

ADVANCED SEMICONDUCTOR ENGINEERING INC
Form 20-F
March 18, 2015

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 20-F

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR 12(g) OF THE SECURITIES
EXCHANGE ACT OF 1934

OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 2014

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF
1934

OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

Commission file number: 001-16125

(Exact name of Registrant as specified in its charter)

Advanced Semiconductor Engineering, Inc.
(Translation of Registrant's Name into English)

REPUBLIC OF CHINA
(Jurisdiction of Incorporation or Organization)

26 Chin Third Road
Nantze Export Processing Zone
Nantze, Kaohsiung, Taiwan
Republic of China
(Address of Principal Executive Offices)

Joseph Tung
Room 1901, No. 333, Section 1 Keelung Rd.
Taipei, Taiwan, 110

Republic of China
Tel: 886-2-8780-5489
Fax: 882-2-2757-6121
Email: ir@aseglobal.com

(Name, Telephone, Email and/or Facsimile number and Address of Company Contact Person)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of Each Class	Name of Each Exchange on which Registered
Common Shares, par value NT\$10.00 each	The New York Stock Exchange*

*Traded in the form of American Depositary Receipts evidencing American Depositary Shares, each representing five Common Shares

Securities registered or to be registered pursuant to Section 12(g) of the Act:

None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act:

None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report:

7,860,491,546 Common Shares, par value NT\$10 each**

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer Accelerated filer Non-accelerated filer

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP International Financial Reporting Standards as issued by the International Accounting Standards Board Other

If "Other" has been checked in response to the previous question, indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

** As a result of the exercise of employee stock options subsequent to December 31, 2014, as of January 31, 2015, we had 7,866,207,746 shares outstanding.

TABLE OF CONTENTS

	Page
<u>USE OF CERTAIN TERMS</u>	<u>1</u>
<u>SPECIAL NOTE REGARDING FORWARD-LOOKING STATEMENTS</u>	<u>3</u>
<u>PART I</u>	<u>5</u>
<u>Item 1. Identity of Directors, Senior Management and Advisers</u>	<u>5</u>
<u>Item 2. Offer Statistics and Expected Timetable</u>	<u>5</u>
<u>Item 3. Key Information</u>	<u>5</u>
<u>SELECTED FINANCIAL DATA</u>	<u>5</u>
<u>CAPITALIZATION AND INDEBTEDNESS</u>	<u>7</u>
<u>REASON FOR THE OFFER AND USE OF PROCEEDS</u>	<u>7</u>
<u>RISK FACTORS</u>	<u>8</u>
<u>Item 4. Information on the Company</u>	<u>26</u>
<u>HISTORY AND DEVELOPMENT OF THE COMPANY</u>	<u>26</u>
<u>BUSINESS OVERVIEW</u>	<u>27</u>
<u>ORGANIZATIONAL STRUCTURE</u>	<u>49</u>
<u>PROPERTY, PLANTS AND EQUIPMENT</u>	<u>51</u>
<u>Item 4A. Unresolved Staff Comments</u>	<u>55</u>
<u>Item 5. Operating and Financial Review and Prospects</u>	<u>55</u>
<u>OPERATING RESULTS AND TREND INFORMATION</u>	<u>55</u>
<u>LIQUIDITY AND CAPITAL RESOURCES</u>	<u>65</u>
<u>RESEARCH AND DEVELOPMENT</u>	<u>68</u>
<u>OFF-BALANCE SHEET ARRANGEMENTS</u>	<u>69</u>
<u>TABULAR DISCLOSURE OF CONTRACTUAL OBLIGATIONS</u>	<u>69</u>
<u>Item 6. Directors, Senior Management and Employees</u>	<u>70</u>
<u>DIRECTORS AND SENIOR MANAGEMENT</u>	<u>70</u>
<u>COMPENSATION</u>	<u>75</u>
<u>BOARD PRACTICES</u>	<u>77</u>
<u>EMPLOYEES</u>	<u>77</u>
<u>SHARE OWNERSHIP</u>	<u>78</u>
<u>Item 7. Major Shareholders and Related Party Transactions</u>	<u>78</u>
<u>MAJOR SHAREHOLDERS</u>	<u>78</u>
<u>RELATED PARTY TRANSACTIONS</u>	<u>80</u>
<u>INTERESTS OF EXPERTS AND COUNSEL</u>	<u>81</u>
<u>Item 8. Financial Information</u>	<u>81</u>
<u>CONSOLIDATED STATEMENTS AND OTHER FINANCIAL INFORMATION</u>	<u>81</u>
<u>SIGNIFICANT CHANGES</u>	<u>84</u>
<u>Item 9. The Offer and Listing</u>	<u>84</u>
<u>OFFER AND LISTING DETAILS</u>	<u>84</u>
<u>PLAN OF DISTRIBUTION</u>	<u>85</u>
<u>MARKETS</u>	<u>85</u>
<u>SELLING SHAREHOLDERS</u>	<u>85</u>
<u>DILUTION</u>	<u>85</u>
<u>EXPENSES OF THE ISSUE</u>	<u>85</u>
<u>Item 10. Additional Information</u>	<u>86</u>
<u>SHARE CAPITAL</u>	<u>86</u>
<u>ARTICLES OF INCORPORATION</u>	<u>86</u>
<u>MATERIAL CONTRACTS</u>	<u>92</u>

