of $4,345,072 to investments accounted for using the equity method.

B. The Company has completed the identification of the difference between the cost of the investment and the Company' share of the net fair value of ChipMOS' identifiable assets and liabilities in 2018. The goodwill of $1,011 is included in the cost of the investment.

C. Fair value (Level 1) of investments in associates with available published price quotation is as follows:

	December 31, 2018
ChipMOS	$ 3,886,561

D. The investments accounted for using the equity method and the share of profit or loss and other comprehensive income or loss as of and for the years ended December 31, 2018 and 2017 were based on the associates' audited financial statements for the same periods.

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E. The ChipMOS stockholders' meeting resolved to distribute cash dividend of $0.3 per share and reduce capital of $1.5 per share, and therefore, the Company received cash dividend of $52,580 and capital return of $262,942.

F. Yann Yuan held 0 shares and 45,900 thousands shares of SPIL's common stock as of December 31, 2018 and 2017, respectively.
In June 2017, Yann Yuan issued new shares, which were not subscribed proportionally by the Company. As a result, the Company's percentage of ownership on Yann Yuan decreased from 33.33% to 32.21 %. The retained earnings had been decreased by $6,645 for the decrease in equity interest in this associate. The interest previously recognized as other comprehensive gains and losses in the amount of $10,425 has been reclassified to disposal gains in the second quarter of 2017.

G. In order to develop new generation substrates and increase substrate supply sources, the Company acquired the shares in AAPM. However, due to the continued losses of AAPM, the carrying amount of investment on AAPM had been written down to $0 as of March 31, 2017. Since the Company did not subscribe on AAPM's new shares issued in May 2017, the Company's percentage of ownership on AAPM had been reduced from 39% to 13.7%. In addition, because the Company has no longer served as AAPM's board of director, the Company lost significant influence over AAPM. Due to AAPM's fair value cannot be reliably measured by the Company and there was no quoted price in an active market, the Company, in accordance with IAS 39 and the "Regulations Governing the Preparation of Financial Reports by Securities Issuers", reclassified the investment of AAPM to financial assets carried at cost, noncurrent and recognized a disposal loss of $1,464 in 2017.

H. Aggregate information of associates that are not individually material was summarized as follows:

	For the years ended December 31,	
The Group's share of:	2018	2017
Net income	$ 269,522	$ 71,612
Other comprehensive income (loss)	(281,598)	456,129
Total comprehensive income (loss)	($ 12,076)	$ 527,741

(9) Financial Instruments by Category

	As of December 31,	
	2018	2017
Financial Assets		
Financial assets at amortised cost		
Cash and cash equivalents	$ 14,166,817	$ -
Contract assets	2,064,328	-
Notes receivable	36,707	-
Accounts receivable	15,340,720	-
Other receivables	374,909	-
Other financial assets	7,176,031	-
Loans and receivables		
Cash and cash equivalents	-	24,444,083
Notes receivable	-	15,879
Accounts receivable	-	16,861,111
Other receivables	-	492,081
Other financial assets	-	1,059,036
Available-for-sale financial assets, non-current	-	4,135,207
	$ 39,159,512	$ 47,007,397

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

	As of December 31, 2018	2017
Financial Liabilities		
Financial liabilities at amortised cost		
Short-term loans	$ 3,965,436	$ 3,422,400
Accounts payable	10,114,522	7,456,974
Other payables	10,131,601	10,082,704
Receipts under custody (shown as other current liabilities - other)	133,888	74,149
Deposit received (shown as other current liabilities - other and other non-current liabilities)	81,190	60,499
Convertible bonds	-	12,015,229
Long-term loans (including the current portion)	13,253,775	15,840,000
Long-term payble (shown as other non-current liabilities)	5,298	5,052
Financial liabilities at fair value through profit or loss	-	809,640
	$ 37,685,710	$ 49,766,647

(10)Property, Plant and Equipment

A. Carrying amount by category:

	As of December 31, 2018	2017
Land	$ 2,903,192	$ 2,903,192
Buildings	22,272,342	21,859,531
Machinery and equipment	28,349,241	30,536,886
Other equipment	4,934,814	4,691,122
Construction in progress and equipment awaiting for inspection	4,618,986	2,407,334
	$ 63,078,575	$ 62,398,065

B. Movement from period beginning to period end:

(a)From January 1, 2018 to December 31, 2018

i. Cost

	Balance at January 1	Additions	Disposals	Transfers	Exchange differences, net	Balance at December 31
Land	$ 2,903,192	$ -	$ -	$ -	$ -	$ 2,903,192
Buildings	36,270,769	-	(112,740)	2,498,185	(104,227)	38,551,987
Machinery and equipment	81,659,352	6,568	(19,733,446)	9,403,599	(276,212)	71,059,861
Other equipment	10,911,894	1,438	(1,943,859)	2,115,662	(49,379)	11,035,756
Construction in progress and equipment awaiting for inspection	2,407,334	16,249,256	-	(14,017,446)	(20,158)	4,618,986
	$ 134,152,541	$ 16,257,262	($ 21,790,045)	$ -	($ 449,976)	$ 128,169,782

ii. Accumulated depreciation and impairment

	Balance at January 1	Depreciation expnse	Impairment losses	Disposals	Exchange differences, net	Balance at December 31
Buildings	$ 14,411,238	$ 1,999,198	$ -	($ 112,740)	($ 18,051)	$ 16,279,645
Machinery and equipment	51,122,466	11,292,404	65,990	(19,605,555)	(164,685)	42,710,620
Other equipment	6,220,772	1,832,287	6,605	(1,934,946)	(23,776)	6,100,942
	$ 71,754,476	$ 15,123,889	$ 72,595	($ 21,653,241)	($ 206,512)	$ 65,091,207

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

(b)From January 1, 2017 to December 31, 2017

i. Cost

	Balance at January 1	Additions	Disposals	Transfers	Exchange differences, net	Balance at December 31
Land	$ 2,903,192	$ -	$ -	$ -	$ -	$ 2,903,192
Buildings	32,523,010	1,376,617	-	2,422,828	(51,686)	36,270,769
Machinery and equipment	75,575,254	6,938,086	(3,217,594)	2,562,020	(198,414)	81,659,352
Other equipment	9,692,330	1,236,677	(464,434)	475,464	(28,143)	10,911,894
Construction in progress and equipment awaiting for inspection	5,717,334	2,186,703	-	(5,460,312)	(36,391)	2,407,334
	$ 126,411,120	$ 11,738,083	($ 3,682,028)	$ -	($ 314,634)	$ 134,152,541

ii. Accumulated depreciation and impairment

	Balance at January 1	Depreciation expnse	Impairment losses	Disposals	Transfers	Exchange differences, net	Balance at December 31
Buildings	$ 12,583,331	$ 1,841,411	$ -	$ -	$ -	($ 13,504)	$ 14,411,238
Machinery and equipment	43,429,912	10,936,614	78,468	(3,179,598)	(8,178)	(134,752)	51,122,466
Other equipment	5,017,468	1,637,955	9,763	(434,993)	8,178	(17,599)	6,220,772
	$ 61,030,711	$ 14,415,980	$ 88,231	($ 3,614,591)	$ -	($ 165,855)	$ 71,754,476

C. There is no interest capitalized for the years ended December 31, 2018 and 2017.

D. For idle equipment, the Company adopted fair value less cost to sell method to measure their recoverable amount and recognized impairment loss of $72,595 and $88,231 for the years ended December 31, 2018 and 2017, respectively. The recoverable amount of major impaired property, plant and equipment is determined based on the recent quoted prices of assets with similar age and obsolescence that provided by the vendors in secondary market. The recent quoted prices of assets are a level 3 input in terms of IFRS 13 because the secondary market is not very active.

(11)Intangible Assets

A. Carrying amount by category:

	As of December 31, 2018	As of December 31, 2017
License Fee	$ 15,172	$ 18,443
Software	75,909	100,825
	$ 91,081	$ 119,268

B. Movement from period beginning to period end:

(a) From January 1, 2018 to December 31, 2018

i. Cost

	Balance at January 1	Additions	Disposals	Exchange differences, net	Balance at December 31
License Fee	$ 32,800	$ -	($ 4,000)	$ -	$ 28,800
Software	244,308	35,832	(104,993)	(392)	174,755
	$ 277,108	$ 35,832	($ 108,993)	($ 392)	$ 203,555

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

ii. Accumulated amortization

	Balance at January 1	Amortization expnse	Disposals	Exchange differences, net	Balance at December 31
License Fee	$ 14,357	$ 3,271	($ 4,000)	$ -	$ 13,628
Software	143,483	60,525	(104,993)	(169)	98,846
	$ 157,840	$ 63,796	($ 108,993)	($ 169)	$ 112,474

(b) From January 1, 2017 to December 31, 2017

i. Cost

	Balance at January 1	Additions	Disposals	Exchange differences, net	Balance at December 31
License Fee	$ 107,894	$ -	($ 75,094)	$ -	$ 32,800
Software	239,187	29,237	(23,689)	(427)	244,308
	$ 347,081	$ 29,237	($ 98,783)	($ 427)	$ 277,108

ii. Accumulated amortization

	Balance at January 1	Amortization expnse	Disposals	Exchange differences, net	Balance at December 31
License Fee	$ 76,434	$ 13,017	($ 75,094)	$ -	$ 14,357
Software	94,785	72,531	(23,689)	(144)	143,483
	$ 171,219	$ 85,548	($ 98,783)	($ 144)	$ 157,840

C. An analysis of amortization by function:

	For the Years Ended December 31, 2018	2017
Operating costs	$ 19,416	$ 26,100
Operating expenses	44,380	59,448
	$ 63,796	$ 85,548

(12) Financial Liabilities at Fair Value through Profit or Loss

	As of December 31, 2017
Conversion option, redemption option and put option of convertible bonds upon initial recognition	$ 774,319
Valuation adjustments	35,321
	$ 809,640

For the years ended December 31, 2018 and 2017, the Company recognized net losses of $200,308 and $35,732 on financial liabilities at fair value through profit or loss, respectively.

