Stock Code: 5274

ASPEED Technology Inc.

2020 Annual Report

Notice to readers

This English-version annual report is a summary translation of the Chinese version and is not an official document of the shareholders' meeting. If there is any discrepancy between the English and Chinese versions, the Chinese version shall prevail.

Printed on March 30, 2021

Website for accessing this annual report: http://mops.twse.com.tw

Annual Report is available at: http://www.aspeedtech.com

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ASPEED Technology Inc. Website

Website: http: //www.aspeedtech.com

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I. Letter to Shareholders

Dear Shareholders,

2020 was a year of many changes. The impact of COVID-19 has affected everyone's life and all walks of life to varying degrees. Fortunately, ASPEED Technology has maintained an excellent operating performance this year and achieved a new high in annual revenue and profit. We have all colleagues to thank for their efforts, as well as the shareholders who trust ASPEED. With the efforts of all colleagues, ASPEED has once again achieved outstanding performance in 2020. Our annual revenue and profit have both achieved a new record. The annual revenue has increased by 23.32%, and the profit has increased by 20.87%, creating a record high of outstanding performance unceasingly; the Baseboard Management Controller (BMC) has firmly maintained the first place in the market share, and the 7th generation Server Management Processor AST2600 adopting 28nm advanced process technology, which was the first in the industry, has also been mass-produced and shipped successfully. PC/AV Extensions, Cupola360 Image Processor SoC and Cupola360 app have been enhanced and developed steadily through the cooperation with customers in the past year. We will move ahead towards a stable growth of the three product lines separately in a robust way in the future.

Financial Performance

We sincerely appreciate all of you for your long-term support to ASPEED Technology. ASPEED has just reached its 15th anniversary last year since the establishment in 2004. For 15 years, ASPEED has maintained a high annual profit. We can have such fruitful results because of the concerted efforts of all employees and partners. This year, under the impact of the pandemic and the instability of the global supply chain, ASPEED has still achieved outstanding performance with all colleagues' efforts. We have achieved new records in both revenue and profit once again. As of 2020, ASPEED Technology's annual operating income was NT$3,063,552, and the net profit after tax was NT$1,004,689, an increase of 23.32% and 20.87% compared with NT$2,484,295 and NT$831,185 in 2019, respectively, and the earnings per share was NT$29.38. As of 2020, ASPEED Technology's gross profit margin was 63.19%, and the operating profit margin was 41.38%.

Market Development

Since 2020, the world has been affected by COVID-19, and there have been big changes in life patterns and work styles. Benefited from the increase in long-distance business opportunities directly related to the pandemic, the demand for data centers and servers has continued to grow. Due to the uncertainties of the industry's supply chain, many customers have planned and stocked in advance. As a result, the shipments of ASPEED’s BMC product lines have also grown steadily.

In addition, the demand for video conferencing has greatly increased due to the pandemic that makes business travel difficult. ASPEED Technology has been actively expanding Cupola360 imaging product series applications since the launch of Cupola360 Image Processor SoC in 2018. We continue to devote time and effort to the consumer market and cooperate with customers to explore the development of 360-degree applications in the video conferencing and commercial fields. Since the pandemic strikes, the demand for video conferencing and Work from Home has increased. Accordingly, the Cupola360 Image Processor SoC has received positive feedback from the customers. Our goal is to make ASPEED a leader in the field of video conferencing; we also expect Cupola360 Image Processor SoC can effectively increase the revenue of non-BMC products in the future, making ASPEED's operations more robust

Corporate Social Responsibility

ASPEED Technology believes that an enterprise's success and growth rely on the cooperation of the enterprise, society, and the environment and the fulfillment of social responsibilities. The efforts made by ASPEED in terms of social welfare, green environmental protection and stakeholders have been fully disclosed on the official website of ASPEED Technology. We expect to provide customers with the most fitting SoC system solutions and high-quality customer service looking forward to the coming year. We will also continue to invest resources to strengthen the company's research and development so as to give full play to the core technological advantages. In the process of design and development, we will continue to protect the global environment through green design concepts and simplified product structures to contribute to green sustainability. In addition, we strive to establish a good relationship among all stakeholders, including shareholders, employees, society, customers, and suppliers, and achieve a balance of interests between all parties. For corporate governance, the fulfillment of the board of directors, corporate professional managers, and other roles, we emphasize operational transparency and value shareholders and employees' rights and interests.

For social welfare, ASPEED Technology is grateful for the resources given by society and wants to contribute back to the units in need. Knowing that education is the foundation of everything, ASPEED has focused on caring for young students in recent years, hoping to take root in education so that all children and students can have sufficient resources. In 2019, we continued to participate in the "Sow the Seeds of Reading to Give Children a Big Future" event organized by the Global Views Educational Foundation, and donated monthly magazines to children in Taitung, hoping to use the power of ASPEED Technology to progressively bridge the gap between urban and rural education resources. In addition, we have extended our sponsorship of education and public welfare. This year, apart from giving resources to rural areas, we will also hold lectures and speeches in various aspects for young students, hoping to progressively contribute to society with the power of ASPEED from all aspects.

Prospects

Looking forward to 2021, the Baseboard Management Controller (BMC), which is ASPEED Technology's major product that generates revenue, will continue to firmly keep its position as the number one in the global market with a good foundation. In addition, the customer base of PC/AV Extensions in the Non-BMC field has steadily increased and continued to contribute to revenue since the launch in 2013. The layout of Cupola360 Image Processor SoC has become more mature. Coupled with the benefits of video conferencing equipment and the software development of Cupola360 Studio, we believe that these will all bring more substantial operational growth for ASPEED Technology in the future.

Last year, we celebrated the 15th anniversary of ASPEED Technology, which is a milestone for us, meaning that ASPEED will work harder to move towards the next fifteen years of great success. The stable and excellent operating performance of ASPEED is the result of the long-term efforts of all colleagues. We are truly grateful to our customers, suppliers, shareholders, and the general public for their support. In the future, we will continue to encourage our colleagues with the belief of "Innovation without Boundaries," and share fruitful operating results with shareholders, customers and employees. Finally, we would once again like to thank all shareholders for your support and patronage

Chairman: Chris Lin

President: Chris Lin

II. Company Profile

1. Date of Incorporation:
   11/15/2004
2. A brief history of the Company

Year	Milestones
2004/11	Founded with NT$45,000 thousand capital and NT$1,000 thousand paid-up capital.
2004/12	Cash capital increased by issuing new shares of NT$11,000 thousand with NT$12,000 thousand paid-up capital after increase in total.
2005/03	Cash capital increased by issuing new shares of NT$14,000 thousand with NT$26,000 thousand paid-up capital after increase in total.
2005/11	Allied with QCI as a software partner.
2005/11	Launched the first generation BMC – AST2000/1000.
2005/11	Allied with AMI as a software partner.
2005/12	Allied with ATEN Technology as a software partner.
2006/03	Cash capital increased by issuing new shares of NT$10,000 thousand with NT$36,000 thousand paid-up capital after increase in total.
2006/06	Allied with Avocent as a software partner.
2006/09	Cash capital increased by issuing new shares of NT$14,000 thousand with NT$50,000 thousand paid-up capital after increase in total.
2007/01	Be certified to ISO 9001-2000.
2007/06	Launched the second generation BMC – AST2100/2050/1100.
2008/08	Employee bonus and surplus capital increased by issuing new shares of NT$29,000 thousand with NT$79,000 thousand paid-up capital after increase in total.
2008/10	Ranked no.37 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2008" by Deloitte & Touche.
2008/12	Launched the third generation BMC – AST2200/AST2150.
2009/06	AST1500 received the "Best Choice of COMPUTEX TAIPEI 2009 Award".
2009/06	Launched the new product AST1500 PC-Over-LAN Extension Processor.
2009/09	Employee bonus and surplus capital increased by issuing new shares of NT$21,230 thousand with NT$100,230 thousand paid-up capital after increase in total.
2009/11	Employee exercised stock warrants increased of NT$1,750 thousand with NT$101,980 thousand paid-up capital after increase in total.
2010/01	Launched the new product AST1600 PC-Over-GAT5 Extension Processor.
2010/02	Launched virtual desktop processors – AST1150/AST1160/AST1170/AST1180.
2010/07	Launched the fourth generation BMC – AST2300/AST1300.
2010/09	Employee bonus and surplus capital increased by issuing new shares of NT$27,885 thousand with NT$129,865 thousand paid-up capital after increase in total.
2010/10	Cash capital increased by issuing new shares of NT$20,000 thousand with NT$149,865 thousand paid-up capital after increase in total.
2011/01	Employee exercised stock warrants increased of NT$1,275 thousand with NT$151,140 thousand paid-up capital after increase in total.
2011/07	Employee bonus and surplus capital increased by issuing new shares of NT$35,091 thousand with NT$186,231 thousand paid-up capital after increase in total.
2011/09	Cash capital increased by issuing new shares of NT$12,000 thousand with NT$198,231 thousand paid-up capital after increase in total.
2011/11	Employee exercised stock warrants increased of NT$2,550 thousand with NT$200,781 thousand paid-up capital after increase in total.
2012/01	Corporation went public.

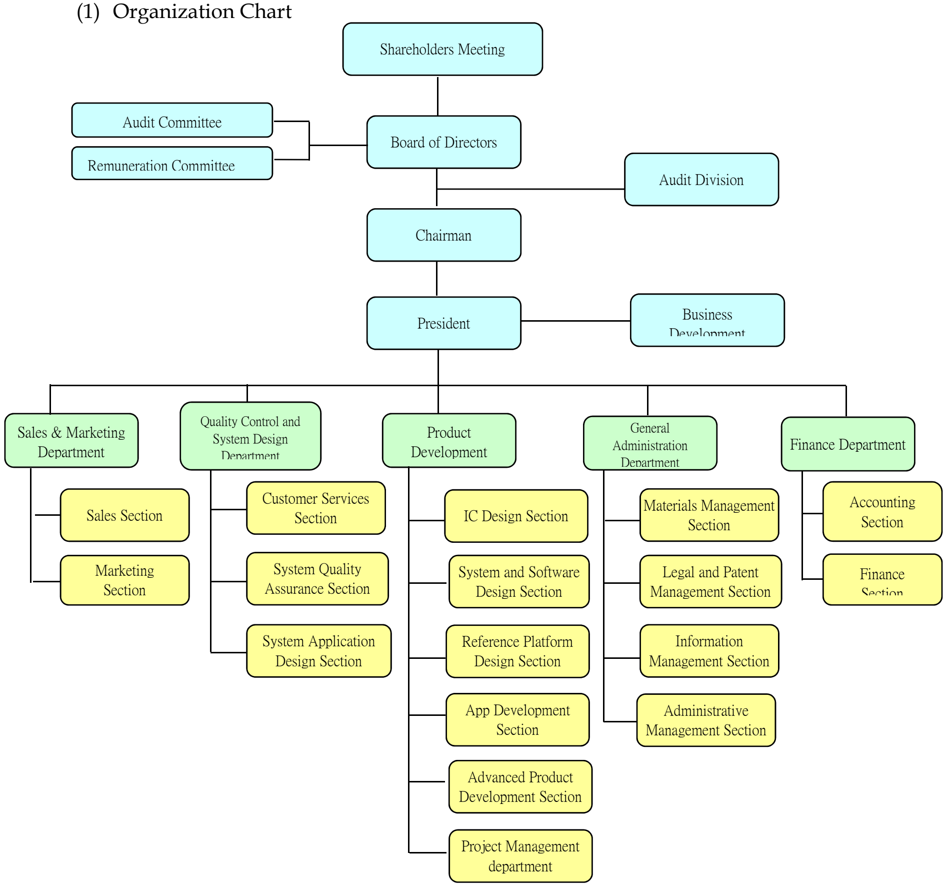
Year	Milestones
2012/05	Listed for trading in emerging markets.
2012/09	Employee bonus and capital surplus increased by issuing new shares of NT$10,588 thousand with NT$211,368 thousand paid-up capital after increase in total.
2012/11	Employee exercised stock warrants increased of NT$1,612 thousand with NT$212,980 thousand paid-up capital after increase in total.
2013/04	Listed on Taipei Exchange.
2013/05	Cash capital increased by issuing new shares of NT$20,360 thousand with NT$233,340 thousand paid-up capital after increase in total.
2013/09	Capital surplus increased by issuing new shares of NT$4,667 thousand with NT$238,007 thousand paid-up capital after increase in total.
2013/10	Issued new restricted employee shares increased of NT$610,000 thousand with NT$238,617 thousand paid-up capital after increase in total.
2013/12	Ranked no. 428 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2013"by Deloitte & Touche.
2014/05	Issued new employee restricted shares increased of NT$450 thousand with NT$239,067 thousand paid-up capital after increase in total.
2014/07	Retired restricted stock awards shares decreased of NT$100 thousand with NT$238,967 thousand paid-up capital after decrease in total.
2014/08	Capital surplus increased by issuing new shares of NT$23,907 thousand with NT$262,874 thousand paid-up capital after increase in total.
2014/11	Rated by Forbes "Asia's 200 Best Under A Billion in 2014".
2014/12	Issued new employee restricted shares increased of NT$220 thousand with NT$263,094 thousand paid-up capital after increase in total.
2014/12	Retired restricted stock awards shares decreased of NT$135,000 thousand with NT$262,959 thousand paid-up capital after decrease in total.
2014/12	Ranked no. 451 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2014" by Deloitte & Touche.
2015/08	Employee bonus and surplus capital increased by issuing new shares of NT$53,762 thousand with NT$316,720 thousand paid-up capital after increase in total.
2016/05	Acquired the BMC Pilot™ product line from Emulex Corporation, a subsidiary of Broadcom.
2016/06	Established the offshore investment company ASPEED Technology (Samoa) Inc.
2016/07	Established the subsidiary ASPEED Technology (U.S.A.) Inc.
2016/08	Employee bonus increased by issuing new shares of NT$1,160 thousand with NT$317,881 thousand paid-up capital after increase in total.
2016/10	Established the subsidiary ASPEED Technology India Private Limited.
2016/12	Issued new employee restricted shares increased of NT$300 thousand with NT$318,181 thousand paid-up capital after increase in total.
2016/12	Acquired the BMC Pilot™ product line from Emulex Corporation.
2017/01	Issued private placement increased by issuing new shares of NT$20,220 thousand with NT$338,401 thousand paid-up capital after increase in total.
2017/06	Retired restricted stock awards shares decreased of NT$40 thousand with NT$338,361 thousand paid-up capital after decrease in total.
2017/06	Employee bonus increased by issuing new shares of NT$1,057 thousand with NT$339,418 thousand paid-up capital after increase in total.
2017/11	Retired restricted stock awards shares decreased of NT$40 thousand with NT$339,378 thousand paid-up capital after decrease in total.
2017/12	Ranked no.486 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2017" by Deloitte & Touche.

Year	Milestones
2018/02	Established the subsidiary Cupola Co., Ltd.
2018/02	Issued new employee restricted shares increased of NT$360 thousand with NT$339,738 thousand paid-up capital after increase in total.
2018/05	Debuted All Eyes on Cupola360 the World's First 360-Degree Spherical Image Processor.
2018/08	Ranked no.21 in business performance "2018 TOP 5000" by CRIF TAIWAN.
2018/08	Employee bonus increased by issuing new shares of NT$707 thousand with NT$340,446 thousand paid-up capital after increase in total.
2018/11	Issued new employee restricted shares increased of NT$210 thousand with NT$340,656 thousand paid-up capital after increase in total.
2019/03	Ranked no. 470 in revenue growth "Deloitte Technology Fast 500 Asia Pacific 2018" by Deloitte & Touche.
2019/03	Retired restricted stock awards shares decreased of NT$72 thousand with NT$340,584 thousand paid-up capital after decrease in total.
2019/08	Employee bonus increased by issuing new shares of NT$1,034 thousand with NT$341,618 thousand paid-up capital after increase in total.
2019/08	Retired restricted stock awards shares decreased of NT$50 thousand with NT$341,568 thousand paid-up capital after decrease in total.
2019/09	Issued new employee restricted shares increased of NT$280 thousand with NT$341,848 thousand paid-up capital after increase in total.
2019/11	The head office moved to 4F, No. 1, Sec. 3, Gongdao 5th Rd., East Dist., Hsinchu City 30069, Taiwan.
2020/02	Issued new employee restricted shares increased of NT$310 thousand with NT$342,158 thousand paid-up capital after increase in total.
2020/03	Issued new employee restricted shares increased of NT$90 thousand with NT$342,248 thousand paid-up capital after increase in total.
2020/08	Retired restricted stock awards shares decreased of NT$24 thousand with NT$342,224 thousand paid-up capital after decrease in total.
2020/08	Employee bonus increased by issuing new shares of NT$976 thousand with NT$343,200 thousand paid-up capital after increase in total.
2021/03	Retired restricted stock awards shares decreased of NT$45 thousand with NT$343,155 thousand paid-up capital after decrease in total.

III. Corporate Governance

1. Organization

(1) Organization Chart



(2) Major Corporate Functions

Department	Functions
President	1. Responsible for the Company's overall business planning and execution. 2. The development and execution of the Company's mid- and long-term business strategies. 3. The establishment, supervision, and management of the organizational operations and systems of each department 4. Directly accountable to the Board of Directors.

Department	Functions
Audit Division	The auditing, evaluation, and formulation of the Company's internal controls, the provision of improvement recommendations, the improvement of sales efficiency, and the effective implementation of internal controls.
Business Development	1. New business market analysis & product strategy development 2. Key account engagement & new business development 3. Corporate operation analysis & continuous improvement 4. Corporate long-term planning & execution
Sales & Marketing Department	1. Expanding marketing channels to serve customers effectively. 2. Effectively reach the annual sales goals. 3. Product competitiveness project planning. 4. New customer development, credit investigation, and lending. 5. The progress of plans related to customer satisfaction and market forecasts, and effective provision of services to customers. 6. Responsible for the product planning process. 7. Proposals and promotion activities for various products. 8. Product life cycle management.
Quality Control and System Design Department	1. Quality system planning, supervision and execution, auditing, management, and integration to make the quality system smoother, and improvement of product quality management. 2. Handling customer complaints and improvement of quality issues. 3. Product verification planning, execution and management. 4. Finished product testing and non-conforming product testing and reporting. 5. Customer and internal ISO auditing. 6. Data and file management, and related documents.
Product Development Department	1. Circuit design and R&D verification. 2. Complete product development and smooth transition to mass production. 3. Support for customer IC design, and verification and transition to product manufacturing. 4. Define new product specifications and evaluate its feasibility. 5. Analyze and respond to customers' product-related questions.
General Administration Department	1. Establish and implement the Company's administrative rules. 2. Talent recruitment, appointment, training, evaluation, and personnel changes. 3. Human resource planning and management. 4. Salary and bonus management, payment, investigation, and adjustment recommendations. 5. ERP system management. 6. Planning and execution of general affairs and factory safety.

Department	Functions
Finance Department	1. Planning and management of accounting and financial affairs. 2. Operations of the Board of Directors. 3. Management of stock affairs.