<u>FOREIGN INVESTMENT IN THE ROC</u>	<u>92</u>
<u>EXCHANGE CONTROLS</u>	<u>93</u>
<u>TAXATION</u>	<u>94</u>
<u>DIVIDENDS AND PAYING AGENTS</u>	<u>98</u>
<u>STATEMENT BY EXPERTS</u>	<u>98</u>
<u>DOCUMENTS ON DISPLAY</u>	<u>98</u>
<u>SUBSIDIARY INFORMATION</u>	<u>98</u>
<u>Item 11. Quantitative and Qualitative Disclosures about Market Risk</u>	<u>98</u>
<u>Item 12. Description of Securities Other Than Equity Securities</u>	<u>100</u>

<u>DEBT SECURITIES</u>	<u>100</u>
<u>WARRANTS AND RIGHTS</u>	<u>101</u>
<u>OTHER SECURITIES</u>	<u>101</u>
<u>AMERICAN DEPOSITARY SHARES</u>	<u>101</u>
<u>PART II</u>	<u>102</u>
<u>Item 13. Defaults, Dividend Arrearages and Delinquencies</u>	<u>102</u>
<u>Item 14. Material Modifications to the Rights of Security Holders and Use of Proceeds</u>	<u>102</u>
<u>Item 15. Controls and Procedures</u>	<u>102</u>
<u>Item 16. [Reserved]</u>	<u>104</u>
<u>Item 16A. Audit Committee Financial Expert</u>	<u>104</u>
<u>Item 16B. Code of Ethics</u>	<u>104</u>
<u>Item 16C. Principal Accountant Fees and Services</u>	<u>104</u>
<u>Item 16D. Exemptions from the Listing Standards for Audit Committees</u>	<u>105</u>
<u>Item 16E. Purchases of Equity Securities by the Issuer and Affiliated Purchasers</u>	<u>105</u>
<u>Item 16F. Change In Registrant’s Certifying Accountant</u>	<u>106</u>
<u>Item 16G. Corporate Governance</u>	<u>106</u>
<u>Item 16H. Mine Safety Disclosure</u>	<u>110</u>
<u>PART III</u>	<u>111</u>
<u>Item 17. Financial Statements</u>	<u>111</u>
<u>Item 18. Financial Statements</u>	<u>111</u>
<u>Item 19. Exhibits</u>	<u>111</u>

Table of Contents

USE OF CERTAIN TERMS

Unless the context otherwise requires, references in this annual report to:

- “2014 Bonds” are to RMB150.0 million 3.125% Guaranteed Bonds due September 22, 2014, issued by Anstock Limited, our wholly owned subsidiary incorporated in the Cayman Islands;
- “2016 Bonds” are to RMB500.0 million 4.250% Guaranteed Bonds due September 20, 2016, issued by Antock Limited;
- “ASE,” the “Company,” “ASE Group,” “ASE Inc.,” “we,” “us,” or “our” are to Advanced Semiconductor Engineering, Inc. unless the context requires otherwise, its subsidiaries;
- “ASE Chung Li” are to ASE (Chung Li) Inc., a company previously incorporated under the laws of the ROC that merged into ASE Inc. on August 1, 2004;
 - “ASE Electronics” are to ASE Electronics Inc., a company incorporated under the laws of the ROC;
 - “ASE Japan” are to ASE Japan Co. Ltd., a company incorporated under the laws of Japan;
 - “ASE Korea” are to ASE (Korea) Inc., a company incorporated under the laws of the Republic of Korea;
- “ASE Material” are to ASE Material Inc., a company previously incorporated under the laws of the ROC that merged into ASE Inc. on August 1, 2004;
 - “ASE Shanghai” are to ASE (Shanghai) Inc., a company incorporated under the laws of the PRC;
 - “ASE Test” are to ASE Test Limited, a company incorporated under the laws of Singapore;
- “ASE Test Malaysia” are to ASE Electronics (M) Sdn. Bhd., a company incorporated under the laws of Malaysia;
 - “ASE Test Taiwan” are to ASE Test, Inc., a company incorporated under the laws of the ROC;
 - “ASEKS” are to ASE (KunShan) Inc., a company incorporated under the laws of the PRC;
- “ASEN” are to Suzhou ASEN Semiconductors Co., Ltd., a company incorporated under the laws of the PRC;
- “ASESH AT” are to ASE Assembly & Test (Shanghai) Limited, formerly known as Global Advanced Packaging Technology Limited, or GAPTECH, a company incorporated under the laws of the PRC;
- “ASEWH” are to ASE (Weihai), Inc., a company incorporated under the laws of the PRC;
 - “Bonds” are to the 2014 Bonds and 2016 Bonds;
- “California case” are to the complaint Tessera filed against the Company and its U.S. Subsidiary, ASE (U.S) Inc. in 2006, but was later dismissed in October 2014;
-