(13) Other Payables

	As of December 31, 2018	2017
Payables for equipment	$ 3,795,931	$ 2,234,142
Accrued salary, bonus and employees' compensation	3,796,011	3,476,527
Others	2,539,659	4,372,035
	$ 10,131,601	$ 10,082,704

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(14) Convertible Bonds

	As of December 31, 2017
Unsecured overseas convertible bonds	$ 12,533,316
Less: Discounts on bonds payable	(518,087)
	$ 12,015,229

A. In October 2014, the Company issued the fourth unsecured overseas convertible bonds (the "Bonds") of US$400,000 thousand. The Bonds are zero coupon bonds with maturity of 5 years and with par value of US$250 thousand or in any integral multiples thereof.

Key terms and conditions are as follows: :

(a) Each holder of the Bonds has the right to convert at any time starting from the day immediately following 40 days after the issue date to 10 days prior to the maturity date, except during legal lock-up period, into newly issued listed common shares or American Depositary Shares ("ADSs") at the conversion price $53.1038 dollars, determined on the basis of a fixed exchange rate of US$1 to $30.392 (in dollars). The conversion price was adjusted to $44.1443 dollars.

(b) Unless previously redeemed, repurchased and cancelled, or converted, the Bonds will be redeemed by the Company on the maturity date at an amount equal to 105.11% of the principal, with repayment made in US dollars.

(c) Each holder shall have the right to request the Company to repurchase all or any portion of the principal amount thereof of a holder's Bonds (1) at 103.04% of the principal amount on the third anniversary of the issuance date or (2) at principal amount plus 1% interest compounded semiannually ("Early Redemption Amount") in the event of a change in control or delisting.

(d) The Company may redeem the Bonds in whole or in part, after 3 years after the issuance date, at a price equal to the Early Redemption Amount, provided that the closing price of the Company's common shares on the TWSE, converted into US dollars at the prevailing exchange rate, on 20 trading days within a period of 30 consecutive trading days, is at least 130% of the Early Redemption Amount divided by the conversion ratio. The Company may, in whole but not in part, redeem all of the Bonds at the Early Redemption Amount in the event that more than 90% of the Bonds have been previously redeemed, converted, or repurchased or cancelled, or in the event of changes in the R.O.C.'s tax rules which result in significant unfavorable tax consequences to the Company.

(e) The Bonds contained a debt host contract, recognized as convertible bonds, and the Bond Options were aggregately recognized as financial liabilities at fair value through profit or loss. The effective interest rate of the debt host contract was 2.407% and the aggregate fair value of the Bond Options was $774,319 on initial recognition.

B. For the years ended December 31, 2018 and 2017, the interest expenses on corporate bonds payable were $91,657 and $ 289,671, respectively.

C. On February 12, 2018, the Company convened an extraordinary general meeting to resolve the Joint Share Exchange Agreement, Supplemental Agreement to Joint Share Exchange Agreement and the transaction completed by the Joint Share Exchange Agreement with ASE. On the same day, the Board of Directors resolved April 30, 2018 as the effective date of the Share Exchange Transactions and the delisting date of the Company's ordinary shares. As a result of the event described above, a Delisting Event and a Change of Control Event of the Indenture occur on April 30, 2018, and the Delisting Repurchase Date to be April 13,

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2018. Therefore, the Bond holder shall have the right to request the Company repurchase the Bond in the amount indicated in Note A (c) above when the application period from February 14 to April 3, 2018. Anyway, the Bond holder had not requested the Company to repurchase the Bond.

D. On April 30, 2018, the Company, Hold Co., and Principal Paying Agent entered into supplemental indenture. The Bond holder has the right to convert the Bond into SPIL's ordinary shares or ADSs in the amount indicated in Note A (a) above. And then such ordinary shares or ADSs were repurchased by Hold Co. at NT$51.2 (in dollars) per ordinary share (0.3% securities transactions tax not yet deducted).

E. As of June 30, 2018, US$400,000 thousand of the bonds had been fully converted to 275,388 thousand common shares.

(15) Loans

A. Short-term Loans

	As of December 31, 2018	As of December 31, 2017
Unsecured revolving bank loans	$ 3,965,436	$ 3,422,400
Interest rates	3.23%~5.10%	1.68%~2.51%

B.Long-term Loans

Loan period and repayment method	As of December 31, 2018	As of December 31, 2017
Bank loans		
Repayable through June 2019 to October 2023 (Note)	13,253,775	15,840,000
Less: Current portion	(666,667)	(3,173,333)
	$ 12,587,108	$ 12,666,667
Interest rate	1.14%~3.77%	1.14%~2.39%

Note: Including US$ 285,000 and US$ 0 thousand demoninated in US dollars as of December 31, 2018 and 2017, respectively.

(1) In order to fulfill the requirements of operational and capital expenditures, the Company entered into syndicated loan agreements with eleven financial institutions, including Mega International Commercial Bank, the management bank, in August 2012. All long-term loans are with credit periods of five years and are floating interest rate loans. The syndicated loan was repaid in full in August 2017.

(2) Pursuant to the loan agreement, the Company should maintain, on a semi-annual and annual consolidated basis, certain debt covenants, such as current ratio, liability ratio as well as the ratio of interest coverage. As of December 31, 2018, the Company has been in compliance with all the debt covenants.

(16) Post-employment Benefit

A. In accordance with the Labor Standards Law, the Company has a funded defined benefit pension plan covering all eligible employees prior to the enforcement of the Labor Pension Act ("the Act"), which becomes effective on July 1, 2005, and those employees who choose to stay with the pension mechanism under the Labor Standards Law after the enforcement of the Act. Pension benefits are generally based on service years and six-month average wages and salaries before retirement of the employee. Two units are earned per year for the first 15 years of service and one unit is earned for each additional year of service with a maximum of 45 units. Under the funding policy of the plan, the Company contributes monthly an amount equal to 2% of the employees' monthly salaries and wages to the pension fund, which is administered by the Labor Pension Fund Supervisory Committee (the Committee) and deposited in the names of the Committee in the Bank of Taiwan. Also, the Company would assess the balance in the aforementioned labor pension reserve account by the end of December 31, every year. If the account balance is not enough to pay the pension calculated by the aforementioned method, to the labors expected to be qualified for retirement next year, the Company will make contribution for the deficit by next March.

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The Company established pension plans for executive officers and recognized $557 and $596 net of pension costs (shown as net defined benefit liability) for the years ended December 31, 2018 and 2017, respectively. As of December 31, 2018 and 2017, the net defined benefit obligations of executive officers were $100,138 and $62,222, respectively.

B. Except for the pension plans for executive officers, the amounts arising from the defined benefit obligation recognized on the balance sheets are as follows:

	As of December 31, 2018	As of December 31, 2017
Present value of defined benefit obligations	$ 2,543,524	$ 2,513,060
Fair value of the plan assets	(1,179,356)	(1,159,337)
Net defined benefit liability	$ 1,364,168	$ 1,353,723

C. Movements in net defined benefit liabilities are as follows:

(a) For the year ended December 31, 2018

	Present value of defined benefit obligations	Fair value of the plan assets	Net defined benefit liability
Balance at January 1	$ 2,513,060	($ 1,159,337)	$ 1,353,723
Current service cost	14,404	-	14,404
Interest expense (income)	37,202	(17,276)	19,926
Recognized in profit or loss	51,606	(17,276)	34,330
Remeasurements:			
Experience adjustments	(14,105)	-	(14,105)
Changes in financial assumptions	69,510	-	69,510
Return of plan assets (excluding amounts included in net interest expense)	-	(29,998)	(29,998)
Recognized in other comprehensive income	55,405	(29,998)	25,407
Pension fund contribution	-	(49,292)	(49,292)
Paid Pension	(76,547)	76,547	-
Balance at December 31	$ 2,543,524	($ 1,179,356)	$ 1,364,168

(b) For the year ended December 31, 2017

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	Present value of defined benefit obligations	Fair value of the plan assets	Net defined benefit liability
Balance at January 1	$ 2,550,824	($ 1,177,592)	$ 1,373,232
Current service cost	17,171	-	17,171
Interest expense (income)	37,817	(17,601)	20,216
Recognized in profit or loss	54,988	(17,601)	37,387
Remeasurements:			
Experience adjustments	(13,625)	-	(13,625)
Return of plan assets (excluding amounts included in net interest expense)	-	6,281	6,281
Recognized in other comprehensive income	(13,625)	6,281	(7,344)
Pension fund contribution	-	(49,552)	(49,552)
Paid Pension	(79,127)	79,127	-
Balance at December 31	$ 2,513,060	($ 1,159,337)	$ 1,353,723

D. The Bank of Taiwan was commissioned to manage the Fund of the Company's and 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 utilization 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 the aforementioned rates, government shall make payment for the deficit after authorized by the Regulator. The constitution of fair value of the plan assets as of December 31, 2018 and 2017 is as follows:

	As of December 31, 2018	As of December 31, 2017
Cash	$ 211,223	$ 270,473
Equity instruments	683,201	574,452
Debt instruments	284,932	314,412
	$ 1,179,356	$ 1,159,337

E. Principal actuarial assumptions for the reporting period are as follows:

	As of December 31, 2018	As of December 31, 2017
Discount rate	1.25%	1.50%
Future salary increase rate	2.25%	2.25%

F. For the years ended December 31, 2018 and 2017, if the aforementioned discount rate and future salary increase rate are 0.5% higher (lower) than management's estimates, the impact on the carrying amounts of defined benefit obligations is as follows:

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	Impact on defined benefit obligations	
December 31, 2018	0.5% increase in assumption	0.5% decrease in assumption
Discount rate	($ 136,381)	$ 147,452
Future salary increase rate	$ 145,279	($ 135,782)

	Impact on defined benefit obligations	
December 31, 2017	0.5% increase in assumption	0.5% decrease in assumption
Discount rate	($ 139,783)	$ 151,499
Future salary increase rate	$ 149,644	($ 139,499)

The above sensitivity analyses are based on a change in an assumption while holding all other assumptions constant. In practice, this is unlikely to occur, and changes in some of the assumptions may be correlated. When calculating the sensitivity of the defined benefit obligations to significant actuarial assumptions, the same method has been applied as when calculating the net defined benefit liability recognized in the balance sheet.

G. The Company expects to pay $50,401 contribution to the pension plan in 2019.

H. As of December 31, 2018, the weighted average duration of that retirement plan is 11.2 years. Expected maturity analysis of undiscounted defined benefit obligations was as follows:

	As of December 31, 2018
No later than 1 year	$ 67,872
Later than 1 year and not later than 5 years	412,418
Later than 5 years	2,527,903
	$ 3,008,193

I. In accordance with the Labor Pension Act ("LPA"), effective July 1, 2005, the Company has established a defined contribution pension plan covering all regular employees with R.O.C. nationality. The Company makes monthly contributions to the employees' individual pension accounts on a basis no less than 6% of each employee's monthly salary or wage. The principal and accumulated gains or losses from an employee's personal pension account may be claimed on a monthly basis or in lump sum.

J. SUI has established a 401(K) pension plan ("the Plan") covering substantially all employees. The Plan provides voluntary salary reduction contributions by eligible participants in accordance with Section 401(K) of the U.S. Internal Revenue Code, as well as discretionary matching contributions determined annually by its Board of Directors to employees' individual pension accounts.

K. In accordance with the regulatory requirements in Suzhou and Quanzhou, PRC, Siliconware Technology (Suzhou) Limited and Siliconware Electronics (Fujian) Co., Limited contribute monthly an amount equal to certain percentage of employees' monthly salaries and wages to the Bureau of Social Insurance. Other than the monthly contributions, the Group has no further obligations.

L. The amounts of defined contribution pension plan are $730,475 and $731,170 for the years ended December 31, 2018 and 2017, respectively.

(17) Capital Stock

A. As of December 31, 2018 and 2017, the authorized capital of the Company was $36,000,000 and the paid-in-capital was $33,917,489 and $31,163,611 with par value of $10 (in dollars) per share, respectively. As of

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June 30, 2018, there were 275,388 thousand ordinary shares issued under the conversion of Bonds as disclosed in Note 6 (14) E. The record dates were April 30, 2018 and June 19, 2018, respectively. The Company has completed the registration formalities.

B. The Company issued $1,500,000 American Depositary Shares ("ADSs"), represented by 30,000,000 units of ADSs. Each ADSs represents five shares of common stock of the Company with an offering price of US$8.49 (in dollars) per ADSs. On April 30, 2018, the Company's ordinary shares have been delisted on the NASDAQ Stock Market. As of December 31, 2018 and 2017, the outstanding ADSs amounted to 0 units and 35,557,636 units, respectively. Major terms and conditions of the ADSs are summarized as follows:

(1) Voting Rights:

ADSs holders will have no rights to vote directly in shareholders' meetings with respect to the Deposited Shares. The Depositary shall provide voting instruction to the Chairman of the Company and vote on behalf of the Deposited shares evidenced by ADSs. If the Depositary receives voting instructions from holders of at least 51% of the outstanding ADSs to vote in the same direction on a resolution, the Depositary will vote in the manner as instructed.

(2) Distribution of Dividends:

ADSs holders are deemed to have the same rights as holders of common shares with respect to the distribution of dividends.

(18) Capital Reserve

A. Pursuant to the Company Law of the R.O.C., the capital reserve arising from paid-in capital in excess of par on the issuance of stocks and from donation shall be exclusively used to cover accumulated deficits or transferred to capital proportionally either in issuing common stock or in returning cash. Other capital reserves shall be exclusively used to cover accumulated deficits. The amount of capital reserve used to increase capital is limited to 10% of the common stock each year when the Company has no accumulated deficits. The capital reserve can only be used to cover accumulated deficits when the legal reserve is insufficient to cover the deficits.

B. According to the Company Law of the R.O.C., captioned capital reserve is allowed to be transferred to share capital in the following year after the registration of capitalization is approved by the government authority.

	As of December 31, 2018	As of December 31, 2017
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital		
Arising from issuance of ordinary shares	$ 16,517,773	$ 12,202,474
Arising from conversion of bonds payable	889,011	-
Arising from the difference between consideration and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	604,964	-
	18,011,748	12,202,474

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	As of December 31, 2018	As of December 31, 2017
May be used to offset a deficit only		
Arising from exercised employee share options	$ 236,158	$ 236,158
Arising from treasury share transactions	186,351	186,351
Arising from changes in percentage of ownership interest in subsidiaries	16,940	16,940
Others	1,608	692
	441,057	440,141
May not be used for any purpose		
Arising from employee share options	13,199	-
	$ 18,466,004	$ 12,642,615

C. Distribution from capital reserve of $5,087,623 (NT$ 1.5 dollar per share) and August 3, 2018 as the ex-dividend date had been resolved by the Board of Director, on behalf of Shareholders' meeting, on August 3, 2018.

(19) Retained Earnings

A. According to the Company's Articles of Incorporation, current year's earnings before tax, if any, shall be distributed in the following order:

(1) Payment of taxes and dues;

(2) Completing the deficit and losses;

(3) Set aside 10% for statutory surplus reserve, unless the statutory surplus reserve has reached the total capital;

(4) Set aside or reverse special reserve;

(5) Any further remaining amount shall be added to the unallocated surplus from the prior year as shareholder dividend and bonus. The Board of Directors shall draft a proposal to distribute the surplus, which shall be approved at a shareholders' meeting.

B. Dividends may be distributed by way of cash dividend and stock dividend. Distribution shall be made preferably by way of cash dividend while cash dividend shall be more than 50% of total dividends to be distributed. The amount is subject to the resolution adopted by the Board of Directors and approved at the Shareholders' Meeting. Dividend distribution to the Company's shareholders is recognized as liability in the Company's financial statements in the period in which the dividends are approved.

C. Legal reserve can only be used to offset deficits or increase capital in issuing common stock or in distributing cash. The amount of legal reserve that may be used to increase capital shall be limited to the portion of the reserve balance exceeding 25% of the capital stock.

D. In accordance with the R.O.C. Securities and Future Bureau (SFB) regulation, in addition to legal reserve, the Company should set aside a special reserve from the debit balance on other equity items at the balance sheet date before distributing earnings. When debit balance on other equity items is reversed subsequently, the reserved amount could be included in the distributable earnings.

E. The appropriations of 2017 and 2016 earnings have been approved by the Board of Directors, on behalf of Shareholders' meeting, on June 14, 2018 and on June 28, 2017, respectively. The appropriations and dividends per share were as follows:

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	For the Years Ended December 31,			
	2017		2016	
	Amount	Dividends per share (in NT dollars)	Amount	Dividends per share (in NT dollars)
Prevision of Legal reserve	$ 690,017		$ 993,316	
Cash dividends	9,734,319	$ 2.87	5,453,632	$ 1.75

The Company's Board of Directors resolved June 20, 2018 as the ex-dividend date for the distribution of 2017 earnings. Any information in relation to the Company's shareholders' resolution on earnings distribution will be posted in the "Market Observation Post System" on the website of the Taiwan Stock Exchanges ("TSE").

