ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

BALANCE SHEETS
DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016		2015	
ASSETS	**Amount**	**%**	**Amount**	**%**
CURRENT ASSETS				
Cash and cash equivalents	$ 1,019,366	39	$ 830,329	69
Available-for-sale financial assets-current	126,375	5	59,927	5
Accounts receivable, net	288,035	11	200,626	17
Receivables from related parties	252	-	148	-
Other receivables	44,906	2	1,993	-
Inventories	80,891	3	42,976	3
Prepayments	6,478	-	3,477	-
Total current assets	1,566,303	60	1,139,476	94
NON-CURRENT ASSETS				
Property, plant and equipment	27,638	1	44,766	4
Intangible assets	650,908	25	19,269	2
Goodwill	369,040	14	-	-
Deferred tax assets	3,489	-	1,621	-
Refundable deposits	3,849	-	1,896	-
Total noncurrent assets	1,054,924	40	67,552	6
TOTAL	$ 2,621,227	100	$ 1,207,028	100

	2016		2015	
LIABILITIES AND EQUITY	**Amount**	**%**	**Amount**	**%**
CURRENT LIABILITIES				
Short-term borrowings	$ 395,000	15	$ -	-
Accounts payable	36,924	1	34,507	3
Accrued profit sharing bonus to employees and compensation to directors	57,346	2	46,655	4
Other payables	22,529	1	9,326	1
Current tax liabilities	90,478	4	41,800	3
Provisions	30,907	1	19,022	2
Other current liabilities	1,099	-	478	-
Total current liabilities	634,283	24	151,788	13
LONG-TERM LIABILITIES				
Deferred tax liabilities	85,779	3	-	-
Total long-term liabilities	85,779	3	-	-
Total liabilities	720,062	27	151,788	13
SHAREHOLDERS' EQUITY				
Capital				
Capital stock	338,401	13	316,721	26
Capital surplus	912,860	35	277,116	23
Retained earnings				
Legal reserve	120,419	4	86,428	7
Unappropriated earnings	542,571	21	384,019	32
Total retained earnings	662,990	25	470,447	39
Others	(13,086)	-	(9,044)	(1)
Total equity	1,901,165	73	1,055,240	87
TOTAL	$ 2,621,227	100	$ 1,207,028	100

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE				
Sales revenue	$ 1,343,593	100	$ 984,219	99
Other operating revenue	2,085	-	8,341	1
Total operating revenue	1,345,678	100	992,560	100
OPERATING COSTS	578,571	43	438,002	44
GROSS PROFIT	767,107	57	554,558	56
OPERATING EXPENSES				
Marketing expenses	26,059	2	22,262	2
General and administrative expenses	63,998	5	44,488	5
Research and development expenses	142,268	10	119,732	12
Total operating expenses	232,325	17	186,482	19
PROFIT FROM OPERATIONS	534,782	40	368,076	37
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses	4,072	-	11,417	1
Other income	6,202	-	10,335	1
Finance costs	(1,328)	-	(663)	-
Total non-operating income and expenses	8,946	-	21,089	2
INCOME BEFORE INCOME TAX	543,728	40	389,165	39
INCOME TAX EXPENSE	97,809	7	49,257	5
NET INCOME	445,919	33	339,908	34
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences arising on translation of foreign operations	1,124	-	-	-
Unrealized (losses) gains on available-for-sale financial assets	2,552	-	(133)	-
Total other comprehensive income	3,676	-	(133)	-

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

STATEMENTS OF INCOME
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2016		2015	
	Amount	**%**	**Amount**	**%**
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 449,595	33	$ 339,775	34
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 445,919	33	$ 339,908	34
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 449,595	33	$ 339,775	34
EARNINGS PER SHARE				
Basic earnings per share	$ 14.07		$ 10.79	
Diluted earnings per share	$ 13.99		$ 10.71	

(Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

STATEMENTS OF CHANGES IN EQUITY
(In Thousands of New Taiwan Dollars, Except Dividends Per Share)