2. Information of Directors and Officials

(1) Directors' Information

a. Information Regarding Board Members

March 30, 2021/Unit shares

Title	Nationality or Registry	Name	Gender	Date appointed	Term (Yrs)	Date first Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected education and experience	Concurrent positions at the company and other companies	Remark
							Shares	%	Shares	%	Shares	%	Shares	%			
Chairman	R.O.C.	Linvest Wealth Corp.	—	May 30, 2018	3 years	June 24, 2010	4,718,524	13.89%	4,775,524	13.92%	0	0%	0	0%	EMBA, National Chiao Tung University Master , Electrical Engineering, National Taiwan University BS , Electrical Engineering, National Tsing Hua University President, XGI Technology Inc. Vice President,, Multimedia Product Division, SiS	President, ASPEED Technology Inc. Director, Linvest Wealth Corp. Director, Linvest Fortune Corp. Director, ASPEED Technology (Samoa) Inc. CEO, ASPEED Technology (U.S.A.) Inc. Director, ASPEED Technology India Private Limited Chairman, Cuploa360 Inc.	The chairman and general manager of the company are the same person. ASPEED has 3 independent directors and a majority of the directors are not employees or managers.
	R.O.C.	Corporate Representative – Chris Lin	Male				0	0%	355,510	1.04%	0	0%	1,074,884	3.13%			
Director	R.O.C.	Xian Hua Investment Co., Ltd.	—	May 30, 2018	3 years	June 24, 2010	538,644	1.59%	538,644	1.57%	0	0%	0	0%	Master, Electrical Engineering, National Tsing Hua University Chairman/Chief Operating Officer, Machvision Inc. Chairman, Ace Motors Inc. Vice President,, Stark Technology Inc. Director, Acer Inc.	Director, Machvision Inc. Director, Autovision Technology Inc. Supervisor, AtechOEM Inc. Director, Stark Technology Inc. Director,ChipAI Co.,Ltd. Independent Director,Cipherlab Co.,Ltd. Director, ASPEED Technology India Private Limited	
	R.O.C.	Corporate Representative – Arnold Yu	Male				0	0%	150,000	0.44%	0	0%	0	0%			
Director	R.O.C.	Linvest Fortune Corp.	—	May 30, 2018	3 years	May 26, 2017	1,074,884	3.16%	1,074,884	3.14%	0	0%	0	0%	EMBA, National Chengchi University BS, Electrical Engineering, Chinese Culture University Assistant Manager of Strategy Marketing, SiS	Vice President, ASPEED Technology Inc.	
	R.O.C.	Corporate Representative – Luke Chen	Male				0	0%	50,388	0.15%	131	0%	0	0%			
Director	R.O.C.	Ted Tsai	Male	May 30, 2018	3 years	May 30, 2018	368,173	1.08%	368,173	1.07%	56,838	0.17%	0	0%	Chairman, Maojet Technology Corp. Bachelor's in Electronic Engineering, Chung Yuan Christian University	Chairman, Maojet Technology Corp.	
Independent Director	R.O.C.	Chyan Yang	Male	May 30, 2018	3 years	June 14, 2012	0	0%	0	0%	0	0%	0	0%	Ph.D. in Computer Science & Engineering, University of Washington Director, Institute of Business and Management, National Chiao Tung University Dean, College of Management, National Chiao Tung University CEO, EMBA, National Chiao Tung University	Adjunct Professor, Institute of Business and Management, National Chiao Tung University Independent Director, ACTER Co., Ltd. Supervisor, Chia Chang Co., Ltd. Independent Director, MARS Semiconductor Corp. Independent Director, Associated Industries China, Inc.	
Independent Director	R.O.C.	Dyi-Chung Hu	Male	May 30, 2018	3 years	June 14, 2012	0	0%	0	0%	0	0%	0	0%	Ph.D. in Materials Science and Engineering, Massachusetts Institute of Technology Senior Vice President, Unimicron Technology Corp. Vice President , Hannstar Display Corporation Senior Assistant VP, E Ink Holdings Inc.	Chairman , Siplus Technology Co. Director, Raytek Semiconductor, Inc.	

Title	Nationality or Registry	Name	Gender	Date appointed	Term (Yrs)	Date first Elected	Shareholding when Elected		Current Shareholding		Spouse & Minor Shareholding		Shareholding by Nominee Arrangement		Selected education and experience	Concurrent positions at the company and other companies	Remark
							Shares	%	Shares	%	Shares	%	Shares	%			
Independent Director	R.O.C.	Robert Lo	Male	May 30, 2018	3 years	May 30, 2018	0	0%	0	0%	0	0%	0	0%	Master, Graduate Institute of Business Administration, National Taiwan University BS, Department of Business Administration, Soochow University VP, TVBEAN CO., LTD PM, Department of Industrial Support, Institute for Information Industry Junior Manager, Investments, O-Bank	Vice President of Investment, Globaltec Director of unitech computer Co., Ltd. Director of. Unitech Electronics Co., Ltd.	

Note 1：ATEN Technology Co., Ltd. had resigned on April 1, 2020.

Note 2：Avago Technologies International Sales PTE. Limited. had resigned on February 26, 2021.

b. Major shareholders of institutional shareholders

(I) Major shareholders of institutional shareholders

March 30, 2021

Name of institutional shareholder	Major shareholders of institutional shareholders
Linvest Wealth Corp.	Chris Lin (64.94%), Yu-Hua Chang (28.20%)
Xian Hua Investment Co.,Ltd.	Jui-Hua Chu (50.51%), Pin Yu (13.28%), Chun-Chi Yu (13.28%), Jui-Li Chu (0.34%), Ming-Chang Yu (22.58%)
Linvest Fortune Corp.	Chris Lin (51.00%), Yu-Hua Chang (47.00%)

c. Professional qualifications and independence analysis of directors

March 30, 2021

Qualifications / Name	With five or more years of work experience and the following professional qualifications			Independence Status (Note2)												Number of Companies also Serves as Independent Director for
	An Instructor or Higher Position in a Department of Commerce, Law, Finance, Accounting, or Other Academic Department Related to the Business Needs of the Company in a Public or Private Junior College, College or University	A Judge, Public Prosecutor, Attorney, Certified Public Accountant, or Other Professional or Technical Specialist Who has Passed a National Examination and been Awarded a Certificate in a Profession Necessary for the Business of the Company	Have Work Experience in the Areas of Commerce, Law, Finance, or Accounting, or Otherwise Necessary for the Business of the Company	1	2	3	4	5	6	7	8	9	10	11	12	
Chris Lin, Corporate Representative of Linvest Wealth Corp.			✓				✓		✓		✓	✓	✓	✓		None
Arnold Yu, Corporate Representative of Xian Hua Investment Co., Ltd.			✓	✓			✓	✓	✓	✓	✓	✓	✓	✓		1
Luke Chen, Corporate Representative of Linvest Fortune Corp.			✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓		None
Ted Tsai			✓	✓	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Chyan Yang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3
Dyi-Chung Hu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None
Robert Lo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	None

Note : Directors with a "✓" sign meets the following criteria:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company's affiliates. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)

(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.

(4) A spouse, a relative within the second degree of consanguinity, or an immediate blood relative within the third degree of consanguinity, who is not the manager listed in (1) or the spouse, a relative within the second degree of consanguinity, or an immediate blood relative within the third degree of consanguinity of the person listed in (2) or (3).

(5) A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the Company's total outstanding shares, who holds the top five shares or who has appointed a representative as a director or supervisor in accordance with Article 27, paragraph 1 or 2, of the Company Act. (Except where the Company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of the Company in conjunction with each other under this Act or local national laws and regulations.)

(6) A director, supervisor or employee of another company controlled by the same person who holds more than half of the directorships or voting rights of the shares of that company. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)

(7) A director, supervisor or servant of another company or organization not being the same person or spouse as the chairman, general manager or equivalent of the company. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)

(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. (Unless a particular company or organization holds more than 20%, but not more than 50%, of the total number of issued shares of the company, and the company and its parent, subsidiary or subsidiary of the same parent are independent directors of each other under this Law or local laws and regulations).

(9) Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide business, legal, financial, accounting or other related services to companies or affiliates that are not audited or have received compensation in an aggregate amount not exceeding NT$500,000 in the last two years. However, this does not apply to members of the Compensation Committee, the Public Mergers and Acquisitions Committee or the Special Committee on Mergers and Acquisitions, who perform their duties under the Securities and Exchange Act or the relevant laws and regulations of the Business Mergers and Acquisitions Act.

(10) Not having a marital relationship, or a relative within the second degree of kinship to any other director of the Company.

(11) Not been a person of any conditions defined in Article 30 of the Company Law.

(12) Not a governmental, juridical person or its representative as defined in Article 27 of the Company Law.

(2) Information of Chairman, Vice Presidents and Officers

March 30, 2021/ Unit shares

Title	Nationality	Name	Gender	Date appointed	Shareholding		Spouse and underage children shareholding		Shareholding under the title of a third party		Experience & Education	Serves concurrently as	Managers who are spouse or second degree relative			Remark
					Shares	%	Shares	%	Shares	%			Title	Name	Relation	
President	R.O.C.	Chris Lin	Male	2004.11.15	355,510	1.04%	0	0%	1,074,884	3.13%	EMBA, National Chiao Tung University Master , Electrical Engineering, National Taiwan University BS , Electrical Engineering, National Tsing Hua University President, XGI Technology Inc. Vice President,, Multimedia Product Division, SiS	Director, Linvest Wealth Corp. Director, Linvest Fortune Corp. Director, ASPEED Technology (Samoa) Inc. CEO, ASPEED Technology (U.S.A.) Inc. Director, ASPEED Technology India Private Limited Chairman, Cuploa360 Inc.	None	None	None	ASPEED Technology has 3 independent directors and a majority of the directors are not employees or managers.
Vice President	R.O.C.	Hung-Ju Huang	Male	2004.11.15	127,671	0.37%	36,291	0.11%	0	0%	M.S., Electrical Engineering, National Cheng Kung University Assistant Manager of R&D, XGI Technology Inc. Senior VP of R&D, SiS	None	None	None	None	
Vice President	R.O.C.	Morris Yang	Male	2018.09.26	2,493	0.01%	0	0%	0	0%	M.S., Accounting and Management Decision- Making National Taiwan University B.S., Information Engineering, Feng Chia University Vice President VRM/HTC	None	None	None	None	
Vice President	R.O.C.	Luke Chen	Male	2005.10.03	50,388	0.15%	0	0%	131	0%	EMBA, National Chengchi University B.S., Electrical Engineering, Chinese Culture University General manager of Marketing, NITS. Marketing Assistant, SiS	None	None	None	None	
Assistant Manager	R.O.C.	James Yang	Male	2019.01.14	0	0%	0	0%	0	0%	Global MBA, National Taiwan University BS, Institute of Industrial Engineering National Taiwan University Vice President ,DeepForce Vice President Business Development TUTK Senior Manager New Business Development MediaTek	None	None	None	None	
Assistant Manager	R.O.C.	Charles Kuan	Male	2017.02.02	3,042	0.01%	0	0%	0	0%	School of Communication and Information Studies Rutgers University, State University of New Jersey Assistant Vice President of Sales in Asia, Avocent Taiwan Co., Ltd.	None	None	None	None	
Assistant Manager	R.O.C.	Craig Kuo	Male	2020.05.11	0	0.00%	0	0	0	0%	Oriental Institute of Technology Electronic Engineering	None	None	None	None	
Financial Manager	R.O.C.	Tina Chiu	Female	2007.04.09	0	0.00%	0	0%	0	0%	B.S., Accounting ,Feng Chia University Accounting Specialist, Foxconn	None	None	None	None	

(3) Remunerations Paid to Directors, Supervisors, President and Vice President

a. Remunerations Paid to Directors

Unit: NT$ 1,000

Title	Name	Remuneration Paid to Directors								(A+B+ C+ D) as % of Net Income		Compensation Earned as Employee of the Company or of the Company's Affiliates								(A+B+C+D+E+F+G) as % of Net Income		Other Compensation from non-
		Salary (A)		Pension (B)		Remuneration (C) (Note)		Allowance (D)				Salary, Bonus and special etc.(E)		Pension (F)		Employee Compensation (G) (Note)						
																The Company		Consolidated Entities				
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	Cash	Stock	Cash	Stock	The Company	Consolidated Entities	
Chairman	Chris Lin, Corporate Representative of Linvest Wealth Corp.	0	0	0	0	13,546	13,546	260	260	1.38%	1.38%	5,838	5,838	108	108	0	7,000	0	7,000	1.29%	1.29%	None
Director	Arnold Yu , Corporate Representative of Xian Hua Investment Co., Ltd.																					
Director	Nicholas Lin , Corporate Representative of ATEN Technology Co., Ltd.																					
Director	Nick Chen, Corporate Representative of Avago Technologies International Sales PTE. Limited																					
Director	Luke Chen, Corporate Representative of Linvest Fortune Corp.																					
Director	Ted Tsai																					
Independent Director	Chyan Yang	3,672	3,672	0	0	0	0	150	150	0.38%	0.38%	0	0	0	0	0	0	0	0	0.38%	0.38%	None
Independent Director	Dyi-Chung Hu																					
Independent Director	Robert Lo																					

1 Please describe the policy, system, standards and structure for the remuneration of independent directors, and the correlation with the amount of remuneration paid based on the responsibilities, risks, time commitment, etc.:

The remuneration paid by the Company to its directors consists of directors' salaries, carriage fees and directors' remuneration. Directors' salaries include compensation for serving as directors and functional committees under the Board of Directors, which is paid monthly with reference to the level of industry and the level of operational participation; horse and carriage expenses are paid with reference to the level of industry and are based on the attendance of the Board of Directors at Board meetings; directors' compensation is based on the annual operating performance of the Company and is determined in accordance with the Company's Articles of Incorporation; any profit contribution of not more than 3% is the directors' remuneration, which is approved by the Board of Directors and reported to the shareholders' meeting.

The compensation of directors and employees includes salaries, bonuses and employee compensation, which are determined based on the position held, the responsibilities assumed and the profitability of the Company, with reference to the standard of the same position in the industry.

2. Except as disclosed in the above table, the remuneration received by the directors of the Company for services rendered to all companies included in the financial statements for the most recent year, such as acting as consultants to non-employees.: None.

Note: The proposed amount of directors' remuneration and employee bonuses to be distributed in 2019 is calculated based on the ratio of the actual amount distributed in 2020.

Remuneration Paid to Directors

Remuneration Ranges	Name of Director			
	Total Remuneration (A+B+C+D)		Total Remuneration (A+B+C+D+E+F+G)	
	The Company	Consolidated Entities	The Company	Consolidated Entities
Less than NT$2 million	ATEN Technology Co., Ltd.	ATEN Technology Co., Ltd.	ATEN Technology Co., Ltd.	ATEN Technology Co., Ltd.
NT$1 million to NT$2 million	Chyan Yang Dyi-Chung Hu Robert Lo	Chyan Yang Dyi-Chung Hu Robert Lo	Chyan Yang Dyi-Chung Hu Robert Lo	Chyan Yang Dyi-Chung Hu Robert Lo
NT$2 million to NT$3.5 million	Linvest Wealth Corp. Xian Hua Investment Co., Ltd. Avago Technologies International Sales PTE. Limited Linvest Fortune Corp. Ted Tsai	Linvest Wealth Corp. Xian Hua Investment Co., Ltd. Avago Technologies International Sales PTE. Limited Linvest Fortune Corp. Ted Tsai	Linvest Wealth Corp. Xian Hua Investment Co., Ltd. Avago Technologies International Sales PTE. Limited Linvest Fortune Corp. Ted Tsai Chris Lin	Linvest Wealth Corp. Xian Hua Investment Co., Ltd. Avago Technologies International Sales PTE. Limited Linvest Fortune Corp. Ted Tsai Chris Lin
NT$3.5 million to NT$5 million	None	None	None	None
NT$5 million to NT$10 million	None	None	Luke Chen	Luke Chen
NT$10 million to NT$15 million	None	None	None	None
NT$15 million to NT$30 million	None	None	None	None
NT$30 million to NT$50 million	None	None	None	None
NT$50 million to NT$100 million	None	None	None	None
Above NT$100 million	None	None	None	None
Total	9 (including 5 legal persons)	9 (including 5 legal persons)	11(including 5 legal persons)	11 (including 5 legal persons)

b. Remunerations Paid to President and Vice President

Unit: NT$ 1,000

Title	Name	Salary (A)		Pension (B)		Salaries, bonuses and special expenses (C)		Employee Compensation(D) (Note)				(A+B+C+D) as % of Net Income		Other Compensation from non-subsidiary affiliates
		The Company	Consolidated Entities	The Company	Consolidated Entities	The Company	Consolidated Entities	The Company		Consolidated Entities		The Company	Consolidated Entities	
								Cash	Stock	Cash	Stock			
President	Chris Lin	10,755	10,755	324	324	6,345	6,345	0	20,000	0	20,000	3.72%	3.72%	None
Vice President	Hung-Ju Huang													
Vice President	Luke Chen													
Vice President	Morris Yang													

Note1: The proposed amount of employee bonuses to be distributed in 2019 is calculated based on the ratio of the actual amount distributed in 2020.

Range of remuneration table

Remuneration Ranges	Name of President and Vice Presidents	
	The Company	Consolidated Entities
Less than NT$1 million	None	None
NT$1 million to NT$2 million	None	None
NT$2 million to NT$3.5 million	Chris Lin	Chris Lin
NT$3.5 million to NT$5 million	None	None
NT$5 million to NT$10 million	Hung-Ju Huang, Luke Chen, Morris Yang	Hung-Ju Huang, Luke Chen, Morris Yang
NT$10 million to NT$15 million	None	None
NT$15 million to NT$30 million	None	None
NT$30 million to NT$50 million	None	None
NT$50 million to NT$100 million	None	None
Above NT$100 million	None	None
Total	4 person	4 person

c. Employees' Profit-Sharing bonus paid to Officers

Unit: NT$ 1,000

<table>
<tr><th></th><th>Title</th><th>Name</th><th>Stock Bonus</th><th>Cash Bonus</th><th>Total</th><th>Ratio of total amount to net after-tax profit of entity financial statement (%)</th></tr>
<tr><td rowspan="8">Managerial Officers</td><td>President</td><td>Chris Lin</td><td rowspan="8">30,000</td><td rowspan="8">0</td><td rowspan="8">30,000</td><td rowspan="8">2.99%</td></tr>
<tr><td>Vice President</td><td>Hung-Ju Huang</td></tr>
<tr><td>Vice President</td><td>Morris Yang</td></tr>
<tr><td>Vice President</td><td>Luke Chen</td></tr>
<tr><td>Assistant Manager</td><td>James Yang</td></tr>
<tr><td>Assistant Manager</td><td>Charles Kuan</td></tr>
<tr><td>Assistant Manager</td><td>Craig Kuo</td></tr>
<tr><td>Financial and Accounting Chief Officer</td><td>Tina Chiu</td></tr>
</table>

Note: The proposed amount of employee bonuses to be distributed in 2019 is calculated based on the ratio of the actual amount distributed in 2020.

(4) Analysis of the ratios of the total remuneration of the Company's directors, president and vice president paid over the past two years to the net after-tax profit of the parent company only financial report, explanation of the Company's remuneration policy, standard and combination, establishment of the remuneration procedure, and the correlation with operating performance and future risk:

a. Ratios of total remuneration to the net after-tax profit of the Parent Company only financial reports

Item \ Year	2019	2020
Ratios of total remuneration to the net after-tax profit paid to the directors, president and vice president of the company.	6.09%	5.48%

b. The remuneration policy, standard and combination, establishment of the remuneration procedure and correlation with operating performance and future risk:

The distribution of directors' remuneration is in accordance with the provisions of the Article of Incorporation and is submitted to the shareholders' meeting after the resolution of the Board of Directors has been passed. The remuneration of the General Manager and Vice President consists of salaries, bonuses and employee compensation, which are determined in accordance with the position held, the responsibilities assumed and the profitability of the Company, with reference to the standard of the same position in the industry, reviewed by the Compensation Committee and approved by the Board of Directors.

3. Corporate Governance Report

(1) Operation of the Board :

A total of 5 meetings of the Board of Directors were held in the previous period. The attendance of the directors is as follows:

Title	Name	Attend Attendance	By Proxy	Percentage of Actual Attendance	Remark
Chairman	Chris Lin, Corporate Representative of Linvest Wealth Corp.	5	0	100%	Re- Elected
Director	Arnold Yu, Corporate Representative of Xian Hua Investment Co., Ltd.	5	0	100%	Re- Elected
Director	Nicholas Lin, Corporate Representative of ATEN Technology Co., Ltd.	1	0	100%	Re- Elected <Note1>
Director	Nick Chen, Corporate Representative of Avago Technologies International Sales PTE. Limited	5	0	100%	Re- Elected <Note2>
Director	Luke Chen, Corporate Representative of Linvest Fortune Corp.	5	0	100%	Re- Elected
Director	Ted Tsai	5	0	100%	Elected
Independent Director	Chyan Yang	5	0	100%	Re- Elected
Independent Director	Dyi-Chung Hu	5	0	100%	Re- Elected
Independent Director	Robert Lo	5	0	100%	Elected

Note 1 : ATEN Technology Co., Ltd. had resigned on April 1, 2020.

Note 2 : Avago Technologies International Sales PTE. Limited had resigned on February 26, 2021.

Other Required Notes for the Board Meetings:

1. If any of the following circumstances occur, the dates of the meetings, sessions, contents of motion, all independent directors' opinions and the company's response should be specified:

(1) Matters referred to in Article 14-3 of the Securities and Exchange Act. :

Date of meeting	Meeting	Content of motion	Independent director's opinion	Handles the opinions of independent directors
Mar. 02,2020	6th-term 11th	(1) Approve the employee bonuses to directors, supervisors, and managers 2019	Proposal was approved as proposed	None
		(2) Approve the issuance of new outstanding shares for employee bonuses	Proposal was approved as proposed	None
		(3) Revision of internal control and related regulations	Proposal was approved as proposed	None

Date of meeting	Meeting	Content of motion	Independent director's opinion	Handles the opinions of independent directors
Mar. 02,2020	6th-term 11th	(4) Amendment to Operating Procedures of Outward Loans to Others	Proposal was approved as proposed	None
		(5) Amendment to Operating Procedures of Endorsement/Guarantee	Proposal was approved as proposed	None
		(6) Retroactive handling of public issuance procedures on private placement of common shares	Proposal was approved as proposed	None
May 05, 2020	6th-term 12th	Approval of 2020 Manager's Salary Allocation	Proposal was approved as proposed	None
Aug. 03, 2020	6th-term 13th	Approval of employee bonus to directors and managers	Proposal was approved as proposed	None
Nov. 02, 2020	6th-term 14th	Revision of internal control (internal audit) and related regulations	Proposal was approved as proposed	None

(2) Other matters involving objections or expressed reservations by independent directors that were recorded r stated in writing that require a resolution by the board of directors.： None.