F. As of February 21, 2019, the Board of Directors has not approved the earnings distribution for 2018.

(20) Other Equity Items

	Urealized Gain (Loss) on Financial assets at Fair Value through Other Comprehensive Income	Exchange Difference on Translation of Foreign Financial Statements	Remeasurements of Post-Employment Benefit Obligations
As of January 1, 2018	$ -	($ 641,766)	($ 264,673)
Effect of retrospective adjustments and applications	328,370	-	264,673
Share of other comprehensive income of associates accounted for using equity method			
- pretax	(255,235)	(16,493)	-
Cumulative gains (losses) reclassified to retained earnings due to derecognition	(10,258)	-	-
Differences in translation - equity method investments			
- pretax	-	(117,441)	-
Disposal of partial interests in a subsidiary	-	155,994	-
As of December 31, 2018	$ 62,877	($ 619,706)	$ -

	Unrealized Gain (Loss) on Valuation of Available-for-sale Financial Assets	Exchange Difference on Translation of Foreign Financial Statements	Remeasurements of Post-Employment Benefit Obligations
As of January 1, 2017	$ 1,974,250	($ 415,305)	($ 273,510)
Effect of retrospective adjustments and applications	-	-	273,510
Share of other comprehensive income of associates accounted for using equity method			
- pretax	456,665	-	-
Changes in fair value of financial instruments			
- pretax	519,549	-	-
- tax	(21,493)	-	-
Recognition of changes in fair value of financial instruments in profit or loss			
- pretax	(54,374)	-	-
- tax	9,243	-	-
Differences in translation - equity method investments			
- pretax	-	(227,787)	-
- tax	-	111	-
Other comprehensive income/losses reclassified to profit or loss upon disposal of investments accounted for using equity method			
- pretax	-	1,464	-
- tax	-	(249)	-
As of December 31, 2017	$ 2,883,840	($ 641,766)	$ -

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(21)Operating Revenue

Major services

	For the Year Ended December 31, 2018
Packaging	$ 73,171,328
Testing	13,602,484
Others	642,955
	$ 87,416,767

The Group recognizes revenue primarily over time from January 1, 2018.

Contact balances

	As of December 31, 2018
Accounts receivable (Note 6 (2))	$ 15,340,720
Contract assets - current	
Packaging	$ 1,683,369
Testing	380,959
	$ 2,064,328

The changes in the balance of contract assets primarily resulted from the timing difference between the Group's performance and the respective customer's payment; no other significant changes during 2018.

(22)Expenses by Nature

	For the years ended December 31, 2018	2017
Employee benefit expenses		
Salaries and bonuses	$ 16,293,787	$ 15,041,087
Post employment benefits	765,362	769,153
Remuneration of directors	102,727	94,630
Others	1,747,812	2,604,717
	$ 18,909,688	$ 18,509,587
Depreciation and amorization expenses	$ 15,226,857	$ 14,625,299

A. In accordance with the Company's Articles of Incorporation, after covering accumulated losses, 10% of the annual profit shall be set aside as employees' compensation. Additionally, 1% or less of the annual profit shall be set aside as remuneration of directors and supervisors. Employees' compensation is payable, in the form of cash or shares, to the payroll employees of the Company or its domestic or foreign subsidiaries over which the Company has 50% or more of voting power, who work substantially during the fiscal year in which the annual profit is generated.

B. For the years ended December 31, 2018 and 2017, employees' compensation was accrued at 10% in the amounts of $1,057,675 and $917,496, respectively; remuneration of directors and supervisors was accrued at 1% in the amounts of $105,767 and $91,750, respectively.

C. The employees' compensation and the remuneration of directors and supervisors for 2018 and 2017 distributed in cash resolved at the meetings of Board of Directors held on February 21, 2019 and on February 23, 2018, respectively, were as follows:

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

	For the Years Ended December 31,	
	2018	2017
Employees' compensation	$ 1,057,675	$ 917,496
Remuneration of directors and supervisors	105,767	91,750
	$ 1,163,442	$ 1,009,246

If there is a change in the proposed amounts after the annual consolidated financial statements are authorized for issuance, the differences are recorded as a change in accounting estimate. The employees' compensation and remuneration of directors and supervisors of 2018 and 2017 were all paid in cash. The aforementioned distributed amounts are the same as the estimated amounts. Information on the employees' compensation and the remuneration of directors and supervisors resolved by the Board of Directors is available at the Market Observation Post System website.

(23) Other Income

	For the years ended December 31,	
	2018	2017
Interest income	$ 180,248	$ 150,260
Government subsidy	60,372	-
Dividend income	-	204,810
	$ 240,620	$ 355,070

(24) Other Gains or Losses

	For the years ended December 31,	
	2018	2017
Gains on disposal of property, plant and equipment	$ 59,999	$ 150,579
Gain on disposal of non-current assets held for sale	-	19,402
Gain on disposal of investments	-	62,014
Foreign exchange gains - net	305,031	39,976
Impairment losses on non-financial assets	(72,595)	(88,231)
Others	58,915	45,296
	$ 351,350	$ 229,036

(25) Income Tax

A. The components of income tax expense are as follows:

	For the Years Ended December 31,	
	2018	2017
Current income tax expense		
Recognition for the current period	$ 1,721,687	$ 1,188,463
Provision of additional tax on undistributed earnings	-	353,490
Income tax adjustments for prior years	(49,517)	(6,759)
	1,672,170	1,535,194
Deferred income tax expense		
Temporary differences	(168,827)	265,976
Effect of tax rate changes	(92,371)	-
Income tax expense recognized in profit or loss	$ 1,410,972	$ 1,801,170

The Income Tax Act in the ROC was amended in 2018, and the corporate income tax rate was adjusted from 17% to 20%, effective in 2018. In addition, the rate of the corporate surtax applicable to the 2018 unappropriated earnings is reduced from 10% to 5%.

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

B. Reconciliation between income tax expense and accounting profit are as follows:

	For the Years Ended December 31,	
	2018	2017
Income tax expense calculated at the statutory tax rates applicable to respective countries	$ 1,734,646	$ 1,783,328
Deductible income by tax regulation	(19,256)	(13,203)
Tax exempt income by tax regulation	(416,661)	(389,163)
Temporary difference not recognised as deferred income tax assets (liabilities)	10,135	(135,960)
Effect of Alterative Minimum Tax	-	32,688
Provision of additional tax on undistributed earnings	-	353,490
Effect of tax rate changes	(92,371)	-
Deferred income tax effect of earnings of subsidiaries	35,025	176,749
Prior year income tax over estimate	(49,517)	(6,759)
Change in assessment of realization of deferred tax assets	201,649	-
Other	7,322	-
Income tax expense recognized in profit or loss	$ 1,410,972	$ 1,801,170

The weighted average statutory tax rates applicable to respective countries for the years ended December 31, 2018 and 2017 were 19.06% and 20.49%, respectively.

C. Income tax recognized directly in equity

	For the Years Ended December 31,	
	2018	2017
Current income tax expense		
Disposal of partial interests in a subsidiary	$ 103,402	$ -
Deferred income tax expense		
Effect of adoption of new standards	(25,391)	-
	$ 78,011	$ -

D. Income tax recognized in other comprehensive income

	For the Years Ended December 31,	
	2018	2017
Deferred income tax expense		
In respect of the current period		
Exchange difference on translation of foreign financial statements	$ -	($ 138)
Fair value changes of available-for-sale financial assets	-	(12,250)
Remeasurements of post-employment benefit obligation	12,554	(1,810)
Effect of tax rate changes	9,566	-
	$ 22,120	($ 14,198)

(EXPRESSED IN THOUSANDS OF NEW TAIWAN DOLLARS, UNLESS STATED OTHERWISE)

E. Current tax assets and liabilities

	As of December 31,	
	2018	2017
Current tax assets		
Tax refund receivable	$ 46,197	$ -
Prepaid income tax	12,534	-
	$ 58,731	$ -
Current tax liabilities		
Income tax payable	$ 1,106,728	$ 764,082

F. Changes in deferred income tax assets and liabilities for the years ended December 31, 2018 and 2017 are as follows:

	2018					
	January 1	Recognised in equity	Profit or Loss	Other Comprehensive Income	Exchange Differences, net	December 31
Deferred income tax assets						
Unrealized losses on inventory	$ 69,743	$ -	($ 3,868)	$ -	($ 196)	$ 65,679
Post-employment benefit obligations	229,157	-	27,991	22,120	-	279,268
Compensated absences payable	73,309	-	16,525	-	(67)	89,767
Convertible bonds	111,788	-	(111,788)	-	-	-
Associates	39,342	-	(11,939)	-	-	27,403
Provisions	41,503	-	(2,529)	-	-	38,974
Loss carryforward	2,986	-	135,303	-	(2,222)	136,067
Initial application of IFRS 9	-	1,805	(1,805)	-	-	-
Others	73,096	-	(17,176)	-	521	56,441
	$ 640,924	$ 1,805	$ 30,714	$ 22,120	($ 1,964)	$ 693,599
Deferred income tax liabilities						
Share of profit of subsidiaries	($ 176,749)	$ -	$ 176,749	$ -	$ -	$ -
Property, plant and equipment	(59,433)	-	15,549	-	783	(43,101)
Initial application of IFRS 15	-	(27,196)	27,196	-	-	-
Others	(31,936)	-	10,990	-	925	(20,021)
	($ 268,118)	($ 27,196)	$ 230,484	$ -	$ 1,708	($ 63,122)
	$ 372,806	($ 25,391)	$ 261,198	$ 22,120	($ 256)	$ 630,477

	2017				
	January 1	Profit or Loss	Other Comprehensive Income	Exchange Differences, net	December 31
Deferred income tax assets					
Unrealized losses on inventory	$ 50,380	$ 19,594	$ -	($ 231)	$ 69,743
Post-employment benefit obligations	243,526	(12,559)	(1,810)	-	229,157
Compensated absences payable	69,876	3,469	-	(36)	73,309
Convertible bonds	232,582	(120,794)	-	-	111,788
Associates	36,278	3,202	(138)	-	39,342
Provisions	70,678	(29,175)	-	-	41,503
Others	82,876	5,494	(12,250)	(38)	76,082
	$ 786,196	($ 130,769)	($ 14,198)	($ 305)	$ 640,924
Deferred income tax liabilities					
Share of earnings of subsidiaries	$ -	($ 176,749)	$ -	$ -	($ 176,749)
Property, plant and equipment	(62,516)	1,864	-	1,219	(59,433)
Others	(72,311)	39,678	-	697	(31,936)
	($ 134,827)	($ 135,207)	$ -	$ 1,916	($ 268,118)
	$ 651,369	($ 265,976)	($ 14,198)	$ 1,611	$ 372,806

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G. The amounts of taxable temporary difference associated with investment in subsidiaries not recognized as deferred income tax liabilities are as follows:

	As of December 31, 2018	As of December 31, 2017
Investment in foreign subsidiaries	$ 7,272,075	$ 7,266,412

H. The Company has met the requirement of "Incentives for Emerging Important Strategic Industries in Manufacturing and Technology Services" for its capitalization plans in 2007 and is exempted from income tax for revenues arising from the assembly and testing of certain integrated circuit products for a five-year period from 2015. The five-year income tax exemptions will expire in December 2019.