	Capital Stock - Common Stock			Retained Earnings		Others			
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Unappropriated Earnings	Employee Unearned Compensation	Exchange Differences Arising on Translation of Foreign Operations	Unrealized Gain (Loss) From Available-for-sale Financial Assets	Total Equity
BALANCE, JANUARY 1, 2015	26,295	$ 262,959	$ 246,206	$ 58,358	$ 308,844	$ (15,701)	$ -	$ -	$ 860,666
Appropriations of prior year's earnings									
Legal reserve	-	-	-	28,070	(28,070)	-	-	-	-
Cash dividends to shareholders - NT$7.00 per share	-	-	-	-	(184,071)	-	-	-	(184,071)
Stock dividends to shareholders - NT$2.00 per share	5,259	52,592	-	-	(52,592)	-	-	-	-
Employee stock bonus	117	1,170	30,910	-	-	-	-	-	32,080
Net income for the years ended December 31, 2015	-	-	-	-	339,908	-	-	-	339,908
Other comprehensive income after tax	-	-	-	-	-	-	-	(133)	(133)
Comprehensive income for the years ended December 31, 2015	-	-	-	-	339,908	-	-	(133)	339,775
Compensation cost of restricted stock for employees	-	-	-	-	-	6,790	-	-	6,790
BALANCE, DECEMBER 31, 2015	31,671	$ 316,721	$ 277,116	$ 86,428	$ 384,019	$ (8,911)	$ -	$ (133)	$ 1,055,240
BALANCE, JANUARY 1, 2016	31,671	$ 316,721	$ 277,116	$ 86,428	$ 384,019	$ (8,911)	$ -	$ (133)	$ 1,055,240
Appropriations of prior year's earnings									
Legal reserve	-	-	-	33,991	(33,991)	-	-	-	-
Cash dividends to shareholders - NT$8.00 per share	-	-	-	-	(253,376)	-	-	-	(253,376)
Employee Stock Bonus	116	1,160	41,137	-	-	-	-	-	42,297
Issue of ordinary shares for cash, December 30, 2016	2,022	20,220	581,527	-	-	-	-	-	601,747
Issue of restricted employee stock, December 5, 2106	30	300	13,080	-	-	(13,380)	-	-	-
Net income for the years ended December 31, 2016	-	-	-	-	445,919	-	-	-	445,919
Other comprehensive income after tax	-	-	-	-	-	-	1,124	2,552	3,676
Comprehensive income for the years ended December 31, 2016	-	-	-	-	445,919	-	1,124	2,552	449,595
Compensation cost of restricted stock for employees	-	-	-	-	-	5,662	-	-	5,662
BALANCE, DECEMBER 31, 2016	33,839	$ 338,401	$ 912,860	$ 120,419	$ 542,571	$ (16,629)	$ 1,124	$ 2,419	$ 1,901,165

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 543,728	$ 389,165
Adjustments for:		
Depreciation expenses	31,455	20,073
Amortization expenses	9,070	18,967
Compensation cost of employee share options	5,662	6,790
Finance costs	1,328	663
(Reversal of) write-down of inventories	2,763	(153)
Recognition (reversal) of provisions	11,885	1,805
Interest income	(5,546)	(9,282)
Net (gain) loss on foreign currency exchange, net	(7,504)	1,236
Net gain on disposal of available-for-sale financial assets	(43)	-
Changes in operating assets and liabilities:		
Accounts receivable, net		
Related parties included	(86,095)	(29,473)
Other receivables	(43,228)	(50)
Inventories	(24,495)	3,127
Prepayments	(3,001)	715
Accounts payable	2,285	939
Accrued profit sharing bonus to employees and compensation to directors	52,988	44,044
Other payables	5,962	(524)
Other current liabilities	614	74
Cash generated from operations	497,828	448,116
Interest paid	(1,208)	(688)
Income taxes paid	(50,999)	(48,580)
Net cash generated from operating activities	445,621	398,848
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of business	(926,937)	-
Purchase of available-for-sale financial assets	(78,911)	(60,060)
Proceeds from sale of available-for-sale financial assets	15,058	-
Interest received	5,860	9,269
Payments for Property, plant and equipment	(12,618)	(52,334)
Payments for Intangible assets	(7,863)	(17,016)
(Increase) decrease in Refundable deposits	(1,953)	5
Net cash used in investing activities	(1,007,364)	(120,136)
CASH FLOWS FROM FINANCING ACTIVITIES		
Increase in short-term loans	455,000	150,000
Repayments of short-term borrowings	(60,000)	(195,000)
Dividends paid to owners of the Company	(253,376)	(184,071)
Proceeds from issue of ordinary shares	601,747	-

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

STATEMENTS OF CASH FLOWS
YEARS ENDED DECEMBER 31, 2016 AND 2015
(In Thousands of New Taiwan Dollars)

	2016	2015
Net cash generated from (used in) financing activities	743,371	(229,071)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH HELD IN FOREIGN CURRENCIES	7,409	546
NET INCREASE IN CASH AND CASH EQUIVALENTS	189,037	50,187
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	830,329	780,142
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$1,019,366	$ 830,329

(Concluded)