2. If there are directors' avoidance of motions in conflict of interest, the directors' names, contents of motion, causes for avoidance and voting should be specified:

Date of Board of directors	Content of motion	Name of Director	Causes for Avoidance	Voting or Not (Note)
May 05, 2020	Approval of 2020 Manager's Salary Allocation	Chris Lin	Manager's Salary	Not
		Luke Chen	Manager's Salary	Not
Aug. 03, 2020	Approval of employee bonus to directors and managers	Chris Lin	Manager's bonus	Not
		Luke Chen	managers bonus	Not

Note: Directors who are in interest conflict have avoided the discussions and voting.

3. Listed companies should disclose information on the board of directors' self (or peer) assessment cycle and period, the scope, manner and content of the assessment.：

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Content
Annually	2020/1/1~ 2020/12/31	Performance assessment of the board of directors, functional committees and their individual members	Internal self-assessment made by the board of directors, functional committees and their individual members	1. The company's items for measuring the performance assessment of the board of directors include the following aspects: (1)Degree of participation in company operations (2)Improve the quality of decision-making of the board of directors

Assessment Cycle	Assessment Period	Assessment Scope	Assessment Method	Assessment Content
				(3)Composition and structure of the board of directors (4)Selection and appointment of directors and continuous education (5)Internal control 2. The company's items for measuring the performance assessment of the functional committees include the following aspects: (1) Degree of participation in company operations (2) The awareness of duties of the functional committees (3))Improve the quality of decision-making of the functional committees (4) Selection and appointment of the functional committees (5)Internal control 3. The company's items for measuring the performance assessment of directors include the following aspects: (1)Understanding of company goals and missions (2) The awareness of their duties and responsibilities (3) Degree of participation in company operations (4) Internal relation maintenance and communications (5) Election of directors and continued knowledge development (6) Internal control

4. Goals of the current and the recent years to improve the functions of board of directors (such as establishing audit committee, improving the information disclosure) and assessment of the implementation:

(1) Establishment of the Remuneration Committee and Audit Committee: the Company established a Compensation Committee on June 12, 2011 and an Audit Committee on June 11, 2018 to enhance the Board's operation.

(2) Corporate governance operations enhancement: the Company's Board approved "Ethical Corporate Management Best Practice Principles", "Corporate Governance Best Practice Principles" and "Corporate Social Responsibility Best Practice Principles".

(3) Information transparency improvement: the Company's Board previously approved "Procedures for Internal Material Information".

(2) Operation of Audit Committee

Audit Committee held 3 sessions in 2020.

The attendance of the Independent Directors is shown in the following table

Title	Name	Attend Attendance	By Proxy	Percentage of Actual Attendance (%)	Remark
Independent Director	Chyan Yang	3	0	100%	None
Independent Director	Dyi-Chung Hu	3	0	100%	None
Independent Director	Robert Lo	3	0	100%	None

Other Required Notes for the Audit Committee Meeting :

1. The operation of the Audit Committee shall state the date and period of the Board meeting, the content of the motion, the result of the Audit Committee's resolution and the Company's handling of the Audit Committee's opinion, if any of the following circumstances apply:

(1) Matters referred to in Article 14-5 of the Securities and Exchange Act. ：

Date of meeting	Meeting		Content of motion	Any Independent Director had a Dissenting Opinion or Qualified Opinions
Mar. 02, 2020	1th-term	8th	(1) Retroactive handling of public issuance procedures on private placement of common shares	None
			(2) Revision of internal control and related regulations	None
			(3) Amendment to Operating Procedures of Endorsement/Guarantee	None
			(4) Amendment to Operating Procedures of Outward Loans to Others	None
Nov. 02, 2020	1th-term	10th	(1) Matter of 2020 CPA compensation	None

(2) Other resolution which was not approved by the Audit Committee but was approved by two thirds or more of all directors: None.

2. The independent director should state the name of the independent director, the content of the motion, the reasons for the evasion of interest and the circumstances of voting: None.

3. Communications of Independent Directors with internal auditors and CPAs:

(1) Independent Directors and internal auditors regularly communicate with each other among the meetings of Audit Committee and the communication functioned well. Internal auditors present the execution and improvement of audit plan among the meetings. Also, they communicate and exchange ideas to assess internal control effectiveness.

(2) Independent Directors and CPAs regularly communicate with each other among the meetings of Audit Committee. CPAs report the Company’s financial results and fully discuss with Independent Directors on the issues related to financials, taxes, internal control, etc.

(3) Corporate Governance Implementation as Required by the Taiwan Financial Supervisory Commission

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
1. Does the company establish and disclose the Corporate Governance Best-Practice Principles based on "Corporate Governance Best-Practice Principles for TWSE/ Listed Companies"?	V		The Company established the Corporate Governance Best Practice Principles and disclosed them on the Company's website and the Market Observation Post System in accordance with regulations.	None
2. Equity structure and shareholders' equity				None
(1) Does the company establish an internal operating procedure to deal with shareholders' suggestions, doubts, disputes and litigations, and implement based on the procedure?	V		(1) The Company has a spokesperson and acting spokesperson to respond to shareholders' suggestions or questions, and an Investor Relations section is available on the Company's website to handle shareholders' suggestions or disputes	
(2) Does the company possess the list of its major shareholders as well as the ultimate owners of those shares?	V		(2) The Company tracks the shareholdings of directors, officers, and top ten shareholders.	
(3) Does the company establish and execute the risk management and firewall system within its conglomerate structure?	V		(3) The Company has established rules in the Company's Internal Control System and Affiliated Corporations Management.	
(4) Does the company establish internal rules against insiders trading with undisclosed information?	V		(4) The Company has established "Insider Trading policy" with respect to transactions in the Company's securities. This policy prohibits any insider trading and the Company regularly provides internal training on this issue.	
3. Composition and Responsibilities of the Board of Directors				None
(1) Does the Board develop and implement a diversified policy for the composition of its members?	V		(1) The composition of the Company Board of Directors gives due consideration to the knowledge, skills and competencies required to perform its duties, and directors are elected by shareholders.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
(2) Does the company voluntarily establish other functional committees in addition to the Remuneration Committee and the Audit Committee?	V		(2) The Company established a Remuneration Committee and Audit Committee in accordance with regulations.	
(3) Does the company establish a standard to measure the performance of the Board, and implement it annually?	V		(3) The Company has established regulations governing the board performance evaluation and its evaluation method, regularly conducts performance evaluation every year, submits the results of performance evaluation to the board of directors, and bases the determination of remuneration, the election or nomination of an individual director on the evaluation results. The 2019 performance evaluation results of the board and the board members are all "outstanding". Please refer to Board of Directors performance evaluation section disclosed in annual report or the Company's website.	
(4) Does the company regularly evaluate the independence of CPAs?	V		(4) The Company's external auditors belongs to the Taiwanese branch of one of the four major international accounting firms. The external auditors' independence is periodically evaluated, and the Company implements the policy of changing its external auditors every five years.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
4. Does the company established an exclusively (or concurrently) corporate governance unit or personnel to be in charge of corporate governance affairs (including but not limited to furnish information required for business execution by directors, handle matters relating to board meetings and shareholders' meetings according to laws, handle corporate registration and amendment registration, produce (or record?) minutes of board meetings and shareholders meetings, etc.		V	The Company does not establish a dedicated corporate governance unit, and corporate governance affairs are distributed among related units.	None
5. Does the company establish a communication channel and build a designated section on its website for stakeholders (including but not limited to shareholders, employees, customers, suppliers, etc.), as well as handle all the issues they care for in terms of corporate social responsibilities?	V		The Company established an Investor Relations section on our corporate website, as well as a Stakeholders & Employees section under Corporate Social Responsibility, providing a contact mail address to respond to stakeholders.	None
6. Does the company appoint a professional shareholder service agency to deal with shareholder affairs?	V		The Company designated a professional shareholder service agency to deal with shareholder affairs.	None
7. Information Disclosure (1) Does the company have a corporate website to disclose both financial standings and the status of corporate governance?	V		(1) The Company disclose financial business information on its website at https://www.aspeedtech.com (in Chinese and English).	None

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
(2) Does the company have other information disclosure channels (e.g. building an English website, appointing designated people to handle information collection and disclosure, creating a spokesman system, webcasting investor conferences)?	V		(2) The Company has designated personnel for information collection and disclosure, and also has a dedicated spokesperson for regularly holding investor conferences. Related materials of investor conferences (presentations and videos) are available on its website for shareholders and the general public.	
(3) Does the company announce and file annual financial report in two months after fiscal year end? And does the company announce and file quarterly financial report and monthly operations earlier than the regulated date?		V	(3) The Company has announced and filed annual financial reports according to regulation of Securities and Exchange Act. And the Company has announced and filed quarterly reports and monthly operations earlier than regulated date as possible.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
8. Is there any other important information to facilitate a better understanding of the company's corporate governance practices (e.g., including but not limited to employee rights, employee wellness, investor relations, supplier relations, rights of stakeholders, directors' and supervisors' training records, the implementation of risk management policies and risk evaluation measures, the implementation of customer relations policies, and purchasing insurance for directors and supervisors)?	V		(1) Employee rights and concern for employees The Company upholds the philosophy of stable and sustainable business, and takes employee benefits very seriously. In addition to the Employee Welfare Committee established in accordance with the law, the Company makes monthly contributions to the Employee Welfare Fund, which is used to provide the following benefits: Employee trips, cultural and health activities, emergency aid, health exams, and gift certificates for Chinese New Year's. Benefits are also provided for marriage, childbirth, and funerals (condolence money). The Company provides employee education and training, employee stock subscription, and bonuses. Monthly contributions are made for the retirement pension to employees' personal accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act. All measures relating to labor-management relations have been implemented in accordance with relevant laws and regulations, and attained good results (2) Investor relations The Company interacts with all shareholders based on the principle of being fair, just, and open. Besides notifying all shareholders to attend shareholders' meetings, the Company encourages shareholders to actively participate in directors and supervisors' elections, or propose amendments to the Articles of Incorporation. Material financial transactions, such as the acquisition or disposal of assets, endorsements, and guarantees, are all reported to the shareholders' meeting. The Company provides ample opportunity for shareholders to ask questions or make proposals, so as	None

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
			to achieve check of balance. Furthermore, to ensure that shareholders achieve check of balance and to protect their rights to know The Company's material information and participate in decisions, The Company discloses information in accordance with the law and has a spokesperson and acting spokesperson to properly handle shareholders' suggestions, questions, and disputes. (3) Rights of Suppliers and Stakeholders and Customer Policy The Company maintains open channels of communication with banks, customers, suppliers, and other stakeholders, and respects and protects their lawful rights and interests: a. The Company provides sufficient information to its partner banks to help them make the best judgment and decisions regarding The Company's operations and finances. b. The Company has dedicated personnel to respond to customers' questions regarding the Company's products. c. The Company has dedicated personnel for dealing with suppliers, does not have any owed or late payments, and has maintained good relationships with suppliers. d. The Company has a designated spokesperson and acting spokesperson to communicate with shareholders. It also has an external communication hotline for external stakeholders to file complaints and reports with the Company.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
			(4) Continuing education of directors and supervisors: The Company's directors and supervisors all have a professional background, and the Company occasionally provides them with information on continuing education. Please see Note 1 for details on the continuing education of directors and supervisors in 2018. (5) Implementation of risk management policies and risk assessment standards: The Company established various internal regulations in accordance with the law, and established proactive risk management mechanisms. Major risks are immediately identified, assessed, responded to, and reported through risk identification and assessment operations. The impact of the risks on current and future operations is also monitored to ensure the Company's sustainability. (6) Implementation of customer policies: The Company has a customer service management unit that provides customers with services related to the Company's products and answers any questions they may have, thereby maintaining smooth channels of communication with customers. (7) Status of purchase of liability insurance by the company for directors and supervisors: The Company maintains D&O Insurance for its directors and officer.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
9. The improvement status for the result of Corporate Governance Evaluation announced by Taiwan Stock Exchange. The Company continues to make gradual improvements to its corporate governance based on corporate governance evaluation results, including: 1. Disclose the Audit committee and Remuneration committee members and their operations on the company website. 2. Disclose the annual greenhouse gas emissions, water consumption and total waste weight of the past two years on the company website. 3. Establish the performance evaluation method of the board of directors, etc. In the future, the Company will maintain effective corporate governance mechanisms for various aspects of its operations, and it will strengthen the structure and functions of the Board of Directors, increase the transparency of information disclosure, and fulfill its corporate social responsibility.				

Note 1: Directors Profession Enhancement Status：

Title	Name	Date	Host by	Training / Speech title	Hours
Chairman	Chris Lin	Sep. 21, 2020	Taipei Exchange	TPEx "Corporate Governance 3.0-Blueprint for Sustainable Development" seminar	3 hours
		Jul. 29, 2020	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3 hours
Director	Arnold Yu	Oct. 14, 2020	Taiwan Corporate Governance Association	Audit committee establishment and operation	3 hours
		Sep. 03, 2020	Independent Director Association Taiwan	The management strategy and transformation of Taiwanese enterprises from the global political and economic situation	3 hours
Director	Luke Chen	Oct. 20, 2020	Taiwan Corporate Governance Association	Functions of the Board of Directors and Evaluation of Effectiveness	3 hours
		Aug. 25, 2020	Taiwan Corporate Governance Association	Responsibilities of directors and supervisors for false financial reports	3 hours
Director	Ted Tsai	Sep. 23, 2020	Independent Director Association Taiwan	The Impact of Taiwan Fair Trade Law and Global Antitrust Regulations on domestic Enterprises and Case Analysis	3 hours
		Jul. 22, 2020	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3 hours
Director	Nick Chen	Nov. 17, 2020	Taiwan Corporate Governance Association	The latest trend of corporate governance evaluation indicators that directors and supervisors must know-intellectual property management	3 hours
		Aug. 21, 2020	Taiwan Corporate Governance Association	How does the company do a good job in fraud detection and prevention and establish a whistle blowing mechanism to	3 hours

Title	Name	Date	Host by	Training / Speech title	Hours
				strengthen corporate governance	
Independent Director	Chyan Yang	Mar. 12, 2020	Securities and Futures Institute	Analysis and decision-making application of corporate financial information	3 hours
		Feb. 13, 2020	Securities and Futures Institute	Early Warning and Type Analysis of Enterprise Financial Crisis	3 hours
Independent Director	Dyi-Chung Hu	Sep. 21, 2020	Taipei Exchange	TPEx "Corporate Governance 3.0-Blueprint for Sustainable Development" seminar	3 hours
		Jul. 22, 2020	Taiwan Academy of Banking and Finance	Corporate Governance and Corporate Sustainability Workshop	3 hours
Independent Director	Robert Lo	Dec. 04, 2020	Taiwan Corporate Governance Association	The latest trend of corporate social responsibility and sustainable development	3 hours
		Sep. 01, 2020	Taiwan Corporate Governance Association	Innovation, digital technology and competitive advantage	3hours

(4) Operation of the Company's Remuneration Committee

a. Member of Remuneration Committee:

Title	Criteria / Name	With five or more years of experience and the following professional qualification			Independence Status (Note)										Number of Companies also Serves as Independent Director for Note	Remark
		An instructor or higher position in a department of commerce, law, finance, accounting, or other academic department related to the business needs of the company in a public or private junior college, college or university	A judge, public prosecutor, attorney, certified public accountant, or other professional or technical specialists who has passed a national examination and been awarded a certificate in a profession necessary for the business of the company	Work experience in business, law, finance, accounting or others related to company activity	1	2	3	4	5	6	7	8	9	10		
Independent Director	Chyan Yang	✓		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	3	None
Independent Director	Dyi-Chung Hu			✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None
Independent Director	Robert Lo		✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	0	None

Note: Directors or Supervisors with a "✓ sign meet the following criteria:

(1) Not an employee of the Company or any of its affiliates.

(2) Not a director or supervisor of the Company's affiliates. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)
(3) Not a natural-person shareholder who holds shares, together with those held by the person's spouse, minor children, or held by the person under others' names, in an aggregate amount of 1% or more of the total number of outstanding shares of the Company or ranking in the top 10 in holdings.
(4) A spouse, a relative within the second degree of consanguinity, or an immediate blood relative within the third degree of consanguinity, who is not the manager listed in (1) or the spouse, a relative within the second degree of consanguinity, or an immediate blood relative within the third degree of consanguinity of the person listed in (2) or (3).
(5) A director, supervisor or employee of a corporate shareholder who does not directly hold more than 5% of the Company's total outstanding shares, who holds the top five shares or who has appointed a representative as a director or supervisor in accordance with Article 27, paragraph 1 or 2, of the Company Act. (Except where the Company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of the Company in conjunction with each other under this Act or local national laws and regulations.)
(6) A director, supervisor or employee of another company controlled by the same person who holds more than half of the directorships or voting rights of the shares of that company. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)
(7) A director, supervisor or servant of another company or organization not being the same person or spouse as the chairman, general manager or equivalent of the company. (Except where the company and its parent company, subsidiaries or subsidiaries of the same parent company serve as independent directors of each other under this Law or local laws and regulations.)
(8) Not a director, supervisor, officer, or shareholder holding 5% or more of the shares, of a specified company or institution which has a financial or business relationship with the Company. (Unless a particular company or organization holds more than 20%, but not more than 50%, of the total number of issued shares of the company, and the company and its parent, subsidiary or subsidiary of the same parent are independent directors of each other under this Law or local laws and regulations).
(9) Professionals, sole proprietors, partners, directors, supervisors, managers and their spouses who do not provide business, legal, financial, accounting or other related services to companies or affiliates that are not audited or have received compensation in an aggregate amount not exceeding NT$500,000 in the last two years. However, this does not apply to members of the Compensation Committee, the Public Mergers and Acquisitions Committee or the Special Committee on Mergers and Acquisitions, who perform their duties under the Securities and Exchange Act or the relevant laws and regulations of the Business Mergers and Acquisitions Act.
(10) Not been a person of any conditions defined in Article 30 of the Company Law.

b. Remuneration Committee Meeting Status

Ⅰ. There are 3 members in the Remuneration Committee.