I. The income tax returns of the Company have been assessed and approved by the Tax Authority through 2015.

J. According to the amended Enterprise Income Tax Law of P.R.C., the income tax rate adopted in subsidiary, Siliconware Technology (Suzhou) Limited and Siliconware Electronics (Fujian) Co., Limited is 25%.

(26) Earnings Per Share (EPS)

The basic EPS is determined by the net income dividing the weighted average number of shares outstanding. The diluted EPS is under the assumption that all potential ordinary shares have been converted into ordinary shares at the beginning of the period. The revenue and expense generated from the conversion should be included in the computation.

	For the year ended December 31, 2018		
	Income after tax	Weighted average number of shares outstanding (in thousand shares)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 7,824,233	3,292,407	$ 2.38
Dilutive effect of employees' compensation	-	50,369	
Dilutive effict of convertible bonds	176,753	99,342	
Diluted earnings per share	$ 8,000,986	3,442,118	$ 2.32

	For the year ended December 31, 2017		
	Income after tax	Weighted average number of shares outstanding (in thousand shares)	Earnings per share (in dollars)
Basic earnings per share			
Net income	$ 6,900,165	3,116,361	$ 2.21
Dilutive effect of employees' compensation	-	22,122	
Dilutive effict of convertible bonds	(549,203)	275,388	
Diluted earnings per share	$ 6,350,962	3,413,871	$ 1.86

If the Company offered to settle the compensation paid to employees in cash or shares, the Company assumed that the entire amount of the compensation will be settled in shares and the resulting potential shares were included in the weighted average number of shares outstanding used in the computation of diluted earnings per share if the effect is dilutive. Such dilutive effect of the potential shares was included in the computation of diluted earnings per share until the number of shares to be distributed to employees is resolved in the following year.

(27) Share-Based Payment Arrangements

A. Employee share option plans

In order to attract, retain and reward employees, the Hold Co. has its first employee share option plan for full-time employees of the Group and its subsidiaries of which 150,000 thousand share options were effectively registered to be granted in 2018. Each share option represents the right to purchase one ordinary share of the Hold Co. when exercised. Under the terms of the plan, share options are granted at an exercise price equal to or not less than the closing price of the ordinary shares listed on the Taiwan Stock Exchange at the issue date. The right of those share options granted under the plan is valid for 10 years, non-transferable and exercisable at certain percentages subsequent to the second anniversary of the grant date. For any subsequent changes in the Hold Co.'s capital structure or when cash dividend per ordinary share exceeds 1.5% of the market price per ordinary share, the exercise price is accordingly adjusted.

Information about share option plan which is for employees of the Company was as follows:

	For the year ended December 31, 2018	
	Number of Options (In Thousands)	Average Exercise Price Per Share (NT$)
Balance at January 1	-	-
Options granted	39,808	56.4
Balance at December 31	39,808	56.4
Options exercisable, end of year	-	-
Weighted-average fair value of options granted (NT$)	$ 16.28~19.12	

As of December 31, 2018, the remaining contractual life was 9.9 years. The expenses recognized for the Company's share-based payments was $13,199 for the year ended December 31, 2018

B. Fair value of share options

Fair value was measured using the Trinomial Methods Model and the inputs to the model were as follows:

Share price at the grant date	NT$ 58.8 per share
Exercise prices	NT$ 56.4 per share
Expected volatility	27.77%~28.86%
Expected lives	4.781~7.016 years
Expected dividend yield	-
Risk free interest rates	0.73%~0.80%

Expected volatility was based on Hold Co. and ASE's historical share prices volatility.

(28) Equity Transaction With Non-Controlling Interests

In order to participate in the prime period of growth for the mainland China semiconductor market, the Company forms a strategic alliance to expand the China market. In November 2017, SPIL (Cayman) Holding Limited, a subsidiary of SPIL, entered into an agreement with Tsinghua Unigroup Ltd. to dispose 30% shares of Siliconware Technology (Suzhou) Ltd. to Tsinghua Unigroup Ltd. The transaction was completed in February 2018 with total transaction amount of $4,557,070 (RMB 1,026,000 thousand). Since the transaction did not cease the Company's control over Siliconware Technology (Suzhou) Ltd., the above transaction was accounted for as an equity transaction.

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	For the year ended December 31, 2018
Cash consideration received (net of related-expense)	$ 4,370,788
The proportionate share of the carrying amount of the net assets of the subsidiary transferred to non-controlling interests	(3,506,428)
Other equity (Exchange difference on translation of foreign financial statements)	(155,994)
Income taxes recognized directly in equity	(103,402)
Capital surplus - difference between consideration and the carrying amount of the subsidiaries' net assets during actual disposal or acquisition	$ 604,964

(29) Supplemental Cash Flow Information

A. The investment activities partially paid by cash are as follows:

	For the years ended December 31, 2018	2017
Purchase of property, plant and equipment	$ 16,257,262	$ 11,738,083
Decrease in prepayment for equipment	(1,288)	(32,435)
(Increase) Decrease in equipment payable, net	(1,561,789)	1,252,493
Effect of foreign currency exchange	(13,492)	(25,486)
Cash payment for acquisition of property, plant and equipment	$ 14,680,693	12,932,655

B. As described in Note 6 (14), in October 2014, the Company issued the fourth unsecured overseas convertible bonds in Singapore, which have been fully converted in 2018, and therefore, the Company recognized capital stock and capital reserve in the amount of $2,753,878 and 10,291,933, respectively.

C. Reconciliation of liabilities arising from financing activities:

For the year ended December 31, 2018	Opening Balance	Cash flows	Non-Cash Changes: Effects of foreign currency exchange	Non-Cash Changes: Fair Value Adjustments	Non-Cash Changes: Amortization of discount	Non-Cash Changes: Bonds conversion	Closing Balance
Short-term loans	$ 3,422,400	$ 440,278	$ 102,758	$ -	$ -	$ -	$ 3,965,436
Convertible bonds	12,015,229	-	(71,024)	-	91,657	(12,035,862)	-
Long-term loans (include the current portion)	15,840,000	(2,705,384)	119,159	-	-	-	13,253,775
Refundable deposits	60,499	21,003	(312)	-	-	-	81,190
Total liabilities from financing activities	$ 31,338,128	($2,244,103)	$ 150,581	$ -	$ 91,657	($12,035,862)	$ 17,300,401
Financial liability at fair value through profit or loss	$ 809,640	$ -	$ -	$ 200,308	$ -	($ 1,009,948)	$ -

D. For the year ended December 31, 2018, income tax paid within operating activities was $1,165,504 and within financing activities was $315,176, respectively.

(30) Operating leases

The Company leases several parcels of land from the Science Park Administration with expiration date between December 2023 and December 2034. The Company can renew the leases upon expiration. The Company entered into lease agreements for its buildings and certain machinery and equipment. Besides, Siliconware Technology (Suzhou) Limited entered into lease agreements for its land use right and certain machinery and equipment, and Siliconware Electronics (Fujian) Co., Limited also entered into lease agreement for its land use right. For the years ended December 31, 2018 and 2017, the Group recognized rental expense of $644,565 and $730,047, respectively.

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7. Related Party Transactions

Intercompany balances and transactions between SPIL and its subsidiaries have been eliminated upon consolidation; therefore, those items are not disclosed in this note. The following is a summary of significant transactions between the Group and other related parties:

(1) Related Party Name and Categories

Name of related parties	Relationship with the Company
ASE Technology Holding Co., Ltd. (the "Hold Co.")	The Company's parent
Advanced Semiconductor Engineering, Inc. (the "ASE")	Fellow subsidiary
ASE Electronics Inc.	Fellow subsidiary
ShangHai YouHong Electronic Engineering Technical Consultation Corporation	Associate of fellow subsidiary

(2) The transactions between the Company and related parties

A. On June 30, 2016, the Company's Board of Directors has adopted resolution to approve the entering into and execution of a "joint share exchange agreement" (the "Agreement") with ASE and agreed to establish a new holding company (the "Hold Co."). The collaboration between the parties will result in synergies that can create a competitive advantages and opportunities for the future development and sustained growth of the semiconductor industry by enhancing efficiency and economies of scale as well deeply strengthening research and development and innovation capabilities, thereby providing customers with higher quality, more efficient, and well-rounded packaging and testing services. The Agreement will be conducted (1) at an exchange ratio of one ASE common share for 0.5 Hold Co. common share, and (2) at NT$55 dollars in cash for each of SPIL's common shares (after earning distribution in 2016, has been adjusted to NT$51.2 dollars), with ASE and SPIL becoming wholly-owned subsidiaries of Hold Co..