“Capital Increase” are to issuance of 130,000,000 common shares for public subscription which was effected by way of an increase in the authorized share capital in the amount of NT\$1,300.0 million of the Company in September 2013;

- “Corporate Bonds” are to NT\$8.0 billion 1.450% secured corporate bonds with five year term issued in August 2011 by the Company;
- “Deposit Agreement” are to deposit agreement dated September 29, 2000 among Citibank, N.A., as depositary, holders and beneficial owners of ADSs and us, which was filed as an exhibit to our registration statement on post-effective amendment No. 2 to Form F-6 on September 16, 2003, and its two amendments, which were filed as an exhibit to our registration statement on post-effective amendment No. 1 to Form F-6 on April 3, 2006 and our registration statement on post-effective amendment No. 2 to Form F-6 on October 25, 2006;

Table of Contents

- “EEMS Test Singapore” are to EEMS Test Singapore Pte. Ltd., a company incorporated under the laws of Singapore, which changed its name to ASE Singapore II Pte. Ltd. and was subsequently merged into ASE Singapore Pte. Ltd. on January 1, 2011;
 - the “Exchange Act” are to the U.S. Securities Exchange Act of 1934, as amended;
 - “FSC” are to the Financial Supervisory Commission of the Republic of China.
- “Green Bonds” are to US\$300.0 million 2.125% Guaranteed Bonds due July 24, 2017, offered by Anstock II Limited, our wholly owned subsidiary incorporated in the Cayman Islands;
- “Hung Ching” are to Hung Ching Development & Construction Co. Ltd., a company incorporated under the laws of the ROC;
- “IFRS” are to International Financial Reporting Standards, International Accounting Standards and Interpretations as issued by the International Accounting Standards Board;
 - “ISE Labs” are to ISE Labs, Inc., a corporation incorporated under the laws of the State of California;
 - “TTC” are to the United States International Trade Commission;
 - “Korea” or “South Korea” are to the Republic of Korea;
- “Mainland Investors Regulations” are to the Regulations Governing Securities Investment and Futures Trading in Taiwan by Mainland Area Investors;
 - “MOEAIC” are to Investment Commission of the ROC Ministry of Economic Affairs;
- “PowerASE” are to PowerASE Technology, Inc., a company incorporated under the laws of the ROC which was merged into ASE Inc. in May 2012;
 - “PRC” are to the People’s Republic of China and excludes Taiwan, Macau and Hong Kong;
- “PRC Regulations” are to the Regulations Governing Mainland China Investors’ Securities Investments and Futures Trading in Taiwan;
 - “QDII” are to qualified domestic institutional investors;
- “Republic of China,” the “ROC” and “Taiwan” are to the Republic of China, including Taiwan and certain other possessions;
 - “ROC GAAP” are to generally accepted accounting principles in the ROC;
 - the “SEC” are to the Securities and Exchange Commission of the U.S.;
 - the “Securities Act” are to the U.S. Securities Act of 1933, as amended;

- “SiP” are to system-in-package;
- “Taiwan-IFRS” are to the Regulations Governing the Preparation of Financial Reports by Securities Issuers, the IFRS as well as related guidance translated by Accounting Research and Development Foundation and endorsed by the FSC.
- “Tessera” are to Tessera, Inc., a company which filed a suit against the Company and its U.S. subsidiary, ASE (U.S.) Inc.;

Table of Contents

- “UGJQ” are to Universal Global Technology (Shanghai) Co., Ltd., a company incorporated under the laws of the PRC;
- “UGKS” are to Universal Global Technology (Kunshan) Co. Ltd., a company incorporated under the laws of the PRC;
- “UGTW” are to Universal Global Scientific Industrial Co. Ltd., a company incorporated under the laws of the ROC;
- “Universal Scientific” or “USI” are to Universal Scientific Industrial Co., Ltd., a company incorporated under the laws of the ROC, and, unless the context requires otherwise, “Universal Scientific Group” are to Universal Scientific, and its directly and indirectly held subsidiaries;
- “Universal Scientific Shanghai” are to Universal Scientific Industrial (Shanghai) Co., Ltd., a company incorporated under the laws of the PRC;
- “U.S.” refers to United States of America;