Ⅱ.The terms of this section of Remuneration Committee: June 11, 2018 to May 29, 2021. A total of 2 Remuneration Committee meetings were held in 2020. The attendance record of the Remuneration Committee members was as follows:

Title	Name	Attend in person	By Proxy	Attendance Rate (%)	Note
Convener	Chyan Yang	2	0	100%	Re-Elected
Member	Dyi-Chung Hu	2	0	100%	Re-Elected
Member	Robert Lo	2	0	100%	Elected

Other Required Remarks for Remuneration Committee:

1. In order to improve corporate governance and strengthen the functions of the board of directors, the Remuneration Committee assists directors to implement and evaluate the remuneration of company's directors and managers.
2. In cases the Board doesn't adopt or revise Remuneration Committee's proposals, the Company shall list date/number of the Board meeting, agenda, the Board's resolution and the Company's response to Remuneration Committee's proposal: None.
3. In cases Remuneration Committee members have dissenting opinions or qualified opinions against the resolution and recorded with notes in paper, the Company shall list date, number of the Remuneration Committee meeting, agenda, all members' opinion and the follow-up of the members' opinion: None.
4. The content of the motion, the result the Remuneration Committee's resolution and the Company's handling of the Remuneration Committee 's opinion:

Meeting	Content of motion/Opinion/Handles the opinions of all members
May 5, 2020 4^{th}-term 7th	1. Established Evaluation Measures for the Performance of the Board of Directors Approved as proposed and reported to the Board of Directors for resolution 2. Approval of 2020 Manager's Salary Allocation Approved as proposed and reported to the Board of Directors for resolution
Aug. 3, 2020 4^{th}-term 8th	1. Approval of 2020 employee bonus to directors and managers Approved as proposed and reported to the Board of Directors for resolution

(5) Status of Fulfilling Corporate Social Responsibility

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
1. Does the company conduct risk assessments of environmental, social and corporate governance issues related to the company's operations considering the materiality principle, and establish relevant risk management policies or strategies?	V		The Company will pursue corporate sustainability and profitability while fulfilling its corporate social responsibility in accordance with the principle of materiality, emphasizing the rights and interests of its stakeholders, environmental, social and corporate governance issues, and incorporating them into its management policies and operational activities in order to achieve the goal of sustainable management.	None
2. Does the company establish exclusively (or concurrently) dedicated first-line managers authorized by the board to be in charge of proposing the corporate social responsibility policies and reporting to the board?	V		The Company's General Administration Department is responsible for overall planning and promotion of corporate social responsibility. However, all other departments have the duty of assisting with the fulfillment of corporate social responsibility.	None
3. Sustainable Environment Development (1) Does the company endeavor to utilize all resources more efficiently and use renewable materials which have low impact on the environment? (2) Does the company establish proper environmental management systems based on the characteristics of their industries?	 V V		 (1) The Company established an environmental management system and management procedures based on industry characteristics, and implements the system and procedures in accordance with regulations. The Company has also acquired for ISO 14001 qualification. (2) The Company is a professional IC design company that reduces environmental pollution through eco-friendly design concepts and simplified product structures.	None

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
(3) Does the company assess the potential risks and opportunities of climate change for the company now and in the future, and take measures to respond to climate-related issues?	V		(3) The Company monitors the impact of climate change on business operations and implements energy conservation, water conservation, and recycling during daily operations to reduce damage to the ecosystem.	
(4) Does the company collect statics in the greenhouse gas emissions, water consumption and total weight of waste in past two years, and formulate policies on energy conservation and carbon reduction, greenhouse gas reduction, water consumption or other waste management?	V		(4) The company uses the data provided by the utility bills to calculate greenhouse gas emissions and water consumption for statistics, and promotes policies to save water and electricity. Due to the company's industrial characteristics, the company only produces general waste, so the promotion of waste classification is strengthened to reduce the generation of general waste.	
4. Preserving Public Welfare				None
(1) Does the company formulate appropriate management policies and procedures according to relevant regulations and the International Bill of Human Rights?	V		(1) The Company complies with labor-related laws and regulations to fully protect legitimate rights and interests of employees. The Company's personnel regulations all comply with the Labor Standards Act, and are executed in accordance with provisions of the Work Rules to protect employees' rights and interests. Work-related matters of employees are handled by dedicated personnel.	
(2) Does the company establish and implement reasonable employee benefits measures (including remuneration, vacation and other benefits, etc.), and reflect operating performance or results in employee compensation appropriately?	V		(2) The Company's remuneration are combined with employee performance appraisal system and corporate social responsibility. Relevant reward and punishment systems are also specified, and promoted through regular and irregular meetings, so that employees can understand and actively participate in corporate social responsibility work.	
(3) Does the company provide a healthy and safe working environment and organize	V		(3) The General Administration Department is responsible for providing a safe and healthy work	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
training on health and safety for its employees on a regular basis?			environment to employees. The department arranges annual health exams and management for active employees, special health exams for employees that carry out special operations (operations involving lead), and offers safety and health education events and information for employees.	
(4) Does the company provide its employees with career development and training sessions?	V		(4) The Company provides internal and external training for different specializations to enrich employees' professional skills. The Company also encourages employees to evaluate their own interests, skills, values and goals, and communicate their intentions with managers to plan their future careers.	
(5) Does the company establish any consumer protection mechanisms and appealing procedures regarding research development, purchasing, producing, operating and service?	V		(5) The Company established operating procedures for customer complaints to show its concern and immediately handle customer complaints, striving to achieve customer satisfaction.	
(6) Does the Company formulate a supplier management policy that requires suppliers to follow relevant regulations on environmental protection, occupational safety and health, or labor rights, and how well are those policies implemented?	V		(6) When selecting suppliers, the company will assess whether they have a history of impacting the environment and society, and at the same time select suppliers with ISO9001, ISO14001 and ISO45001 certification. If a supplier is found to be involved in a violation of its corporate social responsibility policy or has a significant impact on the environment and society, it will consider temporarily or terminating its business dealings.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
5. Does the company prepare CSR reports to disclosure corporate non-financial information with reference to the general international reporting standards or guidelines? Has the CSR report obtained the third-party assurance?		V	The company has not yet prepared a CSR report. The Company discloses CSR related information on its website, the Market Observation Post System, annual reports, and prospectuses.	None
6. If the Company has established the corporate social responsibility principles based on “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”, please describe any discrepancy between the Principles and their implementation: The Company has set up a corporate social responsibility policy and the practices are in accordance with “the Corporate Social Responsibility Best-Practice Principles for TWSE/TPEx Listed Companies”.				
7. Other important information to facilitate better understanding of the company’s corporate social responsibility practices: (1) Implementation status of employee rights and concern for employees: For a description, please refer to "5. Labor-Management Relations" under V. Operational Highlights. (2) Human rights: The Company does not hire child labor, and has established Work Rules in accordance with the Act of Gender Equality in Employment and the Employment Service Act. The Company also established Ethical Corporate Management Best Practice Principles and Procedures for Ethical Management and Guidelines for Conduct. (3) Work-life balance: The Company implements an unpaid parental leave system, and provides family-care leaves, parental leaves, menstrual leaves, travel subsidies, and periodic health exams. (4) The Company has purchased D&O insurance for directors and supervisors.				

(6) Ethical Corporate Management

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
1. Establishment of ethical corporate management policies and programs				None
(1) Does the company declare its ethical corporate management policies and procedures in its guidelines and external documents, as well as the commitment from its board to implement the policies?	V		(1) The Company has established the Code of Ethics and Business Conduct (the "Ethics Code") and Guidelines for Conduct to require that each employee bears a heavy personal responsibility to uphold APSEED's ethics value. The Board of Directors and managers manage the Company based on the principle of integrity.	
(2) Does the Company establish a risk assessment mechanism against unethical conduct, analyze and assess on a regular basis business activities within their business scope which are at a higher risk of being involved in unethical conduct, and establish prevention programs accordingly, which at least covers activities stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies?	V		(2) The Company has established the Ethics Code and Guidelines for Conduct and its ethical corporate management policy to prevent the directors, the manager, and employees from engaging in any of actives stated in Article 2, Paragraph 7 of the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies or other operating activities with highly-unethical risk. And the Company has announced them to employees.	
(3) Does the company clearly adopt the operating procedures, guidelines, punishment for violations and appeal system and implement it, and regularly review and revise the plan?	V		(3) In accordance with the Ethics Code and Guidelines for Conduct, the Company is required to evaluate the party's lawfulness, ethical corporate management policy, and	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
			whether it has any unethical conduct records before establishing business relationships. The purpose is to ensure that the party does business in a fair and	
2. Fulfill operations integrity policy				None
(1) Does the company evaluate business partners' ethical records and include ethics-related clauses in business contracts?	V		(1) In accordance with the Ethics Code and Guidelines for Conduct, the Company should immediately terminates its business relationship with parties that are found to have engaged in unethical conduct, and blacklists the parties.	
(2) Does the company establish an exclusively (or concurrently) dedicated unit supervised by the Board to be in charge of corporate integrity on a regular basis (at least once a year)?	V		(2) The Company's General Administration Department is responsible for the promotion and execution of ethical corporate management, which reports unethical conduct, its handling method, and subsequent review of improvement measures to the Board of Directors.	
(3) Does the company establish policies to prevent conflicts of interest and provide appropriate communication channels, and implement it?	V		(3) If there are any conflicts of interest, the Company's employees can report it to their direct supervisor or directly report it to the supervisors of the General Administration Department.	
(4) Has the company established effective systems for both accounting and internal control to facilitate ethical corporate management, and are they	V		(4) The Company formulate an internal auditing plan; the internal auditor carries out audits according to the auditing plan, and special	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
audited by either internal auditors or CPAs on a regular basis? (5) Does the company regularly hold internal and external educational trainings on operational integrity?	V		audits are arranged under special circumstances. (5) The Company informs and helps employees clearly understand its ethical corporate management philosophy and standards during regular and irregular meetings.	
3. Operation of the integrity channel (1) Does the company establish both a reward/punishment system and an integrity hotline? Can the accused be reached by an appropriate person for follow-up?	V		(1) Employees can report unethical conduct to their direct supervisor or the supervisors of the General Administration Department via telephone, e-mail or in person, and dedicated personnel at the General Administration Department are responsible for handling the report.	None
(2) Does the company establish standard operating procedures for confidential reporting on investigating accusation cases?	V		(2) The Company currently does not have operating procedures for handling reported unethical conduct. However, documents and materials related to reports are all deemed classified documents, and all personnel that handle the report are responsible for maintaining the confidentiality of the process they partake in.	
(3) Does the company provide proper whistleblower protection?	V		(3) The Company is responsible for maintaining the confidentiality of whistleblowers, and does not take any inappropriate actions against them.	

Assessment Item	Implementation Status			Reason for No implementation
	Yes	No	Summary Description	
4. Enhancing information disclosure Does the company disclose its ethical corporate management policies and the results of its implementation on the company's website and MOPS?	V		The Company's the Ethics Code are disclosed on its website and the Market Observation Post System.	None
5. If the company has established the ethical corporate management policies based on "the Ethical Corporate Management Best-Practice Principles for TWSE/TPEx Listed Companies", please describe any discrepancy between the policies and their implementation. The Company has established Code of Ethics and Business Conduct and Guidelines for Conduct. There is no discrepancy between the Ethics Code, including its affiliate policies and procedures, and its implementation.				
6. Other important information to facilitate a better understanding of the company's ethical corporate management policies (e.g., review and amend its policies): (1) Prohibition of offering or accepting improper benefits. (2) Public announcement of the ethical corporate management policy. (3) Explanation of the ethical corporate management policy to business partners.				

(7) Corporate governance best-practice principles shall be disclosed.

The Company's Board of Directors approved the Corporate Governance Best Practice Principles, Ethical Corporate Management Best Practice Principles, and Organizational Rules for the Remuneration Committee on March 14, 2012, and disclosed relevant information on the Market Observation Post System and the Company website.

(8) Other Important Corporate Governance Information：None.

(9) Status of the Internal Control System Implementation:

a. Declaration of Internal Control

Statement of Declaration of Internal Control

Date: March 8, 2021

Based on the findings of a self-assessment, ASPEED Technology Inc. (ASPEED) states the following with regard to its internal control system during the year 2020:

1. ASPEED's board of directors and management are responsible for establishing, implementing, and maintaining an adequate internal control system. Our internal control is a process designed to provide reasonable assurance over the effectiveness and efficiency of our operations (including profitability, performance and safeguarding of assets), reliability, timeliness, transparency of our reporting, and compliance with applicable rulings, laws and regulations.
2. An internal control system has inherent limitations. No matter how perfectly designed, an effective internal control system can provide only reasonable assurance of accomplishing its stated objectives. Moreover, the effectiveness of an internal control system may be subject to changes due to extenuating circumstances beyond our control. Nevertheless, our internal control system contains self-monitoring mechanisms, and ASPEED takes immediate remedial actions in response to any identified deficiencies.
3. ASPEED evaluates the design and operating effectiveness of its internal control system based on the criteria provided in the Regulations Governing the Establishment of Internal Control Systems by Public Companies (herein below, the Regulations). The criteria adopted by the Regulations identify five key components of managerial internal control: (1) control environment, (2) risk assessment, (3) control activities, (4) information and communication, and (5) monitoring activities. Each criteria further contains several items. For more information on the abovementioned items, please refer to the Regulations.
4. ASPEED has evaluated the design and operating effectiveness of its internal control system according to the aforesaid criteria.
5. Based on the findings of such evaluation, ASPEED believes it can reasonably assure that the design and implementation of its internal control system as of December 31, 2019 (including supervision and management of subsidiaries), including the effectiveness and efficiency in operation, reliability, timeliness and transparency in financial reporting, and compliance with relevant regulatory requirements, have reasonably and efficiently achieved the aforementioned objectives.
6. This statement is an integral part of ASPEED's annual report for the year 2019 and prospectus, and will be made public. Any falsehood, concealment, or other illegality in the content made public will entail legal liability under Articles 20, 32, 171, and 174 of the Securities and Exchange Act.
7. This Statement was passed by the Board of Directors Meeting of the Company held on March 8, 2021, with none of the 7 attending Directors expressed dissenting opinions, and the remainder all affirming the content of this Statement.

ASPEED Technology Inc.

Chairman: Chris Lin

President: Chris Lin

b. Disclose the Review Report of Independent Auditors if They are Retained for Reviewing the Internal Control System: None.

(10) Reprimand on the Company and its Staff in Violation of Laws, or Reprimand on its Employees in Violation of Internal Control System and Other Internal Regulations, Major Shortcomings and Status of Correction: None.

(11) Important resolutions adopted in shareholders' meetings and Board of Directors meetings in the past year and up to the date of report:

a. Major Resolution of the Shareholders' meeting and Implementation status

The Company's 2020 annual shareholders' meeting was held in Hsinchu on May 19, 2020. The following proposals were approved during the shareholders' meeting:

Major Resolution	Implementation status
Acknowledgement Items Adoption of 2019 business report and Financial statements	Approved
Proposed Resolutions (1) Amendments to the Company's " Article of Incorporation" (2) Amendments to the Company's "Rules of Procedure for Shareholders Meetings" (3) Amendments to the Company's "Operating Procedures of Outward Loans to Others" (4) Amendments to the Company's "Operating Procedures of Endorsement/Guarantee"	(1) Approved. (2) Approved (3) Approved (4) Approved

b. Major Resolution of the Board Meetings

During the 2020 calendar year and as of the printing date of this annual report, major resolutions approved at these meetings are summarized below:

Date	Meeting		Major Approvals
Mar 02, 2020	6th-term	11th	(1) Approve the Company's 2019 financial statements.
			(2) Approve the Company's 2019 business report.
			(3) Approve the distribution of employee bonuses and Board remuneration in 2019.
			(4) Approve the 2019 earnings distribution.
			(5) Approve the issuance of new outstanding shares for employee bonuses.
			(6) Approve the 2019 Internal Control System Statement.
			(7) Revision of the Internal Control System Procurement Cycle Internal Control Process and Approval Authority Table.

Date	Meeting		Major Approvals
			(8) Amendments to the Company's “Article of Incorporation”.
			(9) Amendment to “Rules of Procedure for Shareholders Meetings”.
			(10) Amendment to “Operating Procedures of Outward Loans to Others”.
			(11) Amendment to “Operating Procedures of Endorsement/Guarantee”.
			(12) Approval of a Supplemental Public Offering of the Company's Private Placement of Ordinary Shares.
			(13) Matter of 2020 shareholder general meeting agenda.
May 05, 2020	6th-term	12th	(1) Approve the establishment of the Company’s “Evaluation of Performance of the Board of Directors”.
			(2) Approval of 2020 Bank Application for Credit Facility.
			(3) Matter of appointing management personnel.
			(4) Approval of 2019 Manager's Salary Allocation.
Aug. 03, 2020	6th-term	13th	(1) Approve the Cancellation of 2016 New Restricted Employee Shares.
			(2) Approve of 2020 employee bonus to directors and managers.
Nov. 02, 2020	6th-term	14th	(1) Revision of Sales and Collection Cycle Internal Control (Internal Audit) Process and Regulations Governing the Preparation of Financial Reports.
			(2) 2020 audit plan.
Dec. 18, 2020	6th-term	15th	Approve the Company's 2021 financial budget.
Mar. 08, 2021	6th-term	16th	(1) Approve the Company's 2020 business report.
			(2) Approve the Company's 2020 financial statements.
			(3) Approve the distribution of employee bonuses and Board remuneration in 2020.
			(4) Approve the 2020 earnings distribution.
			(5) Approve the issuance of new outstanding shares for employee bonuses.
			(6) Approve the 2020 Internal Control System Statement
			(7) Approve the Cancellation of 2019 New Restricted Employee Shares.
			(8) Matter of appointing certified accountant for 2021.
			(9) Amendment to “Rules of Procedure for Shareholders Meetings”.
			(10) Approve the 7th Election and nomination of Directors.

Date	Meeting		Major Approvals
Mar. 08, 2021	6th-term	16th	(11) Approve the removal of restrictions on competition for new directors and their representatives
			(12) Matter of 2021 shareholder general meeting agenda.

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

(13) Resignation of Personnel Related to Financial Statement Preparation in 2019 to the Printing Date of this Report: None.

4. Information Regarding the Company's Independent Auditors:

(1) Information on Audit Fees:

Accounting Firm	Name of CPA		Period Covered by CPA's Audit	Remarks
Deloitte & Touche	Ming Hui Chen	Yi-Shin Kao	2020	

Amount brackets \ Services with a fee		Audit fee	Non-Audit fee	Total
1	Less than NT$2 million		V	
2	NT$ 2 million to NT$ 4 million	V		V
3	NT$ 4 million to NT$ 6 million			
4	NT$ 6 million to NT$ 8 million			
5	NT$ 8 million to NT$ 10 million			
6	Above NT$10 million			

(2) The Company shall disclose the following items under any one of the following circumstances:

1 Non-audit fee paid to auditors, the audit firm and its affiliates accounted for more than one-fourth of total audit fee: None.

2 Replaced the audit firm and the audit fee paid to the new audit firm was less than the payment of previous year: None.

3 Audit fee reduced more than 10% year over year: None.

5. Replacement of Independent Auditors in the Last Two Years and Thereafter:

In compliance with regulatory requirements on rotation of Deloitte & Touche, the engagement partner Ming Hui Chen was replaced by MingYuan Chung starting from 2021. The co-signing partner remains to be Yi-Shin Kao.

(1)Former CPAs

<table>
<tr><td>Date of change</td><td colspan="3">Jan. 01, 2021</td></tr>
<tr><td>Reasons and Explanation of Changes</td><td colspan="3">In compliance with regulatory requirements on rotation of CPA firm</td></tr>
<tr><td rowspan="3">State whether the Appointment is Terminated or Rejected by the Consignor or CPAs</td><td>Client
Status</td><td>CPA</td><td>Consignor</td></tr>
<tr><td>Appointment terminated automatically</td><td>Not available</td><td>Not available</td></tr>
<tr><td>Appointment rejected (discontinued)</td><td>Not available</td><td>Not available</td></tr>
<tr><td>The Opinions other than Unmodified Opinion Issued in the Last Two Years and the Reasons for the Said Opinions</td><td colspan="3">None</td></tr>
<tr><td rowspan="7">Is there any disagreement in opinion with the issuer</td><td rowspan="5">Yes</td><td></td><td>Accounting principle or practice</td></tr>
<tr><td></td><td>Disclosure of financial statements</td></tr>
<tr><td></td><td>Auditing scope or procedures</td></tr>
<tr><td></td><td>Others</td></tr>
<tr><td></td><td></td></tr>
<tr><td>No</td><td colspan="2"></td></tr>
<tr><td colspan="3">Explanation：Not available</td></tr>
<tr><td>Supplementary Disclosure (Disclosures Specified in Article 10.6.1.4~7 of the Standards)</td><td colspan="3">None</td></tr>
</table>

(2)Successor CPAs

Accounting Firm	Deloitte & Touche
CPA	MingYuan Chung and Yi-Shin Kao
Date of Engagement	Approved by Board of Directors on Mar. 08, 2021
Prior to the Formal Engagement, Any Inquiry or Consultation on the Accounting Treatment or Accounting Principles for Specific Transactions, and the Type of Audit Opinion that Might be Rendered on the Financial Report	None
Written Opinions from the Successor CPAs that are Different from the Former CPA's Opinions	None

(3) The Reply of Former CPAs on Article 10.6.1 and Article 10.6.2.3 of the Standards: None.

6. The Company's Chairman, President or managers in charge of finance or accounting has been under current audit firm or its affiliates' employment in 2020: None.

7. Changes in shareholding of directors, supervisors, officers and major shareholders holding more than 10% shares for the preceding year to the date of printing of this annual report:

(1) Net Changes in Shareholding

Unit: Shares

<table>
<tr><th rowspan="2">Title</th><th rowspan="2">Name</th><th colspan="2">2020</th><th colspan="2">2021 up to March 30</th></tr>
<tr><th>Net Change in Shareholding</th><th>Net Change in Shares Pledged</th><th>Net Change in Shareholding</th><th>Net Change in Shares Pledged</th></tr>
<tr><td>Chairman</td><td>Linvest Wealth Corp Representative–Chris Lin</td><td rowspan="2">0</td><td rowspan="2">450,000</td><td rowspan="2">0</td><td rowspan="2">0</td></tr>
<tr><td>Major shareholder with 10% or more shares</td><td>Linvest Wealth Corp</td></tr>
<tr><td>Director</td><td>Xian Hua Investments Co., Ltd. Representative–Arnold Yu</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
<tr><td>Director</td><td>Linvest Fortune Corp. Representative–Luke Chen</td><td>0</td><td>0</td><td>0</td><td>0</td></tr>
</table>

Title	Name	2020		2021 up to March 30	
		Net Change in Shareholding	Net Change in Shares Pledged	Net Change in Shareholding	Net Change in Shares Pledged
Independent Director	Chyan Yang	0	0	0	0
Independent Director	Dyi-Chung Hu	0	0	0	0
Independent Director	Robert Lo	0	0	0	0
President	Chris Lin	0	0	0	0
Vice President	Hung-Ju Huang	(47,658)	0	0	0
Vice President	Luke Chen	(14,658)	0	(3,000)	0
Vice President	Morris Yang	114	0	0	0
Assistant Manager	James Yang (Note 1)	(369)	0	0	0
Assistant Manager	Charles Kuan	(200)	0	3,042	0
Assistant Manager	Craig Kuo	0	0	0	
Financial Manager	Tina Chiu	(2,759)	0	0	0
Acting Spokesperson	Li-Li Wu	(731)	0	0	0
Audit Senior Manager	Jinny Chiu	(288)	0	(50)	0
Director	ATEN Technology Co., Ltd. Representative–Nicholas Lin resigned on April 1, 2020.	(206,000)	0	0	0

(2) Trade with Related Party: None.