The closing of the transaction is subject to the necessary approvals by relevant domestic and foreign competent authorities. On November 16, 2016, the Taiwan Fair Committee has decided not to prohibit the merger transactions between the ASE and SPIL, and on May 15, 2017, the Company received an official confirmation letter from the US Federal Trade Commission (FTC) stating that the non-public investigation procedure has been closed. On November 24, 2017, the Anti-Monopoly Bureau under the Ministry of Commerce of the PRC ("MOFCOM") approved the proposed combination on the following four conditions, among others:

1. Hold Co. should maintain the legal personality of ASE and SPIL as independent competitors for a period of 24 months ("Restriction Period").

2. During the Restriction Period, Hold Co. will only exercise limited shareholder rights. Such limitation includes: other than the right to obtain dividend related and financial information from ASE and SPIL, Hold Co. should temporarily cease to exercise its other shareholder's rights.

3. During the Restriction Period, ASE and SPIL each covenants to provide services to customers on a non-discriminatory basis, and set service price and related transactional terms according to AML, reasonable commercial consideration and normal business operation.

4. During the Restriction Period, ASE and SPIL each covenants to not limit the customers' choice of alternative suppliers of semiconductor packaging and testing businesses, and will cooperate with customers for requests related to switching such suppliers, under the circumstance that the customers

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obey the laws and regulations, and do not involves tort and breaking contracts.

All the conditions above are subject to further revisions in the official notice that may be published by MOFCOM from time to time. An extraordinary general meeting has been convened on February 12, 2018 and approved the Hold Co. to acquire all issued shares of both companies. The issued shares of the Company and ASE shall be delisted on the share exchange record date after all procedures of the Share Exchange Transactions are completed then the Hold Co.'s share shall be listed on Taiwan and United States Stock Exchange. The Company and ASE will maintain their respective existence, name and the independent operation and business model of their current and future business. The establishment of Hold Co. was completed on April 30, 2018. As a result, both of the Company's and ASE's ordinary shares have been delisted while the ordinary shares of the Hold Co. were listed on Taiwan and United States Stock Exchange starting from the same date.

B. In order to attract, retain and reward employees, the Company's parent, the Hold Co., has its first employee share option plan, which has been approved by the relevant authorities, for full-time employees of the Company. Please refer to Note 6 (27) for relevant information.

(3) Key Management Compensation

Key management includes directors, supervisors and other executive officers. Their compensation is shown below:

	For the Years Ended December 31,	
	2018	2017
Short-term employee benefits	$ 379,737	$ 313,922
Post-employment benefits	2,934	2,991
Share-based payments	4,220	-
	$ 386,891	$ 316,913

8. Assets Pledged as Collateral

The following assets have been pledged as collateral against certain obligations of the Group:

Assets	As of December 31, 2018	As of December 31, 2017	Subject of collateral
Time deposits (shown as other financial assets, current and other non-current assets)	$ 430,806	$ 392,100	Guarantees for customs duties and land from Science Park Administration

9. Significant Contigent Liabilities and Unrecongized Contract Commitment

(1) As of December 31, 2018, unused letters of credit of the Group for the import of machinery was approximately $623,560.

(2) As of December 31, 2018, outstanding commitments to purchase property, plant and equipment of the Group was approximately $7,179,513, of which $1,102,019 had been prepaid.

(3) Future minimum lease payments of the Group under the non-cancellable operating leases are as follows:

		As of December 31, 2018
No later than 1 year	$	118,336
Later than 1 year and not later than 5 years		315,092
Later than 5 years		607,010
	$	1,040,438

10. Significant Disaster Loss

None

11. Significant Event After the Reporting Period

None

12. Others

(1) Financial Risk Management

The Group's activities expose it to a variety of financial risk: market risk (including currency risk, price risk, and interest rate risk), credit risk and liquid risk. The Group's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Group's financial performance.

A. Market risk

(a) Currency risk

The Group operates internationally and is exposed to foreign exchange risk arising from various currency exposures, primarily with respect to the USD and the JPY. Foreign exchange risk arises from future commercial transactions, recognized assets and liabilities and net investments in foreign operations. The Group implements the policy of natural hedging and monitors the foreign exchange rate fluctuation closely to manage the risk. The Group's exposure to foreign exchange risk is as follows:

	As of December 31, 2018					
				Sensitivity analysis		
(Foreign currencies: functional currencies)		Foreign Currencies in thousands	Exchange rates	Movement		Impact to profit and loss before tax (NT$)
Financial assets						
Monetary assets						
USD:NTD	$	525,070	30.715	1%	$	161,275
USD:RMB		46,775	6.8632	1%		14,367
Financial Liabilities						
Monetary liabilities						
USD:NTD		431,445	30.715	1%		132,518
USD:RMB		188,259	6.8632	1%		57,824
JPY:NTD		3,129,357	0.2782	1%		8,706
JPY:RMB		229,869	0.0619	1%		639

	As of December 31, 2017				
			Sensitivity analysis		
(Foreign currencies: functional currencies)	Foreign Currencies in thousands	Exchange rates	Movement		Impact to profit and loss before tax (NT$)
Financial assets					
Monetary assets					
USD:NTD	$ 588,521	29.710	1%	$	174,850
USD:RMB	43,141	6.5342	1%		12,817
Financial Liabilities					
Monetary liabilities					
USD:NTD	550,842	29.810	1%		164,206
USD:RMB	158,166	6.5342	1%		47,149
JPY:NTD	2,912,882	0.2662	1%		7,754
JPY:RMB	1,013,068	0.0579	1%		2,697

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

	For the Year Ended December 31, 2018		For the Year Ended December 31, 2017	
Functional Currencies	Exchange Rate	Net Foreign Exchange Gain (Loss)	Exchange Rate	Net Foreign Exchange Gain (Loss)
NTD		$ 657,255		($ 190,906)
RMB	RMB 1=NTD 4.4753	(352,224)	RMB 1=NTD 4.5545	230,882
		$ 305,031		$ 39,976

(b) Price risk

Pursuant to the strategic investment objective, the Group is exposed to equity securities price risk in public market investments held by the Group, which are classified as financial assets at fair value through profit or loss. To manage such market price risk, the Group monitors the future development of the investees and the market trend. Most investments of the Group are in electronic industry.

ChipMOS Technologies Inc. is traded publicly in the market. ChipMOS Technologies Inc. is listed on Taiwan Stock Exchange. For other equity investees that are not traded in public market, the Company implements suitable techniques to perform the assessments. If the market price had increased/decreased by 10% with all other variables held constant, other comprehensive income before income tax for the year ended December 31, 2017 would have increased/decreased by $413,521.

(c) Interest rate risk

The Group's interest rate risk arises from cash, interest bearing time deposits, and borrowings. Mostly, residual cash will be held as deposit. For the fixed rate of time deposits, the change of interest rate will have no impact on future cash flow. As of December 31, 2018 and 2017, the Company held financial assets with cash flow interest rate risk of $3,001,564 and $5,754,734, respectively, and financial liabilities with cash flow interest rate risk of $17,219,211 and $19,262,400, respectively. If the interest rate had been increased or decreased by 10 basis points (0.1%), with foreign exchange rates held constant, income before income tax for the years ended December 31, 2018 and 2017 would have decreased or increased by $14,218 and $13,508, respectively.

B. Credit risk

The Group's credit risk mainly arises from cash and cash equivalents, accounts and notes receivable and other financial assets.

(a) For risks from banks and financial institutions, the Group periodically assesses their credit ratings based on information provided by external independent rating institutes. Furthermore, to minimize the credit risk, the Group allocates deposits based on each bank's credit rating results. After the assessment, most of banks and financial institutions the Group transacts with are with minimum rating of "A", which represents low credit default risks.

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(b) For risks arising from accounts and notes receivable, the Group assesses customers' credit quality through internal risk assessment, taking into account of their current financial conditions and past transaction experiences. After the assessment, management does not expect significant losses from non-performance by these counterparties.

(c) The Group applies the simplified approach to providing for expected credit losses prescribed by IFRS 9, which permits the use of lifetime expected loss provision for all trade receivables. The expected credit losses on trade receivables are estimated using a provision matrix by reference to past default experience of the debtor, an analysis of the debtor's current financial position and an assessment of the forecast direction of economic conditions at the reporting date. As the Group's historical credit loss experience does not show significantly different loss patterns for different customer segments, the provision for loss allowance based on past due status is not further distinguished according to the Group's different customer base.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation, or when the trade receivables are over 360 days past due, whichever occurs earlier. For trade receivables that have been written off, the Group continues to engage in enforcement activity to attempt to recover the receivables due. Where recoveries are made, these are recognized in profit or loss.

The Group used forecastability to adjust historical and timely information to assess the default possibility of accounts receivable and contract assets. The following table details the loss allowance of accounts receivables and contract assets based on the Group's provision matrix.

		Overdue					
As of December 31, 2018	Not Past Due	1 to 30 days	31 to 90 days	91 to 180 days	181 to 365 days	Over 1 year	Total
Expected credit loss rate	0%	1%	2%	12%	52%	100%	
Gross carrying amount	$16,797,773	$ 413,630	$ 176,834	$ 26,985	$ 438	$ 2	$ 17,415,662
Loss allowance	$ -	$ 4,136	$ 3,537	$ 2,711	$ 228	$ 2	$ 10,614

(d) Aging analysis of accounts receivable that were past due is as follows:

	As of December 31, 2017		
	Total	Impaired	Unimpaired
1-90 days	$ 1,322,342	$ -	$ 1,322,342
91-180 days	15,165	10,238	4,927
Over 180 days	3,561	1,695	1,866
	$ 1,341,068	$ 11,933	$ 1,329,135

Note: As of December 31, 2017, no impairment loss incurred on accounts receivable that are not past due.

(e) As of December 31, 2018 and 2017, the Group's ten largest customers both accounted for 73% of accounts receivables. The Group considers the concentration of credit risk for the remaining accounts receivables is immaterial.

C. Liquidity risk

The objective of liquidity risk management is to ensure the Group has sufficient liquidity to fund its business needs, and to maintain adequate cash and banking facilities to repay the borrowings. By considering its debt financing plans, covenant compliance, compliance with internal balance sheet ratio targets, and other important factors, the Company's finance department monitors the Group's cash requirements and forecasts its future cash flow.

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The table below summarizes the maturity profile of the Group's financial liabilities based on contractual terms (including principal and interest payments), which is presented on an undiscounted basis:

	As of December 31, 2018				
	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
Short-term Loans	$ 4,028,563	$ -	$ -	$ -	$ 4,028,563
Accounts Payable	10,114,522	-	-	-	10,114,522
Other Payables	10,131,601	-	-	-	10,131,601
Other Current Liabilities - Others	195,739	-	-	-	195,739
Long-term Loans (include the current portion)	1,013,856	2,543,869	6,294,903	4,422,605	14,275,233
Other Non-current Liabilities	-	24,637	-	-	24,637
	$ 25,484,281	$ 2,568,506	$ 6,294,903	$ 4,422,605	$ 38,770,295

	As of December 31, 2017				
	Less than 1 year	1-2 years	2-3 years	Over 3 years	Total
Short-term Loans	$ 3,454,355	$ -	$ -	$ -	$ 3,454,355
Accounts Payable	7,456,974	-	-	-	7,456,974
Other Payables	10,082,704	-	-	-	10,082,704
Other Current Liabilities - Others	133,212	-	-	-	133,212
Convertible Bonds	-	12,533,316	-	-	12,533,316
Long-term Loans (include the current portion)	3,363,170	6,462,779	3,889,463	2,513,314	16,228,726
Other Non-current Liabilities	-	5,052	208	1,228	6,488
	$ 24,490,415	$ 19,001,147	$ 3,889,671	$ 2,514,542	$ 49,895,775

(2) Capital Risk Management

The capital includes common share, capital reserve, retained earnings, and other equity items. The Group's objectives in managing capital are to maintain sufficient capital to expand production capacity and equipment, and ensure the Group has sufficient and necessary financial resources to deal with operating capital demand, capital expenditure, research and development expenditure, dividend expenditure, loan repayment, and other operating demand.

Except for those mentioned in Note 6 (15), the Company does not have to follow any restrictions of outside capital.

(3) Fair Value Information

A. Fair value of financial instruments not carried at fair value

Except for convertible bonds which are measured at amortized cost, the management considers that the carrying amounts of financial assets and financial liabilities approximate to their fair values. The fair value of the Group's short-term financial instruments including cash and cash equivalents, contract assets, receivables, other financial assets, current, short-term loans, current portion of long-term loans, payables, and deposits received approximated their carrying amount due to their maturities within one year. The Group's non-current financial instruments include other financial assets, non-current, deposits received, bank loans and long-term payables. The fair value of these financial instruments are approximated to its carrying amount due to the impact of discounting is not significant, or because the floating interest rates reset periodically to reflect the market conditions and the Group's credit rating. The book value and the fair value of the convertible bonds are as follows:

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	Carrying Amount	Fair Value (Level 3)
As of December 31, 2017	$ 12,015,229	$ 12,007,468

The fair value was determined using discounted cash flow analysis with the applicable yield curve for the duration or the recent transaction prices.

B. The table below analyzes financial instruments carried at fair value. The different levels have been defined as follows:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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: Inputs for the asset or liability that are not based on observable market data.

As of December 31, 2018, there was no financial instrument that was measured at fair value on a recurring or non-recurring basis.

The Group's financial instruments measured at fair value are as follows:

	As of December 31, 2017		
Recurring basis	Level 1	Level 2	Level 3
Available-for-sale financial assets	$ 4,135,207	$ -	$ -
Financial liabilities at fair value through profit or loss	$ -	$ -	$ 809,640

As of December 31, 2017, there was no financial instrument that was measured at fair value on a non-recurring basis.

(1) The fair value of financial instruments traded in active markets is based on quoted market price at the balance sheet date. For financial instruments with fair value not traded in active markets, the Company uses valuation techniques, which maximize the use of observable market data where it is available and relies as little as possible on entity specific estimates. The valuation technique currently used for unlisted available-for-sale securities is the market approach. The valuation is based on the benchmark companies' stock prices and other specific indexes. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2. If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. Specific valuation techniques used to value financial instruments include:

A. Quoted market prices or dealer quotes for similar instruments;

B. Other techniques, such as discounted cash flow analysis, are used to determine fair value for the remaining financial instruments.

(2) There were no transfers between Level 1 and 2 for the years ended December 31, 2018 and 2017.

(3) The fair value measurements for the Company's derivative instruments are carried out on the basis of a binomial model, with measurement on a quarterly basis. In the course of the valuation process, the required market data are collected and the non-observable parameters are examined and updated as required on the basis of internally available current information. In particular, the premises of the enterprise value of the Company's derivative instruments, as well as any significant changes in the input

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parameters and their respective effects on the value of the option, are reported to management on a quarterly basis.

Parameters with a significant influence on the measurement of the option are the value of the Company's derivative instruments as determined with the use of a discounted cash flow method and the expected volatility of that value. The approach for volatility estimation was changed to a direct analysis of the historical volatility. The higher the volatility, the fair value of the Company's derivative instrument will be higher. The volatility as of December 31, 2017 is 9.72%.

(4) Reconciliation of Level 3 fair value measurements of financial liabilities

	2018	2017
As of January 1	$ 809,640	$ 773,908
Losses recognised in profit or loss	200,308	35,732
Bonds conversion	(1,009,948)	-
As of December 31	$ -	$ 809,640

The total gains or losses for the years ended December 31, 2018 and 2017 included losses of $200,308 and $35,732, respectively, relating to the financial liabilities at fair value on Level 3 fair value measurement and held at balance sheet date.

(5) The Company has carefully assessed the valuation models and assumptions used to measure fair value; therefore, the fair value measurement is considered reasonable. However, using different valuation models or assumptions may result in difference in fair value measurement. For financial assets and liabilities categorized within Level 3, a 10% increase in the value of stock market price would lead to a decrease in income before tax by $1,172,129 for the year ended December 31, 2017. On the other hand, a 10% decrease in the value of the stock market price would increase income before tax by $808,447 for the year ended December 31, 2017. A 5% increase in the expected volatility of the value of the derivative instrument would lead to a decrease in income before tax by $184,822 for the year ended December 31, 2017. A 5% decrease in the expected volatility of the value of derivative instrument would increase income before tax by $106,124 for the year ended December 31, 2017.

13. Special Disclosure Items

(1) Significant Transaction Information

A. Loans to others: None.

B. Endorsement and guarantee provided to third parties: None.

C. The ending balances of marketable securities are summarized as follows:

Investor	Type and Name of securities	The relationship of the issuers with the Company	Financial statement accounts	As of December 31, 2018				
				Shares/Units (in thousands)	Book value	Percentage of ownership	Fair value	Notes
Siliconware Precision Industries Co., Ltd.	ASM Advanced Packaging Materials Pte. Ltd. (Stock)	-	Financial assets at fair value through profit or loss, non-current	4,225	-	13.70%	-	-

D. Securities for which total buying or selling exceeds the lower of NT$300,000 or 20 percent of the Company's paid-in capital:

For the year ended December 31, 2018:

Company Name	Marketable Securities Type and Name	Financial Statement Account	Counter-party	Nature of Relationship	Beginning Balance		Acquisition		Disposal				Ending Balance	
					Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Shares/Units (In Thousands)	Amount	Carrying Value	Gain/Loss on Disposal	Shares/Units (In Thousands)	Amount (Note 2)
SPIL (Cayman.) Holding Limited	Siliconware Technology (Suzhou) Limited (Capital)	Investments accounted for using the equity method	Beijing Tsinghua Capital Management Ltd. (Note 1)	-	159,577	$ 11,492,739	-	$ -	47,873	$ 4,557,070 (RMB 1,026,000 thousand)	$ 3,506,428	$ -	111,704	$ 7,650,597
Siliconware Precision Industries Co., Ltd.	ChipMOS Technologies Inc. (Stock)	Investments accounted for using the equity method	Acquired from open market	-	156,046	4,135,207	19,159	451,563	-	-	-	-	148,910 (Note 3)	4,192,924
SPIL (Cayman.) Holding Limited	Siliconware Electronics (Fujian) Co., Limited (Capital)	Investments accounted for using the equity method	Cash capital increase	-	45,000	1,344,589	45,000	1,383,750	-	-	-	-	90,000	2,642,056

Note 1: Tibet ZiXi Electronics Technology Co., Limited has become the shareholder since March 2018.

Note 2: The ending balance includes share of profits or losses of investees and other adjustment related to equity.

Note 3: ChipMOS Technologies Inc. has completed the registration formalities of cash capital reduction. Here is the number of shares held after capital reduction.