(3) Pledge with Related Party:

Unit: Shares, %

Name	Reasons	Date of change	Counterparty	Relationship	Shares	Shareholding %	Pledge%
Linvest Wealth Corp	Pledge	Feb. 03,2020	Yuanta Financial Holding Co., Ltd	Director of ASPEED Technology	450,000	13.92%	9.42%

8. Top 10 Shareholders Who are Related Parties to Each Other:

March 30, 2021; Unit: shares, %

Top 10 Shareholders	Shareholding		Shareholding under Spouse and Minor		Shareholding under 3rd Party		Top 10 Shareholder who are Related Parties to Each Other		Remark
	Shares	%	Shares	%	Shares	%	Name	Relationship	
Linvest Wealth Corp	4,775,524	13.92%	0	0%	0	0%	Linvest Fortune Corp.	Chris Lin is the only director of both companies	None
Representative – Chris Lin	355,510	1.04%	0	0%	0	0%	None	None	None
Avago Technologies International Sales Private Limited Company Investment Account under the custody of CTBC Bank	2,022,000	5.89%	0	0%	0	0%	None	None	None
Standard Chartered Bank in custody for St. James's Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc.	1,364,680	3.98%		0%	0	0%	None	None	None
Cathay Life Insurance Co., Ltd.	1,231,810	3.59%	0	0%	0	0%	None	None	None
Representative – Hong-Tu Tsai	0	0%	0	0%	0	0%	None	None	None
HSBC in custody for Swedbank Robur Global Fund	1,200,000	3.50%	0	0%	0	0%	None	None	None
HSBC in custody for Swedbank Robur Tech Fund	1,200,000	3.50%	0	0%	0	0%	None	None	None
JPMorgan Chase Bank in Custody for JPMorgan Fund	1,148,334	3.35%	0	0%	0	0%	None	None	None
JPMorgan Chase Bank in Custody for Nordea 1 Emerging Stars Equity Fund.	1,121,880	3.27%	0	0%	0	0%	None	None	None
Linvest Fortune Corp.	1,074,884	3.13%	0	0%	0	0%	Linvest Wealth Corp	Chris Lin is the only director of both companies	None
Representative – Chris Lin	355,510	1.04%	0	0%	0	0%	None	None	None
HSBC in Custody for Calvert International Opportunities fund	878,029	2.56%	0	0%	0	0%	None	None	None

9. Long-Term Investment Ownership:

As of December 31, 2020; Unit: 1,000 shares, %

Long-Term Investments	Investments by the Company (1)		Investments Directly or Indirectly Controlled by Directors and Managers of the Company (2)		Total Investment (1)+(2)	
	Shares	%	Shares	%	Shares	%
ASPEED Technology (Samoa) Inc.	1,550	100%	—	0%	1,550	100%
ASPEED Technology (U.S.A.) Inc.	—	0%	1,000	100%	1,000	100%
ASPEED Technology India Private Limited	35	1%	3,465	99%	3,500	100%
Cupola360 Inc.	1,500	100%	—	0%	1,500	100%

Note: The Investees refer to the investments accounted for using the equity method.

IV. Capital and Shares

1. Capital and Shares

(1) Capitalization

Unit: 1,000shares / NT$ 1,000

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2013.05	10	30,000	300,000	23,334	233,340	Cash addition in the amount of NT$23,360 thousand	None	Note 1
2013.09	10	30,000	300,000	23,800	238,007	Capital surplus in the amount of NT$4,667 thousand	None	Note 2
2013.10	10	30,000	300,000	23,862	238,617	Issuance of restricted stock award in the amount of NT$610 thousand	None	Note 3
2014.05	10	30,000	300,000	23,907	239,067	Issuance of restricted stock award in the amount of NT$450 thousand	None	Note 4
2014.07	10	30,000	300,000	23,897	238,967	Retirement of restricted stock in the amount of NT$100 thousand	None	Note 5
2014.08	10	30,000	300,000	26,287	262,874	Capital surplus in the amount of NT$23,907 thousand	None	Note 6
2014.12	10	30,000	300,000	26,309	263,094	Issuance of restricted stock award in the amount of NT$220 thousand	None	Note 7
2014.12	10	30,000	300,000	26,296	262,959	Retirement of restricted stock in the amount of NT$135 thousand	None	Note 8
2015.08	10	50,000	500,000	31,672	316,720	Retained earnings and employee dividends in the amount of NT$53,762 thousand	None	Note 9
2016.08	10	50,000	500,000	31,788	317,881	Employee compensation in the amount of NT$1,161 thousand	None	Note 10
2016.12	10	50,000	500,000	31,818	318,181	Issuance of restricted stock award in the amount of NT$300 thousand 0	None	Note 11
2017.01	10	50,000	500,000	33,840	338,401	Private placement in the amount of NT$20,220 thousand	None	Note 12

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2017.06	10	50,000	500,000	33,836	338,361	Retirement of restricted stock in the amount of NT$40 thousand	None	Note 13
2017.06	10	50,000	500,000	33,942	339,418	Employee compensation in the amount of NT$1,057 thousand	None	Note 14
2017.11	10	50,000	500,000	33,938	339,378	Retirement of restricted stock in the amount of NT$40 thousand	None	Note 15
2018.02	10	50,000	500,000	33,974	339,738	Issuance of restricted stock award in the amount of NT$360 thousand	None	Note 16
2018.08	10	50,000	500,000	34,045	340,446	Employee compensation in the amount of NT$707 thousand	None	Note 17
2018.11	10	50,000	500,000	34,065	340,656	Issuance of restricted stock award in the amount of NT$210 thousand	None	Note 18
2019.03	10	50,000	500,000	34,058	340,584	Retirement of restricted stock in the amount of NT$72 thousand	None	Note 19
2019.08	10	50,000	500,000	34,161	341,618	Employee compensation in the amount of NT$1,034 thousand	None	Note 20
2019.08	10	50,000	500,000	34,156	341,568	Retirement of restricted stock in the amount of NT$50 thousand	None	Note 21
2019.09	10	50,000	500,000	34,184	341,848	Issuance of restricted stock award in the amount of NT$280 thousand	None	Note 22
2020.02	10	50,000	500,000	34,215	342,158	Issuance of restricted stock award in the amount of NT$310 thousand	None	Note 23
2020.03	10	50,000	500,000	34,224	342,248	Issuance of restricted stock award in the amount of NT$90 thousand	None	Note 24

Year Month	Issue price	Authorized Capital		Paid-in Capital		Remarks		
		Shares	Amount	Shares	Amount	Source of Capital	Issuing shares for assets other than cash	Others
2020.08	10	50,000	500,000	34,320	343,200	Employee compensation in the amount of NT$976 thousand and Retirement of restricted stock in the amount of NT$24 thousand	None	Note 25
2021.03	10	50,000	500,000	34,316	343,155	Retirement of restricted stock in the amount of NT$45 thousand	None	Note 26

Note 1: Science Park Administration, approval letter No. 1020013768.
Note 2: Science Park Administration, approval letter No. 1020026873.
Note 3: Science Park Administration, approval letter No. 1020032385.
Note 4: Science Park Administration, approval letter No. 1030013318.
Note 5: Science Park Administration, approval letter No. 1030021928.
Note 6: Science Park Administration, approval letter No. 1030024741.
Note 7: Science Park Administration, approval letter No. 1030035249.
Note 8: Science Park Administration, approval letter No. 1030035249.
Note 9: Science Park Administration, approval letter No. 1040024074.
Note 10: Science Park Administration, approval letter No. 1050023327.
Note 11: Science Park Administration, approval letter No. 1050035128.
Note 12: Science Park Administration, approval letter No. 1060000930.
Note 13: Science Park Administration, approval letter No. 1060015391.
Note 14: Science Park Administration, approval letter No. 1060017298.
Note 15: Science Park Administration, approval letter No. 1060031378.
Note 16: Science Park Administration, approval letter No. 1070005193.
Note 17: Science Park Administration, approval letter No. 1070023699.
Note 18: Science Park Administration, approval letter No. 1070034305.
Note 19: Science Park Administration, approval letter No. 1080007259.
Note 20: Science Park Administration, approval letter No. 1080023054.
Note 21: Science Park Administration, approval letter No. 1080024268.
Note 22: Science Park Administration, approval letter No. 1080027357.
Note 23: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933071290.
Note 24: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933120630.
Note 25: Central Region Office, Ministry of Economic Affairs, approval letter No. 10933473570.
Note 26: Central Region Office, Ministry of Economic Affairs, approval letter No. 11033140200.

As of March 30, 2021; Unit: shares

Type of Shares	Authorized capital		
	Outstanding	Un-Issued	Total
Common stock	34,315,534	15,684,466	50,000,000

(2) Composition of Shareholders

As of March 30, 2021; Unit: shares/%

Type of Shareholders	Government Agencies	Financial Institutions	Other Juridical Persons	Foreign Institutions &Persons	Individuals	Total
Number of Shareholders	0	8	55	299	1,685	2,047
Shareholding	0	1,803,510	7,344,904	22,222,987	2,944,133	34,315,534
Holding Percentage	0.00%	5.26%	21.40%	64.76%	8.58%	100.00%

(3) Distribution of Shareholding

a. Distribution of Common Stock:

As of March 30, 2021; Unit: shares/%

Common Share Shareholder Ownership	Number of Shareholders	Shareholding	Shareholding ratio (%)
1-999	1,197	73,240	0.21%
1,000-5,000	561	965,109	2.81%
5,001-10,000	66	502,213	1.46%
10,001-15,000	33	433,873	1.26%
15,001-20,000	23	405,281	1.18%
20,001-30,000	21	525,102	1.53%
30,001-50,000	43	1,763,923	5.14%
50,001-100,000	42	2,853,380	8.32%
100,001-200,000	35	4,807,848	14.01%
200,001-400,000	11	3,335,638	9.72%
400,001-600,000	4	1,882,527	5.49%
600,001-800,000	1	750,259	2.19%
800,001-1,000,000	1	878,029	2.56%
1,000,001 shares or more	9	15,139,112	44.12%
Total	2,047	34,315,534	100.00%

b. Distribution of Preferred Stock: None.

(4) Major Shareholders

As of March 30, 2021; Unit: shares

Shareholding / Shareholder	Shareholding	%
Linvest Wealth Corp.	4,775,524	13.92%
Avago Technologies International Sales Pte.Ltd Private Limited Company Investment Account under the custody of CTBC Bank	2,022,000	5.89%
Standard Chartered Bank in custody for St. James's Place Emerging Markets Equity Unit Trust - Wasatch Advisors Inc.	1,364,680	3.98%
Cathay Life Insurance Co., Ltd.	1,231,810	3.59%
HSBC in custody for Swedbank Robur Global Fund	1,200,000	3.50%
HSBC in custody for Swedbank Robur Tech Fund	1,200,000	3.50%
JPMorgan Chase Bank in Custody for JPMorgan Fund	1,148,334	3.35%
JPMorgan Chase Bank in Custody for Nordea 1 Emerging Stars Equity Fund.	1,121,880	3.27%
Linvest Fortune Corp	1,074,884	3.13%
HSBC in Custody for Calvert International Opportunities fund	878,029	2.56%

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

Unit: NT$ / 1,000shares

Year / Item			2019	2020	2021 up to March 30
Market Price Per Share	Highest		1,005.00	1,860.00	2,265.00
	Lowest		504.00	875.00	1,625.00
	Average		713.58	1,224.28	1,902.04
Book Value Per Share	Before Distribution		77.03	87.52	Note 4
	After Distribution		55.01	61.52	Note 4
Earnings Per Share	Weighted Average Shares		34,075	34,192	Note 4
	EPS		24.39	29.38	Note 4
Dividends Per Share	Cash Dividends		22.00	26.00	Note 4
	Stock Dividends	—	—	—	Note 4
		—	—	—	Note 4
	Accumulated Undistributed Dividend		—	—	Note 4
Return on Investment	Price/Earnings Ratio (Note 1)		29.26	41.67	Note 4
	Price/Dividend Ratio (Note 2)		32.44	47.09	Note 4
	Cash Dividend Yield (Note 3)		3.08%	2.12%	Note 4

Note 1: Price/Earnings Ratio = Average Market Price / Earnings Per Share

Note 2: Price/Dividend Ratio = Average Market Price / Cash Dividends Per Share

Note 3: Cash Dividend Yield = Cash Dividends Per Share / Annual Average Market Price

Note 4: Not applicable.

(6) Dividend Policy and Status

1. Dividend Policy:

   Pursuant to Article 28-1 of the Articles of Incorporation, the Company's dividend policy is to allocate not less than 10% of its distributable earnings to shareholders' dividends each year, taking into account current and future development plans, the investment environment, capital requirements, domestic and foreign competition, and shareholders' interests, but not less than 50% of its paid-in capital.

2. Proposal to Distribute 2020 Profits

   The Board adopted a proposal for 2020 profit distribution as follows:

   Cash dividends to common shareholders from retained earnings is NT$ 892,203,884, or NT$ 26.00 per share of cash to common shareholder. The proposal is subject to shareholders' approval at the Annual Shareholders' Meeting. The Chairman will then determine an ex-dividend date.

(7) Effect of 2020 Share Dividends to Operating Performance and EPS: None.

(8) Employee profit sharing bonus and Director/Supervisor remuneration

a. The ratios or scope of the employee profit sharing bonus and director's remuneration in the Company's Articles of Incorporation:

   Pursuant to Article 28 of the Articles of Incorporation, if the Company has any annual profit left, it shall allocate no less than 8% of the profit for employee's compensation sharing bonus. Qualification requirements of employees, including the employees of parents or subsidiaries of the company meeting certain specific requirements, entitled to receive shares or cash in accordance with the Board of Directors shall determine. The Board of Directors may allocate no more than 3% of the profit for director remuneration. Employees' compensation and remuneration to directors' distribution reports shall be submitted to the shareholders' meetings. However, the Company's accumulated losses shall have been covered (if any), and then allocate employee compensation and remuneration to director from the balance according to the ratio in the preceding Paragraph.

b. The estimation of the current year's employee profit sharing bonus and directors' remuneration, profit sharing bonus distributed in the form of shares

   The Company estimates employee bonuses and Board remuneration according to the ratio within the range required by the Company's Articles of Incorporation. If there is any difference between the amount resolved by the board of directors and the estimated amount, and the difference is not significant, or if there is any variance between the distributed amount and estimated amount, the difference will be deemed change of accounting estimation and recognized as next year's profit or loss. There was no major deviation of the amount of employee bonuses and Board remuneration approved by the Board of Directors on March 8, 2021 from the amount recognized in 2020 as described below:

Unit: NT$

Item	Board Resolution
Employee Compensation – Stock	108,366,705
Remuneration of Directors & Supervisors– Cash	13,545,836

Note: The number of shares issued for employee bonuses is calculated based on the closing price on the business day preceding the Board meeting.

Distributions of employee shares that amount to less than one full share will be made in cash.

c. Status of board of directors' adoption of employee compensation/ remuneration distribution

(I) The proposed amount of employee compensation and directors remuneration paid in cash was NT$ 0 and NT$ 3,545,836, respectively.

(II) The proposed amount of employee compensation to be paid in stocks was NT$108,366,705, which accounts for 10% of the sum of after-tax net profit and employee compensation for the current period.

(III) Earnings per share after the proposed employee compensation and directors remuneration was calculated at NT$29.25.

(IV) The distribution of the previous year's employee compensation and directors' remuneration. If there is any difference between the distributed amount and the estimated amount, the variance, reason and handling status shall be disclosed: There was no such discrepancy.

d. Distribution of employee compensation and directors remuneration in the previous year:

Unit: NT$

Item	2019			
	Distributed amount	Estimated amount	Difference	Reason and treatment for differences
Employee Compensation	92,361,000	92,361,000	-	N/A
Remuneration of Directors & Supervisors	11,140,167	11,140,167	-	N/A

(9) Repurchase of Company Shares: None.

2. Status of Corporate Bonds: None.

3. Status of Preferred Stocks: None.

4. Status of GDR/ADR: None.

5. Status of Employee Stock Option Plan:

(1) Employee stock options that have not matured yet: None.

(2) Names of managerial officers and top ten employees with respect to number of shares subscribable and subscribable amounts reaching NT$30 million, and their subscription of shares up to the annual report publication date: None.

6. Status of New Employee Restricted Stock Issuance

(1) Issuance of New Restricted Employee Share

Types of New Restricted Employee shares	1st time	2nd time	3rd time	4th time	5th time	6th time	7th time	8th time	9th time	10th time
Date of Effective Registration	Sep. 4, 2013	Sep. 4, 2013	Aug. 7, 2014	Jun. 25, 2015	Jul. 22, 2016	Jul. 3, 2017	Jul. 7, 2018	Jul. 10, 2019	Jul. 10, 2019	Jul. 10, 2019
Issue date	Oct. 8, 2013	Apr. 25, 2014	Nov. 19, 2014	None	Dec. 5, 2016	Feb. 5, 2018	Nov. 12, 2018	Sep. 10, 2019	Feb. 5, 2020	Mar. 2, 2020
Number of New Restricted Employee Shares Issued	61,000 shares	45,000 shares	22,000 shares	None	30,000 shares	36,000 shares	21,000 shares	28,000 shares	31,000 shares	9,000 shares
Issue price(NT$)	NT$0	NT$0	NT$0	None	NT$0	NT$0	NT$0	NT$0	NT$0	NT$0
New Restricted Employee Shares as a Percentage of Shares Issued	0.18%	0.13%	0.06%	None	0.09%	0.11%	0.06%	0.08%	0.09%	0.03%
Vesting Conditions of New Restricted Employee Shares	The percentage of shares distributed to employees at each of the following time points after receiving restricted share awards, provided that the employee is still an active employee and meets performance conditions that were agreed upon, is as follows: Serving for 1 full year: 10% Serving for 2 full years: 10% Serving for 3 full years: 40% Serving for 4 full years: 40%									
Restrictions Right of New Restricted Employee Shares	1. After employees are distributed new shares and before the restricted shares meet the vesting conditions, except for being inherited, the new restricted employee shares may not be sold, mortgaged, transferred, pledged, or disposed of using any other methods. 2. The custodian institution attends, makes proposals, speaks, and votes during shareholders' meetings according to the trust agreement.									
Custody Status of New Restricted Employee Shares	The shares will be handed over to a trustee during the restricted period specified in the vesting conditions.									
Measures to be Taken When Vesting Conditions are not Met	Recalling and cancellation.									

Types of New Restricted Employee shares	1st time	2nd time	3rd time	4th time	5th time	6th time	7th time	8th time	9th time	10th time
Number of New Restricted Employee Shares that have been Redeemed or Bought Back	23,500 shares	4,000 shares	0 shares	None	6,400 shares	7,200 shares	5,000 shares	0 shares	4,500 shares	0 shares
Number of Released New Restricted Employee Shares	37,500 shares	41,000 shares	22,000 shares	None	23,600 shares	17,600 shares	3,200 shares	2,800 shares	3,100 shares	900 shares
Number of Unreleased New Restricted Shares	0 shares	0 shares	0 shares	None	0 shares	11,200 shares	12,800 shares	25,200 shares	23,400 shares	8,100 shares
Ratio of Unreleased New Restricted Shares to Total Issued Shares (%)	0%	0%	0%	None	0%	0.03%	0.04%	0.07%	0.07%	0.02%
Impact on possible dilution of shareholdings	Dilution to original shareholders' holding is limited.			None	Dilution to original shareholders' holding is limited.					

(2) List of Executives Receiving New Restricted Employee Shares and the Top Ten Employees with New Restricted Employee Shares

Title	Name	No. of New Restricted Shares	New Restricted Shares as a Percentage of Shares Issued	Released (Note 1)				Unreleased			
				No. of Shares	Issued Price (NT$)	Amount (NT$ thousands)	Released Restricted Shares as a Percentage of Shares Issued	No. of Shares	Strike Price (NT$)	Amount (NT$ thousands)	Unreleased Restricted Shares as a Percentage of Shares Issued
Manager and Employee	Vidin Liu (Note 2.) Charles Kuan Morris Yang James Yang	44,000	0.10%	(16,600)	0	0	0.05%	27,400	0	0	0.08%
Employees	Tim Liu Lands Chen Brandon Chen Vincent Huang Lena Chou Steven Lin Joe Lin Will Chou Keng-yen Huang Joppa Tsao Andre Chen (Note 3.) Winston Liu CK Lin Dylan Hung Artiz Huang Joe Wang Chia Wei Wang Jerry Ku Xavier Lee	111,000	0.32%	(57,700)	0	0	0.17%	53,300	0	0	0.16%

	Jason Liao										
	Julian Hsiao(Note 3.)										

Note 1: Includes shares that were canceled.
Note 2: Resigned on Feb. 27, 2019, and no longer has to disclose his share information since then.
Note 3: Resigned on Jul. 31, 2019, and no longer has to disclose his share information since then.
Note 4: Resigned on May.15, 2020, and no longer has to disclose his share information since then.
Note 5: Resigned on Feb.08, 2021, and no longer has to disclose his share information since then.

7. Status of News Shares Issuance in Connection with Mergers and Acquisitions: None.

8. Financing Plans and Implementation: Not applicable.

V. Business Activities

1. Business Scope

(1) Business Scope

a. The Main Business Activities of the Company

Design, develop, produce, manufacture and market the following products:

(I) Multimedia IC

(II) Computer peripherals IC

(III) High-end consumer electronics IC

(IV) Patent and services of the above-mentioned products

b. Revenue Breakdown

Unit: NT$1,000

Category \ Year	2019		2020	
	Amount	%	Amount	%
Multimedia IC	2,327,708	93.70%	2,900,494	94.68%
Computer peripherals IC	155,337	6.25%	155,963	5.09%
Other	1,250	0.05%	7,095	0.23%
Total	2,484,295	100.00%	3,063,552	100.00%

c. The Company's current products (services)

Name of main products	Purpose
Multimedia IC	ASPEED Server Management product lines are designed to enrich the basic feature set with 2D graphic controller, hardware monitoring capabilities, and iKVM function. Customer can select and implement from our Graphics & Remote Management Processors to best fit their design needs.
Computer peripherals IC	Our core technology includes display over IP, USB over IP and audio over IP. With our core technologies, we are able to support PC Extensions for application scenario such as PC-to-TV, PC centralization for Internet Cafe, and Enterprise PC over IP.
High-end consumer electronics IC	Applied to video conferencing and live broadcast devices.

d. Plans for the development of new products (services)

ASPEED Technology Inc. accumulated long term experiences for BMC development and relationships with customers. Feedbacks and requests from customers helped us to develop a comprehensive, high performance and high security 7th generation BMC chip. There are some whole new features in next generation BMC chip: Hardware Elliptic Curve Cryptography (ECC) and RSA engine, hardware root of trust engine, TruzeZone bus controller, Security memory management, cache parity check. At the same time, the firmware supports are also enriched, like OpenBMC and UEFI GOP driver etc.

I. Cupola360 smart conference system, including the AST1220 and the Studio software, is based on the exclusive chip to form a multi-camera stitched surround view camera, which is connected to the host by USB or wirelessly, and executes AI algorithms on the host for people detection and tracking of meeting attendee. By referring to the source angle of speaker, combined with Studio, can select a specific person's face and compose a desired layout dynamically, and output the video stream to the cloud video conferencing platform.

II. AST1220 provides panoramic image and audio processing capability, supports multiple inputs of high resolution CMOS image sensors (CIS), and includes real-time image stitching algorithm and low-latency architecture to generate panoramic 360-degree images. AST1220 integrates partners' audio DSP to realize beamforming technology and supports far-field voice processing and direction of arrival (DOA).

(2) Industry Outlook

a. Industry Status and Trends

An overview of industries related to the Company's main products is provided below:

(I) Semiconductor Market

2020 was an extremely challenging year for individuals and companies throughout the world, but according to SEMICON Report, global semiconductor revenue totaled $442 billion in 2020, increase 6.5% compared to the 2019 total of 412.3 billion. Not only was there a recovery in both DRAM and NAND Flash semiconductor; but also COVID-19 had created new opportunities for the industry. The accelerated pace of global digitalization brought on by the pandemic had resulted in a surge in many new areas which semiconductor play an important part. Computing systems such as PC and servers grew 10.0% in 2020. Work from home as well as study from home increased corporate and consumer market purchase power. Not only that, employees and students went from centralized work or school to individualization also increased tremendous computing needs, thus telco as well as corporate IT department were more aggressive to increase IT spending. IDC also forecast computing relating semiconductor spending will continues into 2021. Taiwan Semiconductor sector growth in 2020 had an outstanding 20.7% growth value over NT$3 trillion (US$107 billion). In 2020, Taiwan had become the world's second-largest semiconductor production center in the world.

Semiconductor demand and sales revenue were forecasted to increase, however because Covid-19 global pandemic, TrendForce revised down from growth to decline.

(II) Multimedia IC

COVID-19 had created new opportunities for the semiconductor industry. The acceleration of global digitalization due to pandemic resulted in massive increase in streaming; an increase in data generate and also increase in smart terminal devices all drive and expand data center cloud demand. This result in shipment growth in 2020 were a lot better compare to 2019. With launch in Intel new platform in 2021, and the increase in 5G penetration, the demand for data center computing and storage will continue to drive the server demand. DIGITIMES Research believes that in the next five years, driven by public cloud services, high-performance computing (HPC), AI applications, and 5G telecom data center will have a compound annual growth rate (CAGR) of 6.7% from 2020 to 2025. Among them, large-scare public could companies will continue to deploy server infrastructure as the main driving force for growth. The pandemic has created a new normal, activities such as home office or remote learning/teaching online business and other needs will come the new norm in the future.

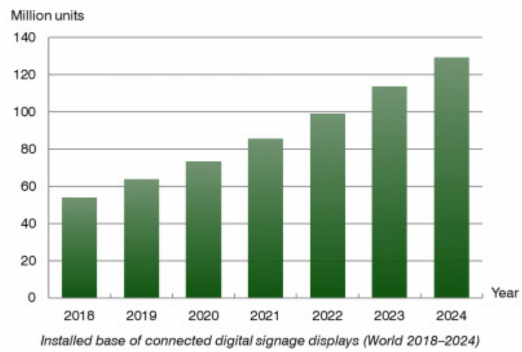
Figure 1: Global Data Center Server Market

(III) Computer peripherals IC

Digital signage had become increasingly important in the many areas such as airport, stations, retail shops, shopping malls, commercial building, government buildings, drugstores, supermarkets, movie theaters and etc. The demand in the advertising market continues to drive the market, allowing digital signage to grow rapidly. From approximate over 4 millions shipment in 2016 to 10 millions units by 2020. At a 5-year compound annual growth rate of 20.59%. Among them, indoor digital signage accounts for about 62% of shipment.

The retail industry has gradually entered the era of smart retail with smart digital signage solutions. Including the use of cameras to add facial recognition functionality to image analysis to assist retailers. This provides more effective control of information to increase sales, better product information and etc..

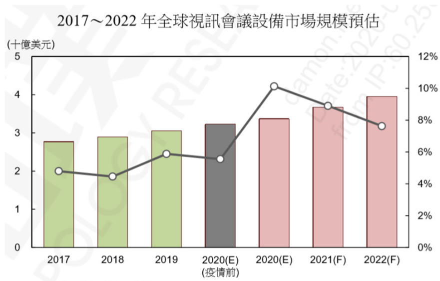
Figure 2: Global server shipment statistics and estimates



(IV) High-end consumer electronics IC

The value of the global video conferencing market exceeded US$3 billion in 2019. In 2020, the global impact of COVID-19 has spawned strong demand for video conferencing. Although various agencies and organizations will reduce or freeze budgets for personnel travel and marketing activities, they will still strengthen their investment in video conferencing to maintain organizational operations. After the epidemic slows down, video conferencing will also have a great opportunity to replace physical meetings and become the new normal in the future. According to the report of the Taiwan Topology Industry Research Institute, the global video conferencing equipment market has grown steadily from about 5%, and will rise significantly in 2020, with a growth rate exceeding 10% to USD 3.37 billion, and maintaining a certain level for the next two years. The growth potential is approaching US$4 billion in 2022. We observed the overall development trend of the video conferencing market:

Figure 3: Global Video Conference Equipment Market Forecast



Source：拓墣產業研究院，2020/05

1. The rapid rise of cloud video conferencing services
   With the rise and growth of cloud services, the number of vendors in the video software/platform field has also increased. In addition to global large cloud platform vendors such as AWS, Google, and Microsoft, emerging vendors such as Zoom have also attracted attention. Device manufacturers have also noticed the emergence of the markets "to the cloud" and collaboration needs, launching product lines of cloud video conferencing equipment, and starting to support cloud software. On the other hand, with the popularization of personal electronic communication devices and networks, the focus of the video conferencing market has now shifted from highly centralized system to cloud video conferencing services based on a distributed architecture.
2. Demand for portable video conferencing equipment is growing rapidly
   In response to the new normal of business operations after the pandemic, office and remote work will coexist, which means a more flexible work style. In terms of operating costs, many companies select not to purchase office buildings, instead, they tend to decentralize employees in coworking spaces or multiple small offices. Therefore, employees may need better computers and more conveniently portable video conferencing hardware equipment.
3. Large-angle video conferencing equipment meets the shrinking trend of meeting room space
   More and more companies are adopting more open office layouts. These companies adopt the design of a large number of fragmented space meeting rooms (Huddle Room) to facilitate teamwork. Many companies have even begun to divide large conference rooms into small conference rooms to make better use of office space. According to the Frost & Sullivan market report, it is estimated that by 2022, huddle rooms will replace almost 70% of all meeting rooms.

b. Infrastructure of the Semiconductor Industry

The relationships among upstream, midstream and downstream suppliers in Taiwan's Semiconductor industry are shown in the table below. Generally the upstream is represented by fellow fabless IC design companies, midstream is represented by wafer foundry companies, and downstream is represented by various IC packaging and testing service providers.

Operation Stages	Processes	Definition	Basis for classification	Scope
Upstream	IC Design	Specializes in IC design and R&D but is not involved in IC manufacturing.	IC Design	Engages in design and outsources a portion of production to wafer foundry services.
Midstream	IC Manufacturing	Specializes in the establishment of production lines	Wafer Foundry	ODM for ICs.
			Memory manufacturing	DRAM, Flash, SRAM, ROM, etc.

Operation Stages	Processes	Definition	Basis for classification	Scope
		in foundries and provides IC manufacturing services.		
Downstream	IC Packaging	Outputs functional signals from the IC through a carrier and protects the IC from damage.	Lead frame Packaging	Packaging that uses lead frames, such as DIP, SOP, QFP, etc.
			Substrate Packaging	Packaging that uses substrates, such as BGA, etc.
			FPC Packaging	Packaging that uses FPCs, such as COF, TCP, etc.
	IC Testing	After wafer fabrication is completed, testing instruments verify whether products are non-defective in two stages, before and after packaging, respectively.	Wafer Testing	A probe is used to test grains before wafer dicing and packaging.
			Product Testing	After IC packaging, IC function, speed, tolerance, power consumption, and heat diffusion testing are all part of product testing.

Source: Industrial Technology Research Institute of Taiwan, R.O.C. IEK, May 2012

Taiwan's semiconductor industry has a fully developed system with multiple companies that specialize in each link of production, such as: design tools, IC design, wafer materials, silicon wafers, mask production, IC manufacturing, packaging, lead frames, testing, and peripheral support. As a result of industry boom in recent years, the verticalization approach in the Semiconductor IC manufacturing industry involving various corporations has made up a complete ecosystem in our country in building a more comprehensive, professional and quality-driven supply chain.

c. Product Development Trends and Market Competition

The Company is a professional IC design house that mainly designs and sells Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Therefore, changes in the supply and demand of industries that use terminal applications of the Company's products are as follows:

(I) Multimedia IC

The development of BMC SoCs must give due consideration to specification changes in the industry, such as changes in the specifications of different generation CPUs and chipsets made by Intel and AMD, DRAM specifications (such as DDR2 and DDR3), the development of display interface specifications (such as PCI and PCIe), integration of peripheral parts, and the convenience requirements of end users on servers. The Company mainly designs and sells BMC SoCs with three major functions, namely 2D VGA, BMC, and KVMoIP. The products are mainly sold to domestic and overseas server design and manufacturing companies. The Company closely follows industry standards and the organizations which set them when planning products, thus being able to accurately determine market demand for immediate development. The Company plans next generation ICs based on Intel's plans for new generation platforms, and its operating risks are thereby reduced.

Currently, the major global players are ASPEED, Nuvoton Technology Corporation and Renesas Electronics Corporation. ASPEED Technology and Nuvoton Technology are currently the only competitors in the market. Over 80% of server motherboards worldwide are designed and manufactured by Taiwanese suppliers. The Company's design team is located in Taiwan, in the same region where server suppliers are located, and is thus able to rapidly provide technical support, reduce the amount of time required for discussing technologies with customers, and achieve quick product release into the market.

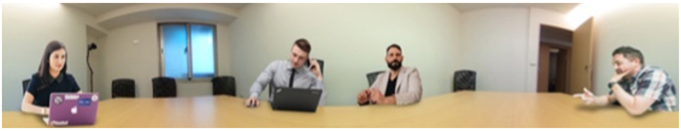
(II) Computer peripherals IC

Solutions for PC & Audio/Video Extension SoCs currently in the market include analog transmission, digital transmission, and packet transmission. The main goals are long-distance transmission and signal stability. Users do not need to specially calibrate their signals due to the environment, and product portfolios that can achieve one-to-many or many-to-many have expanded the scope of its application. The Company specializes in digital transmission and packet transmission technologies, which have been patented in Taiwan and the U.S. The technologies offer excellent performance in effectively reducing image lag, and using a standard network transmission interface to transmit audio and video without any distance limits.

The Company designs and sells the compressor and transmitter chips for A/V extensions. These chips are an important component of extensions, and are generally divided into transmitting and receiving ends, with each end requiring one chip. There are also combinations of one transmitter chip with multiple receptor chips or multiple transmitter chips with multiple receptor chips. The Company uses the same chips on both ends to simplify customers' inventory management. The Company specializes in development of digital transmission and packet transmission technologies. These technologies first compress video and audio, and then transmit them to a receiving end 100 m or farther away through a network cable. Furthermore, the Company's chips can also transmit data via USB interface to the receiving end. This is the greatest difference between the Company's products and competitors.

(III) High-end consumer electronics IC

Video conferencing equipment on the market mostly uses single fisheye lens or double back-to-back fisheye lens to achieve the effect of 360-degree panoramic view. In addition to the high cost of fisheye lens, there is also the problem of low effective pixels at the edge of the lens. The AST1220 has the ability to process image distortion correction and stitching correction at the same time. It is not only suitable for processing the above single fisheye lens and double fisheye lens distortion correction, but also has the ability to stitch multiple wide-angle lenses. The stitching of multiple wide-angle lenses solves the pain points faced by products that use fish-eye lenses. In addition to saving costs and avoiding fish-eye lens edge quality problems, the vertical viewing angle of the wide-angle lens is more suitable for meeting room scene applications.



Company / Items	Cupola360 VC Solutions	OWL Lab Meeting OWL/PRO	Kaodao Meeting 360
Price (USD)	299	999	699
Product Launch	2021Q1	2020Q1	2020Q1
Technology / service comparison			
Video Resolution	Best	OK	OK
SoC	AST1220	QCS605	QCS605
Portable	Very handy	Bulky	Bulky
AI Feature	Rich, Post processed by pc software	Simple, processing in device	Simple, processing in Device
Price	Low	High	High
Others	The chip, lens module, stitching technology, production calibration equipment, and Studio software are all self-developed by ASPEED	The first to be launched on the market, American brand, holds related video conferencing patents.	Pioneer of Chinese brands, with advantages in China's local market.

(3) Technology and R&D

a. R&D Spending:

Unit: NT$1,000

Item Year	2019	2020
R&D expenditures	382,851	477,233

b. Successful R&D Technologies or Products

Important technologies and products successfully developed by ASPEED Technology are as follows:

Year	R&D Achievements	Description
2015	ISP Image Sensor Processing Technology	Image Signal Processing Technology
2016	AST1620 4K PC/USB extension controller	PC & USB 4K Extension Controller
2017	AST1220 360 6 CAM Processor	Real-time 6 Lenses 360 Degree Camera Image Processor
	MIPI D-PHY interface controller	MIPI Interface Control Technology
2018	AST2500 7th Generation Server Management Controller	7th Generation BMC
	ARM multi-core bus interface controller	ARM multi-core bus interface controller
	Hardware ECC crypto engine	Hardware ECC crypto engine for new crypto technology
	Hardware Root of Trust Technology	Hardware Root of Trust Technology to improve system security
	360 Camera APP	To enrich 360 camera product lines
2019	Security OTP Memory Management	For Root of Trust technology
	Trust Zone Bus Controller	For trusted bus management
	AST1530/AST1620 8K PC/AV Extension Controller	For next generation 8K extension
	Cupola360 Image Post Processing	Algorithm for functions Stabilizer、Stitching、Lighting、WDR、
	360 Stitching Calibration Fixture	360 stitching calibration fixture design
	Sensor/ISP Calibrated Tools	Camera sensor/ISP calibration tools design
	UVC/UAC Protocols	USB Video/Audio Class
	Image Adaptive FOV	Adaptive FOV algorithm
	360 Video Conference F/W, VxD, App	S/W to enable video conference product
	Individual EV, Adaptive EV	EV algorithm and setting
	ePTZ Technology	Digital PTZ application
	360 Dash Cam F/W，App	S/W to enable dash cam DVR
2020	Hardware ECDSA384 engine	For digital signature algorithm
	Platform Firmware Resiliency	For platform protection
	New 2D Noise Reduction	For image quality improvement
	New ISP De-mosaic	For image quality improvement
	High Performance Stitching Engine	Support 2x stitching engine performance improvement
	Color Difference Compensation for Stitching Engine	For stitching quality improvement
	MIPI TX Controller	MIPI TX Controller
	USB3.0 Controller	USB3.0 Controller

Year	R&D Achievements	Description
2020	I3C Controller	I3C Controller
	Cupola360 Studio Software	Software development
	In-Camera dynamic image composition	API development in F/W
	In-Camera AI SoC for Face Detection	Integrate with 3rd party AI chipset to enable face detection
	In-Camera Beamforming/ DoA	Integrate with 3rd party audio DSP to enable speaker tracking
	IQ Preference Setting for Vendors Customized, -> IQ preset and IQ Tuning Tool	IQ tuning tool
	GAIA Calibration and Manufacture Support	Camera calibration tool
	Hyperion algorithm development for camera jig assembly correction	Camera calibration tool
	TITAN facility development for stitching quality verified and camera color re-calibrated.	Camera calibration tool

(4) Long- and Short-Term Business Development Plans

In response to future industry developments and trends in the overall economic environment, the Company formulates various plans for its future business direction to enhance its competitiveness. The Company's long-term and short-term business development plans are summarized below:

a. Short-Term Business Development Plan

(I) Product strategy:

(a) Multimedia IC

Closely follow industry standards and the organizations which set them when planning products to accurately determine market demand for technology development; next generation ICs are planned based on Intel's new generation platforms. Increase the breadth and depth of technologies at a faster pace to provide a diversified product line.

Besides maintaining existing customers, continue to develop new customers to increase the market share of products. Continue to improve current product processes to raise the barriers to entry.

(b) Computer peripherals IC

Adopt a spanning tree protocol, develop applications for video walls and digital signage, and use a serial structure to improve the spanning tree and increase use scenarios. The second generation product is currently the only 4K2K over IP solution in the market.

(c) High-end consumer electronics IC

"Cupola360" technology brand promotion: In recent years, European and American semiconductor technology companies have launched a technology brand strategy to obtain the mind share of end users in order to enhance product technology adoption and brand value-added effects. In the promotion of this video conferencing product, ASPEED Technology also launched the "Cupola360" technology brand strategy. In the future, we will reach an agreement with customers to jointly promote "Powered by Cupola360" on the end product and software.

(II) Sales and Marketing Strategies

(a) Server products with different functions satisfy the needs of different customers, and the Company offers the full array of VGA only, BMC only, to high-end product lines with complete functions. Products are developed to meet the specific needs of different customers to build stable, long-term partnerships.

(b) The rise of data centers has increased demand on entry level servers and increased the importance of such products in the product portfolio.

(c) Regarding the marketing of products and services, we will leverage supply chain optimization of lens modules, the highly integrated video and audio system and the intelligent AI software to provide a complete turnkey solution to our customers. Customers can greatly shorten the time from product concept to mass production. The cycle time to develop various value-added and differentiated applications on the software development kit (SDK) can be significantly shorted. ASPEED Technology has established a global Cupola360 ecosystem with high-quality manufacturers and software and hardware partners. Moreover, we seek every possibility to increase our revenue more than hardware. The Studio software is aimed to become a new revenue stream in the near future.

b. Long-Term Business Development Plan

(I) Product Development

Expand the field of application for core technologies, and develop new application products to develop new product lines, new customers, and increase the market share of current products.

(II) Sales and Marketing Strategies

(a) Strengthen the Company's systems and organizational performance, improve the sales management system, and establish a global technical cooperation and service network.
(b) Nurture professional marketing talent, build stronger customer relations, and closely monitor changes and development trends in the product application market.
(c) Gradually attain higher market share in the international market through joint development or strategic alliances with first tier multinational corporations.