E. Acquisition of real estate with an amount exceeding the lower of NT$300,000 or 20 percent of the Company's paid-in capital:

For the year ended December 31, 2018:

							Prior Transaction of Related Counter-party						
Company Name	Types of Property	Transaction Date	Transaction Amount	Payment Term	Counter-party	Nature of Relationships	Owner	Relationships	Transfer Date	Amount	Price Reference	Purpose of Acquisition	Other Terms
Siliconware Electronics (Fujian) Co., Limited	Land use rights	November 2018	$ 376,455	$ 376,455	Jinjian Municipal Bureau of Land and Resources in Fujian Province	-	-	-	-	$ -	Bidding	For operating purpose	-

F. Disposal of real estate with an amount exceeding the lower of NT$300,000 or 20 percent of the Company's paid-in capital:

For the year ended December 31, 2018: None

G. Related party transactions with purchases and sales amounts exceeding the lower of NT$100,000 or 20 percent of the Company's paid-in capital:

For the year ended December 31, 2018: None.

H. Receivables from related parties exceeding the lower of NT$100,000 or 20 percent of the Company's paid-in capital:

For the year ended December 31, 2018: None.

I. Transaction of derivative financial instruments:

For the year ended December 31, 2018: Please refer to Notes 6 (12) and 6 (14).

J. Others: the business relationships and the significant transactions as well as amounts between the parent company and the subsidiaries:

For the year ended December 31, 2018:

				Transaction			
No.	Company name	Counterparty	Relationship	General ledger Account	Amount (Note 2)	Transaction terms	Percentage of consolidated revenues or total assets
0	Siliconware Precision Industries Co., Ltd.	Siliconware USA, Inc.	Indirectly owned subsidiary	Commision	$ 444,066	As specified in contract	0.51%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirectly owned subsidiary	Other revenues	150,704	(Note 1)	0.17%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirectly owned subsidiary	Other receivables	64,473	(Note 1)	0.05%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirectly owned subsidiary	Property, plant, and equipment	56,157	(Note 1)	0.05%
0	Siliconware Precision Industries Co., Ltd.	Siliconware Technology (Suzhou) Limited	Indirectly owned subsidiary	Property, plant, and equipment	138,275	(Note 1)	0.12%

Note1 : The purchase prices and payment terms provided by Siliconware Technology (Suzhou) Limited were determined in accordance with mutual agreement due to no comparable transactions.

Note 2 : Eliminated under consolidation

(2) Related Information on Investee Companies

For the year ended December 31, 2018:

Investor	Name of Investee	Location	Main activities	Original investments		The Company / majority owned subsidiary owns			Current period		Notes
				Current period ending	Prior period ending balance	Shares (in thousands)	Ownership percentage	Book value	Net income (loss) of investee	Income (loss) recognized	
Siliconware Precision Industries Co., Ltd.	SPIL (B.V.I.) Holding Limited	British Virgin Islands	Investment activities	$5,510,271	$ 5,510,271	179,400	100.00%	$ 13,587,935	($ 50,678)	($ 50,678)	1, 4 and 5
Siliconware Precision Industries Co., Ltd.	Siliconware Investment Co., Ltd.	Taipei, Taiwan	Investment activities	2,401,000	2,401,000	66,769	100.00%	2,757,419	89,553	89,553	1 and 5
Siliconware Precision Industries Co., Ltd.	ChipMOS Technologies Inc.	Hsinchu, Taiwan	Engaged in the packaging and testing of semiconductors	2,418,928	(Note 6)	148,910	20.47%	4,192,924	1,138,821	179,819	3
Siliconware Precision Industries Co., Ltd.	Vertical Circuits, Inc.	Scott Valley, CA, USA	Engaged in the packaging of semiconductors	153,575	153,575	15,710	30.68%	-	-	-	3 and 4
Siliconware Investment Co., Ltd.	Yann Yuan Investment Co., Ltd.	Taipei, Taiwan	Investment activities	2,400,000	2,400,000	48,000	32.21%	2,757,028	278,496	89,703	3
SPIL (B.V.I.) Holding Limited	Siliconware USA, Inc.	San Jose, CA, USA	Communications and relationship maintenance with companies headquartered in North America	38,394	38,394	1,250	100.00%	238,681	21,095	21,095	2, 4 and 5
SPIL (B.V.I.) Holding Limited	SPIL (Cayman) Holding Limited	Cayman Islands, British West India	Investment activities	5,565,558	5,565,558	181,200	100.00%	13,424,211	(72,057)	(72,057)	2, 4 and 5

Note 1: The Company's 100% owned subsidiary.

Note 2: The Company's indirectly owned subsidiary.

Note 3: The Company's associates which are accounted for using equity method.

Note 4: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation to New Taiwan Dollar.

Note 5 : Eliminated under consolidation.

Note 6: The Company acquired ordinary shares of ChipMOS in the second quarter of 2018. As a result, the ownership percentage was increased from 18.23% to 20.47%, and the investment was reclassified from financial assets at fair value through profit or loss to investment accounted for using the equity method.

(3) Information of investment in Mainland China:

A. Information of investment in Mainland China: (The amount in USD is presented in thousands.)

For the year ended December 31, 2018:

Name of investee in Mainland China	Main activities of investee	Capital	Investment method	Accumulated remittance as of January 1, 2018	Remitted or (collected) during this period	Accumulated remittance as of December 31, 2018	Ownership held by the Company (Direct and indirect)	Current period income (loss) of the investee	Investment income (loss) recognized by the Company during the period	Ending balance of investment	The investment income (loss) remitted back as of December 31, 2018
Siliconware Technology (Suzhou) Limited	Provision of assembly and testing service	$ 4,901,408 (USD 159,577) (Note 1)	(Note 2)	$ 3,992,950 (USD 130,000)	$ -	$ 3,992,950 (USD 130,000)	70%	($ 387,941)	($ 254,394) (Notes 3 , 5 and 6)	$ 7,650,597 (Note 6)	$ -
Siliconware Electronics (Fujian) Co., Limited	Provision of assembly and testing service	2,764,350 (USD 90,000)	(Note 2)	1,382,175 (USD 45,000)	1,382,175 (USD 45,000)	2,764,350 (USD 90,000)	100%	(61,828)	(61,828) (Notes 3 and 6)	2,642,056 (Note 6)	-

Accumulated remittance from Taiwan to Mainland China	The investment balance approved by Investment Commissions, Ministry of Economic Affairs	The ceiling of investment in Mainland China according to Investment Commissions, Ministry of Economic Affairs
$ 6,757,300 (USD 220,000)	$ 7,665,758 (USD 249,577)	(Note 7)

Note 1: The capital includes new shares issued through capitalization of earnings in the amount of US$29,577.
Note 2: The Company set up a subsidiary in the third country (SPIL(Cayman)Holding Limited) to invest in Mainland China.
Note 3: The investment income (loss) was recorded based on the Company's audited financial statements.
Note 4: The foreign currency exchange rates prevailing at the balance sheet date were used for the currency translation.
Note 5: The current recognized investment income (loss) had excluded the amounts of unrealized intercompany profit or (loss).
Note 6: Eliminated under consolidation
Note 7: Based on the Rule No. 09704604680, "Regulations Governing Security Investment and Technical Cooperation in the Mainland Area" set by Ministry of Economic Affairs, the Company received documents from the Industrial Development Bureau of Ministry of Economic Affairs which proved that the Company's operation is qualified for operations of operating headquarters. Therefore, the Company is not required to impute the ceiling of investment in Mainland China.

B. Material transactions occurred directly or indirectly between the Company and its Mainland China investee companies via enterprises in other areas:

Please refer to the Note 13 (1) J.

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14. Segment Information

(1) General Information

The Group's packaging and testing services are provided in Taiwan and China. The chief operating decision maker determines the group's performance based on the geographic perspective. The nature of services, production process, type of customers and service delivery model at these two geographical locations are similar. While the chief operating decision maker receives separate reports for each location, these two operating segments have been aggregated into one reportable segment as they have similar long-term average gross margins and have similar economic characteristics. As a result, the Group discloses a single reporting segment. The operating basis of the Group is measured on the same basis when preparing of the financial statements.

(2) Breakdown of the Revenue From Different Products and Services

	For the Years Ended December 31,	
	2018	2017
Packaging	$ 73,171,328	$ 70,851,943
Testing	13,602,484	11,983,667
Others	642,955	718,775
	$ 87,416,767	$ 83,554,385

(3) Operations in Different Geographic Areas

Revenues are summarized by the areas where our customers' group headquarters locate. Non-current assets, including equity method investment, property, plant and equipment, and other assets, but not including financial instruments and deferred tax assets, are categorized by their locations.

	For the Years Ended December 31,			
	2018		2017	
	Revenues	Non-current Assets	Revenues	Non-current Assets
USA	$ 32,834,392	$ 2,094	$ 32,018,540	$ 1,739
China	29,357,260	15,084,823	24,778,540	11,803,140
Taiwan	15,716,357	56,275,323	15,494,157	54,572,997
Europe	8,554,393	-	8,315,142	-
Others	954,365	-	2,948,006	-
	$ 87,416,767	$ 71,362,240	$ 83,554,385	$ 66,377,876

(4) Major Customers

For the years ended 2018 and 2017, operating revenues of $23,475,808 and $17,091,540 were generated from customer A, the operating revenues of $9,377,413 and $8,405,084 were generated from customer B, and the operating revenues of $8,895,173 and $6,704,806 were generated from customer C, respectively.