2. Market, Production and Sales Outlook
(1) Market Analysis
a. Sales by Region of Major Products and Services

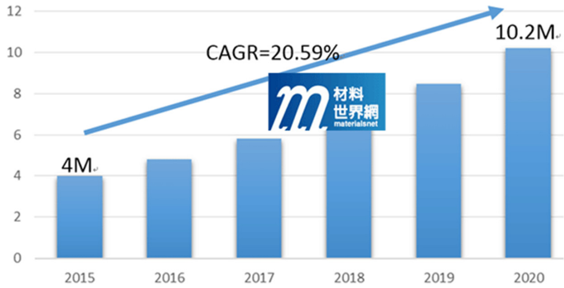
Unit: NT$1,000

Region \ Year		2019		2020	
		Amount	%	Amount	%
Domestic sales		985,081	39.65%	1,416,487	46.24%
Exports	Asia	1,086,059	43.72%	1,149,189	37.51%
	Europe and America	413,155	16.63%	497,876	16.25%
Total		2,484,295	100.00%	3,063,552	100.00%

b. Market share
According to the Market Intelligence & Consulting Institute (MIC) the output value of Taiwan's fabless IC design industry was estimated at NT$ 3.22 trillion in 2020. Estimating based on the Company's 2020 operating income of approximately NT$ 3.63 billion, ASPEED Technology has about 0.09% market share in Taiwan's fabless IC design market. Rough estimates of the market share of each product are as follows:
(I) Multimedia IC
According the 2020 statistics of Digitimes, the total number of servers shipped worldwide was 15.5 million in 2020. Every motherboard needs at least one BMC, so the total number of BMCs shipped worldwide in 2020 was about 15.5 million. The Company shipped 11.2 million BMCs in 2020, so our market share was about 72%.
(II) Computer peripherals IC
According to IEK (Industrial Technology Research Institute), demand in stadiums, upgrade in the train stations, vending machines, indoor and outdoor panels will continue to drive the growth of digital signage solution. Visual and interactive solution especially facial recognition will be one of the important key factor to adopt digital signage.
With the rise of IoT and Big Data, the retail industry has gradually entered the era of smart retail, including the use of digital electronic signage, integrated

IoT with AI systems, camera and facial recognition for analysis. Retailers will invest in digital signage throughout 2020, both in developed and emerging markets, because of the benefits that digital signage offers, and we'll see more retail shops, business disseminate information that is crucial to their business.

Figure 4: Global Digital Signage Size (in Millions)



Source: IEK

(III) High-end consumer electronics IC

ASPEED Technology's AST1220 have been extended to the video conferencing market. At present, there are more than 10 design-in customers. At the end of 2020, it entered into stage of small-scale production. It is expected to officially enter the mass production stage in 2021, and exceed 50% of the market share in the emerging 180/360 video conferencing market.

c. Major Markets

(I) Multimedia IC

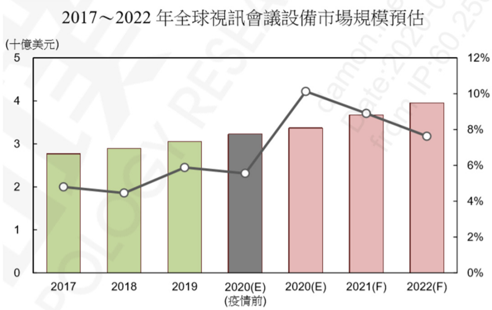
Following the popularization of mobile devices with Internet access, user behavior has overturned conventional business models. As innovative services create new trends, people's lives are now inseparable from cloud computing. The ratio of structural data has increased as the total amount of data doubled. Services with added value and extended benefits, such as big data or artificial intelligence applications, continue to increase hardware requirements. Cloud computing products are customized products that usually involve controls of national policy. Taiwanese companies utilize the production foundation for end products along with local cloud computing services to aid the deployment of local data center hardware or integration solutions. Taiwanese companies have worked together with North American companies for a long period of time, and have maintained close cooperation in response to the rapid growth of China's cloud market. At present, China's local cloud computing service providers still mainly focus on the domestic market, and will work together with traditional brands before they achieve economies of scale.

(II) Computer peripherals IC

According to forecasts of Digital Signage M2M research a total of total of 17 million LCD digital signage systems were shipped worldwide in 2019, and forecasted to ship 32 million in 2024 with CAGR of 13.8%. Commercial segment is estimated to hold largest market share in 2026 for advertising and content delivery. APAC is projected to become the largest geographical market by 2026.

(III) High-end consumer electronics IC

According to the latest report from Markets & Markets Research, the market value of the 360-degree camera market reached US$ 350 million in 2017, and it is expected to reach US$ 1.57 billion in a compound growth rate of 27.1% per year by 2023. It is expected that the market growth momentum will come from the increasingly diversified development of 360-degree camera applications, especially in the consumer and security surveillance market, which will bring great growth opportunities for Cupola360 solutions.



Source：拓墣產業研究院，2020/05

d. Competitive Advantage

(I) ASPEED Technology has independent development abilities and is fully aware of the latest market trends

The Company has a professional R&D team with excellent design and development abilities, integrating 2D VGA, BMC, and KVM over IP technologies, which is unlike competitors that need to acquire IP licensing from IP design service providers. This enables the Company to develop products that meet market demands anytime in response to market developments. Furthermore, our ability to design cloud computing remote management ICs for servers has gained recognition from Intel Capital, the global leader in the semiconductor industry. Intel Capital thus made a strategic investment to become a shareholder of ASPEED Technology, and will be able to offer advice on future development trends and market strategies, allowing us to stay up-to-date on the latest market trends.

(II) Long-term cooperation with semiconductor foundry service providers and business partners

Professional IC design companies rely almost entirely on foundry service providers, assembly houses and testing houses for product manufacturing. Hence, their process technologies, quality and yield, equipment capacity, and delivery speed are important factors to whether products are successful. The Company's good and close long-term relationships with semiconductor foundry service providers, business partners, and customers are key factors to its success.

The Company's main products are sold to server ODMs, and comprehensive product development services are provided to customers to help shorten their development time, or rapidly begin mass production of new products. We have met the demands of our customers with respect to quality, yield, and delivery, and it has enabled us to maintain long-term relationships, which is a key factor to our success in the industry.

(III) Excellent quality control

The Company obtained ISO 9001 2015 quality certification, which is a guarantee of our product quality. We have also installed ERP software on our operating system to integrate and mechanize all processes from receiving purchase orders, production, material procurement, inventory, quality management, to financial management. The software can immediately provide correct statistics and data analysis results for the managers of each department to understand and control processes anytime.

(IV) Having an international strategic partner

Furthermore, our ability to design cloud computing management ICs for servers has gained recognition from Intel Capital, the global leader in the semiconductor industry. Intel Capital thus became our strategy partner. Besides making a strategic investment to become a shareholder of ASPEED Technology, it will also be able to offer advice on future development trends and market strategies, allowing us to develop the right products to meet market demand.

e. Favorable Developments, Unfavorable Factors and Countermeasures

<u>Favorable Developments</u>

(I) "Cloud" is the way of the future, and the corporate server market will flourish

Server market demand will be cut from various angles, including cloud, big data, artificial intelligence, Internet of Things (IoT), 5G applications and so on to create a faster and closer interconnection trend. These trends will also multiply the importance and quantity of servers in a further step. This contains the following:

- 5G servers will open up new computing and network connectivity.
- Artificial intelligence is gradually taking shape, driving technology trends and transformation.
- Internet of Things Technology Development.
- Cloud Computing Moves to Edge Computing.
- Virtual Reality/Virtual Education, etc.

- Cloud Streaming Games.

(II) Designated supplier of major Internet service providers

The amount of Internet services has grown significantly in recent years. In addition to the rise of Google, the leading search engine, the influence of social media platform Facebook on millennials has also created immense business opportunities. Under the explosive growth of online information, the demand on server hardware will only increase. Besides existing server brands, the supply chain of server hardware is also beginning to accommodate customized requirements. Internet service providers will directly designate suppliers and then directly purchase assembled products from server ODMs. This will benefit the development of Taiwan’s overall cloud supply chain, and we will work together with ODMs to find a suitable entry point.

(III) Comprehensive IC Manufacturing Infrastructure in Taiwan

The semiconductor industry is a capital and technology intensive industry, and in Taiwan, the industrial chain’s upstream and downstream all have clearly defined roles. Following the rapid development of process technologies, semiconductor foundry service providers, assembly houses, and testing houses are constantly increasing their capital expenditures on facilities and technologies under their economies of scale. This continues to enhance the international competitiveness of their IC manufacturing abilities. As semiconductor foundry service providers, assembly houses, and testing houses become more specialized and achieve economies of scale, they are able to provide professional IC design companies with logistic support, e.g., advanced technologies and processes, flexible production scheduling, world class service quality, and rapid response ability, allowing them to seize opportunities for entering the market.

(IV) Market share of Taiwan's server motherboards

Taiwan has about 80% of global market share in the design and production of server motherboards. The Company enjoys this geographic advantage and is able to provide faster technical support and information access than competitors.

(V) Difficulty of developing key technologies for products and high barriers to entry

The Company's SoC (System on Chip) product development requires the ability to design ICs with digital, analog, and remote management functions, and must develop controller firmware and server drivers based on server specifications, software system, and the integration functions of peripheral devices. This requires more advanced technologies, involves a wider range of fields, and therefore has higher barriers to entry than typical IC products. The Company is thus able to avoid bargaining or low-price competition from new competitors and maintain its profitability.

(VI) High control over independently developed technologies provides greater flexibility for making product adjustments.

Unlike competitors that develop products through patent licensing, the Company is able to develop SoC products that integrate 2D VGA, BMC, and KVM over IP using its own technologies. Hence, the Company has relatively higher control over technologies that it has independently developed. Since the Company is a Taiwanese company, it is located in the same region as Taiwanese server suppliers. The Company is geographically closer, speaks the same language, has no time zone difference, and can rapidly provide technical support with less time spent on discussing technologies with customers. Due to the different platforms of server products, their demand on remote management functions are not entirely the same, and the functional requirements of data centers are not entirely the same as for conventional servers. The Company is able to quickly make adjustments based on customers' requirements when facing such differences between platforms.

The Company currently provides ICs with different functions for the latest generation products that are in mass production, and pins are compatible, so that customers can use the same design module for different server platforms, which also reduces customers' development costs.

Unfavorable Factors

(I) Server virtualization

As cloud computing has doubled, servers are virtualizing and sharing system resources to increase system utilization. As a result, server growth has been far lower than cloud computing.

Countermeasures

BMCs can be applied in different markets, such as storage devices, high level adapters, and NAS.

(II) Difficulty of training professional IC designers

Due to the large number of IC related competing industries, it has become growingly difficult to recruit outstanding talent, which is often very expensive. The Company needs to spend even more to strengthen employees' loyalty to the Company.

Countermeasures

The Company provides generous compensation and a wide range of thoughtful employee benefits, caring for employees in every possible way, while providing an excellent working environment that is fair, healthy, pursues innovative R&D, and is performance based. We also implemented an employee stock option plan that allows employees to become shareholders and share the Company's profits, so as to attract outstanding talent.

(III) Exchange rate fluctuations

The Company's procurements and sales are all calculated in USD, so profits are highly affected by exchange rate fluctuations.

Countermeasures

(a) The Company's Finance Department utilizes the natural hedging effect from procurements and sales both denominated in foreign currency.

(b) Dedicated personnel closely follow exchange rate fluctuations, collect information on international exchange rate trends and exchange rate fluctuations, are fully aware of future trends in exchange rates, and keep in touch with the foreign exchange department of banks. After considering the professional advice provided by the departments and the Company's cash requirements, the personnel reduce risks by exchanging currency at appropriate times.

(c) Depending on the position of foreign currency, hedging is carried out in accordance with the Operating Procedures "Procedures Governing the Acquitions or Disposition of Assets" when necessary.

(2) Key Product Applications and Manufacturing Processes

a. Key Product Applications

Product Series	Major Applications
Multimedia IC	ASPEED Server Management product lines are designed to enrich the basic feature set with 2D graphic controller, hardware monitoring capabilities, and iKVM function. Customer can select and implement from our Graphics & Remote Management Processors to best fit their design needs.
Computer peripherals IC	Our core technology includes display over IP, USB over IP and audio over IP. With our core technologies, we are able to support PC Extensions for application scenario such as PC-to-TV, PC centralization for Internet Cafe, and Enterprise PC over IP.
High-end consumer electronics IC	Applied to video conferencing and live broadcast devices.

b. Key Product Manufacturing Process

ASPEED Technology is a professional fabless IC design house that outsources the back-end design process involving IC layout and routing to design service companies after completing RTL design and verification. The turnkey service company is responsible for processes such as wafer foundry, packaging, and testing processes during mass production. It then delivers the products to ASPEED Technology for IC system testing, and then the IC products are packaged and put in storage after their quality is further verified.

The flowchart below shows the process of developing an IC product:

RTL Design → SoC Design Services → Wafer Foundry → Wafer Testing → IC Packaging → IC Testing → System Testing → Packaging and Shipping

(3) Supply of Essential Raw Materials

The Company is an IC Design house and all products are coordinated with mid- and down-stream companies through a turnkey service provider. Hence, when deciding on the turnkey service provider, besides considering the completeness of its silicon IP and APR (Auto Place & Route) technical capabilities, which foundry, assembly house and testing house it is in a strategic alliance with is even more important because the foundry's process technologies, quality and yield are key factors to whether or not a product is successful. Our current turnkey service provider provides raw materials and products in good condition and with stable quality.

(4) Major Suppliers Accounting for over 10% of the Annual Total Purchase in either 2019 or 2020

Unit：NT$1,000

2019				2020			
Supplier	Amount Purchase	% of Total Purchases	Relations	Supplier	Amount Purchase	% of Total Purchases	Relations
A	725,044	87.33%	None	A	961,752	81.76%	None
B	103,236	12.44%	Related Party	B	214,545	18.24%	Related Party
Other	1,923	0.23%	None	Other	-	-	None
Total	830,203	100.00%		Total	1,176,297	100.00%	

Reasons for changes:

ASPEED Group purchases chips from a foundry through a turnkey service provider. Since foundries are technology and capital intensive, only a few companies provide such services and maintains long-term relationships with suppliers.

(5) Major Customers Accounting for over 10% of the Annual Total Sales in either 2018 or 2019

Unit：NT$1,000

2019				2020			
Customer	Amount Revenue	% of Total Revenue	Relations	Customer	Amount Revenue	% of Total Revenue	Relations
A	537,116	21.62%	None	A	589,510	19.24%	None
B	368,222	14.82%	None	B	530,927	17.33%	None
C	253,925	10.22%	None	C	335,624	10.96%	None
D	200,170	8.06%	None	D	252,330	8.24%	None
E	186,551	7.51%	None	E	229,630	7.50%	None
Other	938,311	37.77%	None	Other	1,125,531	36.74%	None
Total	2,484,295	100.00%		Total	3,063,552	100.00%	

(6) Production Volume and Value in the Past Two Years: Not applicable.

The Company does not manufacture chips. “Production Capacity” is not applicable as the ASPEED Group outsourced manufacturing procedures to wafer foundry, packaging and testing plants.

(7) Sales Volume and Value in the Past Two Years

Unit：1,000PCS/NT$1,000

Year and Major Products	2019				2020			
	Domestic		Exports		Domestic		Exports	
	Volume	Value	Volume	Value	Volume	Value	Volume	Value
Multimedia IC	2,852	835,859	5,748	1,491,848	4,666	1,256,963	6,556	1,643,531
Computer peripherals IC	202	148,894	7	6,444	227	152,578	4	3,385
Other	1	328	1	922	13	6,946	-	149
Total	3,055	985,081	5,756	1,499,214	4,907	1,416,487	6,560	1,647,065

3. Employees

Unit：Person / %

Year		2019	2020	2021 (As of March 30)
Number of Employees	R&D	61	67	69
	Sales and Management	16	18	19
	Total	77	85	88
Average Age		38.84	38.84	38.97
Average Years of Service		5.12	5.12	5.37
Education	Doctoral	1.23%	2.25%	2.17%
	Master	67.90%	67.42%	67.39%
	Bachelor	30.86%	30.34%	30.43%
	High School	—	—	—

4. Environmental Protection Expenditure

ASPEED Group's scope of business includes IC R&D, testing and sales, and focuses on product development and market sales. All products are manufactured through a turnkey service provider, so ASPEED Group does not cause any environmental pollution and is therefore not required to apply for a pollution control facility permit or pollutant emission permit, pay a pollution control fee, or establish a dedicated unit or personnel for environmental protection.

5. Labor-Management Relations

(1) The Group's employee welfare program, training and development, and retirement policy and settlement between employees and the employer

a. Labor Benefits and Welfare Program

ASPEED Group established the Staff Welfare Committee in accordance with laws and regulations, and makes monthly contributions to the Staff Welfare Fund, which is used by the Staff Welfare Committee to provide the following benefits: Employee trips, cultural and health activities, emergency aid, health exams, and gift certificates for Chinese New Year's. Benefits are also provided for marriage, childbirth, and funerals (condolence money). ASPEED Group also provides employee education and training, employee stock subscription, and bonuses. Furthermore, besides enrolling employees in the Labor Insurance and National Health Insurance in accordance with the Labor Standards Act and related laws and regulations, the Company also provides employees with group medical insurance and travel insurance for even greater protection.

b. Training and Development

ASPEED Technology provides employees with continuing education, utilizing both internal and external on-the-job training resources. With various learning resources and channels to encourage employees to do training for self-improvement to further uplift their performance and potential.

In order to enable the effective training plans which meet employees' requirements of general, professional, and management course as well, ASPEED Technology provides a diverse network of learning resources, including on-the-job training, classroom training, e-learning, mentoring, to realign and refresh its workforce skill set and are a useful tool for motivating and re-energizing employees morale. Company training will continue to be part of companies' strategies to achieve competitive advantage.

ASPEED's training programs include:

- New employee training

  Designed to meet each department's requirement, ASPEED introduce a senior mentor program for new employees, providing assistance in life and work techniques for them to quickly adapt to the environment.

- General Training

  To provide trainings on general subjects for all employees, or the trainings required by government regulations to enable employees to fit in the environment and meet business goal as soon as possible.

- Professional Skill Training

  Identify the professional training needs of each department, and provide the training to employees to strengthen their professional competence.

- Management Skill Training

  For potential employees with management talents, ASPEED provide training courses to establish management thinking, cultivate strategic analysis and planning capabilities for organization development and team operations.

- Celebrity Lectures

  The series of lectures provide the opportunity for employees to hear from a top thought leader in various fields to broaden their horizons.

- Workshop

  Through experiential learning, employees can learn how to implement theoretical management theory to practical daily work, hence high performance can be achieved.

- Self-Study and Development

  ASPEED offers an open and diversified platform for employees to access unlimited online courses which suitable for their professions. For external training courses, ASPEED also full subsidized the tuition for employees to participate in external training courses.

c. Retirement Systems

ASPEED Group established Regulations for Employee Retirement in accordance with the Labor Standards Act, and makes monthly contributions to employees' personal accounts at the Bureau of Labor Insurance in accordance with the Labor Pension Act if they select the new labor pension plan.

d. Negotiation and settlement between Interest of Employees and Management:

The ASPEED Group emphasizes the right to know and therefore convenes quarterly business performance meetings and labor-management meetings, which allow employees to understand the Company's business performance and future plans. The ASPEED Group takes employees' opinions very seriously and encourages employees to offer their advice, which it uses as the basis for improving its management and benefits system. It is for this reason that labor and management are on good terms and there have been no litigations or matters requiring negotiation between labor and management.

(2) Losses incurred by Labor Disputes in recent years as at the Date of Print for Annual Report 2021

The ASPEED Group ensures that the relationship among employees and managements are harmonious by maintaining effective two-way communication channels at all times. No labor disputes were occurred in the past.

6. Material Contracts

Agreement Type	Counterparty	Term	Summary	Restriction
Factory lease agreement	Taiwan Fertilizer Co., Ltd.	2019/09/01~ 2024/08/31	Factory lease agreement (4F., No. 1, Sec. 3, Gongdao 5th Rd., East Dist., Hsinchu City)	None
Factory lease agreement	Cathay Life Insurance.	2019/10/01~ 2021/09/30	Factory lease agreement (5F, No. 16, Sec. 4, Nanjing East Road, Taipei)	None
Loan	Hsinchu Science Park Hsin-an Branch, Mega International Commercial Bank	2020/05/21~ 2021/05/20	2020 Credit agreement/Credit limit of NT$200,000,000	None
Loan	Zhubei Branch, Hua Nan Commercial Bank	2020/06/14~ 2021/06/14	2020 Credit agreement/Credit limit of NT$100,000,000	None
Loan	CTBC Bank Dunbei Branch	2020/06/30~ 2021/06/30	2020 Credit agreement/Credit limit of NT$200,000,000	None
Loan	E.SUN Bank Hsinchu Branch	2020/05/06~ 2021/05/06	2020 Credit agreement/Credit limit of NT$150,000,000	None
Loan	International Bills Finance Corporation	2020/12/02~ 2021/12/01	2020 Credit agreement/Credit limit of NT$150,000,000	None
Commercial fire insurance	Fubon Insurance	2020/11/21~ 2021/11/21	2020 Commercial fire insurance/Total insurance amount of NT$245,367 thousand	None

VI. Corporate Social Responsibility

1. Corporate Promise

   ASPEED Technology is convinced that business success and growth depend on the interplay of a company with its environment, and thus it should also fulfill its social responsibilities. We strive to offer our customers the best SoC solutions and superb service to match. We will continue and even step up our investment in research and development, our core strength. In our design and development process, we apply green design concepts and simplified (modularized) product structures to save resources and protect the environment, as our contribution to a green and sustainable future. In addition, we invest in good relations between our shareholders, employees, society, customers and suppliers and all other stakeholders, to achieve a fair balance of interest, such that in our rapidly changing and competitive industry, we can create multiple-win situations for all. In our corporate governance, the board of directors, our specialists managers, and supervisors each play their role to grow operational transparency and safeguard the interests of shareholders and employees. In 2020, ASPEED realized the importance of corporate social responsibility (CSR), we start to prepare our CSR/ESG report in order to strengthen our corporate responsibility and company sustainability.

   We hope to provide customers with the most suitable SoC solutions and high quality services. We will continue to invest resources into R&D to obtain superior core technologies. In the design and R&D process, we contribute to the preservation of the Earth's ecosystem and sustainability through eco-friendly design concepts and simplified product structures. Furthermore, we seek to build good relationships with our shareholders, employees, society, customers, and suppliers, so as to find a balance between the interests of all stakeholders. This allows us to create synergistic effects among the industry's volatile competition and create a win-win situation for multiple parties. The roles of the Board of Directors, professional managers, and supervisors are clearly defined for corporate governance, which emphasizes transparent operations, and upholds the rights and interests of shareholders and employees.

   ASPEED believes in giving back to society, and specifically in offering support to disadvantaged groups. Thus, each year we donate resources to schools and communities in remote urban and rural mountainous areas, to offer ambitious pupils a good environment for learning and growth. We also work with excellent universities, to encourage students to focus on academic research and opportunities in industry. As a corporate mentor, we guide students as they forge their career path and find place in society.

2. Social Commitment and Nurturing Talent

   We believe that young people are the future pillars of the country and companies. To broaden young people's horizons, ASPEED joined the "W.island" project to inspire people to aim higher and give back more to our nation's society, as we do. The project's World Citizen Culture Center serves as a bridge for young people to discover other countries and different cultures, and bring Taiwan and the world closer together. In addition, every year since 2013 ASPEED sponsors scholarships to excellent students in the Electrical Engineering Department of National Tsing Hua University, to encourage and support these young students in their studies and foster their interest in academic research. The activity "Beyond the world of exams and credits" hold in 2015, they also received mentoring from our employees to help them clarify their career ambitions and options. In 2018, ASPEED has given a series of speeches and lectures to university students. In the future, we will cooperate with National Chiao Tung University (NCTU) and invest in the sponsorship of “Junior Chair Professor Program”.

Starting in 2016, ASPEED Technology became involved in education in rural areas, and actively subsidized the repair of campus buildings and provided education resources for rural areas. ASPEED Technology continued to support disadvantaged students in remote areas in 2017, and subsidized the software/hardware and education resources for students in remote areas of Taitung County and Nantou County, in hopes that all students can gain equal and sufficient resources. This year, besides subsidizing hardware repair and purchase in schools at all levels, ASPEED Technology also provided funding to the baseball team and judo team of Taitung's Beinan Junior High School, and Dragon boat team of Taitung County, hoping to let children focus on doing what they excel at without any additional worries. ASPEED Technology also provided funding to Nantou County's Vox Nativa Choir in hopes of letting the indigenous children use their gift and one day have the ability to give back to their hometown. Furthermore, ASPEED Technology also took part in an event organized by Global Views Educational Foundation: Sow the Seeds of Reading to Give Children a Great Future, and donated monthly issues to children in Taitung County, hoping to use its capabilities to gradually reduce the gap in educational resources of urban and rural areas. In 2018, apart from giving resources to rural areas, we started to support young professors in University, and also held lectures and speeches in various aspects for young students, hoping to progressively contribute to society with the power of ASPEED from all aspects.

3. Employee Welfare

In order to recruit, retain and reward our talents all around the world, ASPEED provides a comprehensive compensation and benefits. Besides competitive pay and motivative package, a variety of options regarding health, living support and relationship building might be included.

Toward company success, ASPEED rewards employees on the basis of good performance and future development. And benefits are designed to fulfill employees' needs. Building on the foundation of great content and flexible structure, our employees can devote themselves in developing world-class SoC system solutions.

4. Stakeholders

In the pursuit of its business strategy of openness, ASPEED has established a number of internal and external effective and transparent communication channels, to enable any interested party to understand our business operations and our endeavors in corporate social responsibility.

1. Employees

Our employees are our most valuable asset and we are committed to providing a safe and comfortable working environment, good education and training, and complete compensation and benefits. To fully abide by the safeguards in the "Labor Standards Act" and related laws and regulations, we have specialized personnel to deal with employee issues and to ensure employee's rights and interests. In addition to the statutory employee welfare committee, our company has a monthly employee welfare budget spent on various welfare measures. We also offer in-house and external education and training to our personnel, a stock option program, etc. Lastly, in accordance with the Labor Pension Act, we set aside pension contributions into our employees' personal accounts with the Bureau of Labor Insurance on a monthly basis. All our policies related to management-labor relations comply with relevant laws and regulations, and our labor relations are good. Our company's "Health and Safety Code of Practice" sets norms and practices for a safe and healthy working environment, and also stipulates education and training on these topics. We also offer annual health checks to enable employees to understand their health status and take further action if needed.

If employees have any queries or suggestions, they can communicate with their managers by telephone or e-mail. They may also directly complain to their manager or the general manager, after which a designated staff member will handle the issue.

2. Shareholders & Investors

As a publicly listed and OTC-traded company, ASPEED has a corporate governance code of practice. The company discloses all required information on its website and on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange, under the principle of fair and open information for shareholders and investors. In accordance with relevant laws and regulations, our company regularly discloses its list of major shareholders and ultimate control by major shareholders, as well as changes. In our company's operations we uphold the principle of fair and open treatment of all shareholders. In addition to inviting all shareholders to attend the shareholders' meetings, we also encourage shareholders to vote and stand in elections of directors and supervisors. We also welcome comments and suggestions from our shareholders. We also ensure that shareholders are fully informed of significant events, and guarantee their rights of participation and decision. In addition to statutory information disclosure, we disclose quarterly financial information, hold corporate briefings, etc. Finally, our website has an investors' section.

The company has a spokesperson and deputy spokesperson to quickly handle suggestions and queries from shareholders. The investors section on the website also offers many answers to questions that shareholders and investors may have.

3. Customers / Suppliers / Banks

ASPEED maintains smooth and open channels of communication with such stakeholders as banks, customers, and suppliers, and respects and safeguards their statutory rights and interests, including the following:

In its communications with banks, the company always provides complete and adequate information regarding its operations and financial situation, to enable the banks to make the best judgments and decisions. In addition, all the company's latest financial information can be viewed on the Market Observation Post System (MOPS) of the Taiwan Stock Exchange and at the investor section of our company website. Our company has a dedicated unit responsible for collecting, processing and responding to issues concerning the rights and interests of customers, with customer service agents to handle all customer questions about our products. We have costumer complaint handling procedures to ensure these are resolved quickly. The "Contact Us" section of our website includes a product section that answers frequently asked questions.

Our company has a dedicated staff member responsible for communications with suppliers, with whom we have positive and long-standing relations. When selecting suppliers we check their past records of environmental and social impacts, and we preferably select suppliers with ISO9001, ISO14001 and ISO45001 certifications. Whenever we discover a supplier violates issues of corporate social responsibility or negatively impacts the environment or society, we will consider suspending cooperation with them. When any questions or complaints arise regarding a supplier, our dedicated staff member will notify senior management of our company.

5. Sustainable Environment

1. Green Product

ASPEED Technology is a professional IC design company that hopes to reduce environmental pollution from production and R&D activities through eco-friendly design concepts and simplified product structures. The Company establishes operating standards based on industry characteristics, and strictly abides by these. Units related to product quality assurance are responsible for promoting and executing environmental protection, security, and health operations. ASPEED subscribes to the goals of CDP (Climate Change Program; former known as Carbon Disclosure Project), also with regard to energy conservation, carbon reduction and greenhouse gas emissions reduction strategies, the Company incorporates water and energy conservation measures in daily operations to reduce damage to the ecosystem. When selecting suppliers, whether or not the suppliers have previous records of negatively impacting the environment or society is assessed, and suppliers with ISO ISO9001, ISO14001 and ISO45001 certifications are given priority.

2. Sustainability

ASPEED subscribes to the Global e-Sustainability Initiative (GeSI) whose joint Conflict-Free Sourcing Initiative (CFSI) helps companies to source conflict-free minerals and metals ("Conflict Minerals") from the Congo and neighboring countries, such as tin (Sn), gold (Au), tantalum (Ta), and tungsten (W) in the case of ASPEED. Through the CFSI audits we are assured that our sourced metals do not originate from armed groups (non-governmental groups or illegal groups) which violate human rights in their mining, smuggling or other illegal ways to obtain those metals.

As a matter of corporate social responsibility, we do not support the use Conflict Minerals from illicit origins, and we require our suppliers to select qualified smelters or require their current smelters to provide proof of verification. In the event that our company discovers that raw materials from suppliers contain Conflict Minerals from non-qualified sources, we will take the necessary measures and stop using these Conflict Minerals. Our company has committed to the following conflict minerals policy:

ASPEED commits to a policy of thorough investigation of its suppliers and their information regarding conflict minerals in order to prevent purchasing Conflict Metals, either as raw materials or used in products as listed in our conflict minerals investigation report. We expect and require our suppliers to purchase from conflict-free and qualified mineral suppliers and faithfully disclose their Conflict Minerals information, and the CFSI Conflict Minerals reporting Template (from EICC GeSI) for their investigation of potential Conflict Minerals sources. This enables us to implement our conflict-free procurement program and strategy, and disclose this conflict minerals information in a transparent manner to our direct customers.

Responsible Business Alliance (RBA)

To comply with Responsible Business Alliance (RBA) Code of Conduct, ASPEED is committed to ensuring that working conditions in its supply chain are safe, that workers are treated with respect and dignity, and that business operations are environmentally responsible and conducted ethically.

The RBA Code of Conduct is a set of standards on social, environmental and ethical issues in the electronics industry supply chain and is in alignment with the UN Guiding Principles on Business and Human Rights, as well as key international human rights standards including the ILO Declaration on Fundamental Principles and Rights at Work and the UN Universal Declaration of Human Rights.

VII. Financial Information

1. Financial Status

(1) Condensed Balance Sheet

a. Condensed Balance Sheet－IFRS (Consolidated)

Unit: NT$1,000

Account Title \ Year		Financial Information for the last five years				
		2016	2017	2018	2019	2020
Current assets		1,566,303	1,599,460	1,819,316	2,316,234	2,675,184
Investment accounted for under equity method		—	—	—	—	—
Property, plant, and equipment		27,638	53,213	84,841	123,198	143,889
Investment property		—	—	—	—	—
Right-of-use assets		—	—	—	110,675	89,749
Intangible assets		1,019,948	938,585	841,843	811,085	748,292
Other assets		7,338	72,105	86,675	57,702	53,518
Total assets		2,621,227	2,663,363	2,832,675	3,418,894	3,710,632
Current liabilities	before distribution	634,283	510,660	424,282	636,265	589,596
	after distribution	1,040,364	1,020,267	1,037,333	1,389,211	1,481,800
Non-current liabilities		85,779	74,756	79,453	149,243	117,358
Total liabilities	before distribution	720,062	585,416	503,735	785,508	706,954
	after distribution	1,126,143	1,095,023	1,116,786	1,538,454	1,599,158
Equity attributable to owners of the parent		1,901,165	2,077,947	2,328,940	2,633,386	3,003,678
Capital		338,401	339,378	340,656	341,848	343,200
Capital surplus		912,860	960,462	1,056,831	1,145,044	1,273,540
Retained earnings	before distribution	662,990	788,275	962,953	1,181,087	1,432,830
	after distribution	256,909	278,668	349,902	428,141	504,626
Other equity		(13,086)	(10,168)	(31,500)	(34,593)	(45,892)
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	before distribution	1,901,165	2,077,947	2,328,940	2,633,386	3,003,678
	after distribution	1,495,084	1,568,340	1,715,889	1,880,440	2,111,474

Note: The 2020 earnings distribution proposal was approved in the Board meeting on March 8, 2021.

b. Condensed Balance Sheet－IFRS (Parent Company Only)

Unit: NT$1,000

Account Title \ Year		Financial Information for the last five years				
		2016	2017	2018	2019	2020
Current assets		1,523,715	1,570,138	1,788,817	2,279,842	2,634,495
Investment accounted for under equity method		44,685	19,085	38,055	42,372	42,953
Property, plant, and equipment		26,580	52,442	84,277	122,691	143,664
Investment property		—	—	—	—	—
Right-of-use assets		—	—	—	98,690	81,399
Intangible assets		1,019,948	938,585	832,937	804,275	743,578
Other assets		5,440	65,807	81,100	51,102	46,114
Total assets		2,620,368	2,646,057	2,825,186	3,398,972	3,692,203
Current liabilities	before distribution	633,424	494,143	418,402	625,420	576,621
	after distribution	1,039,505	1,003,750	1,031,453	1,378,366	1,468,825
Non-current liabilities		85,779	73,967	77,844	140,166	111,904
Total liabilities	before distribution	719,203	568,110	496,246	765,586	688,525
	after distribution	1,125,284	1,077,717	1,109,297	1,518,532	1,580,729
Equity attributable to owners of the parent		1,901,165	2,077,947	2,328,940	2,633,386	3,003,678
Capital		338,401	339,378	340,656	341,848	343,200
Capital surplus		912,860	960,462	1,056,831	1,145,044	1,273,540
Retained earnings	before distribution	662,990	788,275	962,953	1,181,087	1,432,830
	after distribution	256,909	278,668	349,902	428,141	540,626
Other equity		(13,086)	(10,168)	(31,500)	(34,593)	(45,892)
Treasury shares		—	—	—	—	—
Non-controlling interests		—	—	—	—	—
Total equity	before distribution	1,901,165	2,077,947	2,328,940	2,633,386	3,003,678
	after distribution	1,495,084	1,568,340	1,715,889	1,880,440	2,111,474

Note: The 2020 earnings distribution proposal was approved in the Board meeting on March 8, 2021.

(2) Condensed Statement of Comprehensive Income

a. Condensed Statement of Comprehensive Income－IFRS(Consolidated)

Unit: NT$1,000

Year / Account Title	Financial information over the last five years				
	2016	2017	2018	2019	2020
Operating revenues	1,345,678	1,894,194	2,153,519	2,484,295	3,063,552
Gross profit	767,107	1,096,841	1,289,831	1,571,047	1,935,854
Operating Gain (loss)	534,782	647,571	799,888	1,008,389	1,270,781
Non-operating income and expenses	8,946	(18,478)	54,142	2,178	(43,733)
Income before income tax	543,728	629,093	854,030	1,010,567	1,227,048
Earnings from continuing operations	445,919	531,366	685,922	831,185	1,004,689
Profit or loss of discontinued operations	—	—	—	—	—
Net income	445,919	531,366	685,922	831,185	1,004,689
Other comprehensive income	3,676	(6,153)	(152)	(1,097)	(1,995)
Total comprehensive income	449,595	525,213	685,770	830,088	1,002,694
Net income attributable to owners of the Company	445,919	531,366	685,922	831,185	1,004,689
Net income attributable to non-controlling interest	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	449,595	525,213	685,770	830,088	1,002,694
Total comprehensive income attributable to non-controlling interest	—	—	—	—	—
EPS	14.07	15.70	20.20	24.39	29.38

b. Condensed Statement of Comprehensive Income－IFRS
(Parent Company only)

Unit: NT$1,000

Account Title / Year	Financial information over the last five years				
	2016	2017	2018	2019	2020
Operating revenues	1,345,678	1,894,194	2,153,519	2,484,295	3,063,552
Gross profit	767,107	1,096,841	1,289,831	1,571,047	1,935,854
Operating Gain (loss)	540,153	666,656	794,819	1,002,748	1,267,706
Non-operating income and expenses	3,575	(41,819)	58,208	7,768	(40,913)
Income before income tax	543,728	624,837	853,027	1,010,516	1,226,793
Earnings from continuing operations	445,919	531,366	685,922	831,185	1,004,689
Profit or loss of discontinued operations	—	—	—	—	—
Net income	445,919	531,366	685,922	831,185	1,004,689
Other comprehensive income	3,676	(6,153)	(152)	(1,097)	(1,995)
Total comprehensive income	449,595	525,213	685,770	830,088	1,002,694
Net income attributable to owners of the Company	445,919	531,366	685,922	831,185	1,004,689
Net income attributable to non-controlling interest	—	—	—	—	—
Total comprehensive income attributable to owners of the Company	449,595	525,213	685,770	830,088	1,002,694
Total comprehensive income attributable to non-controlling interest	—	—	—	—	—
EPS	14.07	15.70	20.20	24.39	29.38

Note: The financial statements were prepared under IFRS and audited.

(3) Information on CPAs and Auditors' Opinions

a. Information on CPAs and Auditors' Opinion

Year	Name of auditors (CPA)	CPA firm	Auditors' opinion
2016	Ming-Hui Chen and Su-Li Fang	Deloitte & Touche	Unqualified opinion
2017	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2018	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2019	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion
2020	Ming-Hui Chen and I-Hsin Kao	Deloitte & Touche	Unqualified opinion

b. Reason for replacement of accountants in the most recent five years:
Due to internal adjustments of the accounting firm.

2. Five-Year Financial Analysis

(1) Financial analysis

a. Five-Year Financial Analysis－IFRS (Consolidated)

Analysis item	Year	Financial information from 2016 to 2020				
		2016	2017	2018	2019	2020
Capital Structure (%)	Debt ratio	27.47	21.98	17.78	22.97	19.05
	Long-term capital to Property , plant, and equipment ratio	7,189.17	4,045.44	2,838.71	2,258.66	2,169.05
Ability to repay debts	Current ratio %	246.94	313.21	428.79	364.03	453.73
	Quick ratio %	233.16	294.25	393.73	349.05	410.33
	Times Interest Earned(Times)	410.43	254.25	1,182.23	543.15	355.84
Operation ability	A/R turnover (times)	5.50	5.81	5.63	4.82	5.35
	A/R collection days	66.36	62.82	64.83	75.72	68.22
	Inventory turnover (times)	9.34	9.30	7.53	8.26	9.08
	A/P turnover (times)	16.20	13.96	13.22	8.73	8.79
	Inventory turnover days	39.07	39.24	48.47	44.18	40.19
	Property , plant, and equipment ratio turnover rate (times)	37.17	46.85	31.19	23.88	22.94
	Total assets turnover rate (times)	0.70	0.71	0.78	0.79	0.85
Profitability	Return on assets (%)	23.35	20.18	24.98	26.63	28.26
	Return on equity attributable to shareholders of the parent (%)	30.16	26.70	31.13	33.50	35.64
	EBIT proportion to paid-in capital (%)	160.67	185.36	250.70	295.61	357.53
	Net profit margin (%)	33.13	28.05	31.85	33.45	32.79
	Basic earnings per share (NT$)	14.07	15.70	20.20	24.39	29.38
Cash flow	Cash flow ratio (%)	70.25	160.64	183.62	157.36	199.57
	Cash flow adequacy ratio (%)	144.62	157.12	143.78	140.82	133.22
	Cash reinvestment ratio (%)	19.07	34.52	17.20	20.67	18.15
Leverage	Operation leverage	2.52	2.93	2.69	2.46	2.41
	Financial leverage	1	1	1	1	1

Changes in financial ratios that exceed 20% in the past two years:
1. Increase in current ratio: Due to increase in financial assets investment.
2. Decrease in times interest earned (times): Due to increase in interest expenses.
3. Increase in EBIT proportion to paid-in capital ratio: Due to increase in revenue.
4. Increase EPS: Due to increase in revenue.
5. Increase in cash ratio: Due to increase in net cash generated from operating activities.

Note 1:The financial statements for each year above were certified by the accountant.

Note 2:The formula for financial analysis is as follows:

1. Capital structure

(1) Debt-ratio = Total liabilities / Total assets.

(2) Long-term capital to Property, plant, and equipment ratio= (Shareholders' equity + long-term liabilities)/ net fixed assets

2. Ability to repay debts
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Times interest earned (times) = EBIT/interest expense for the current period
3. Operating ability
   (1) A/R (including account receivable and business notes receivable) turnover times= net sales / average balance of receivables (including account receivable and business notes receivable)
   (2) Average A/R turnover days = 365 / A/R turnover times
   (3) Inventory turnover = cost of goods sold/ average inventory balance
   (4) A/P turnover (including account payable and business notes payable) = cost of goods sold/average balance of payables (including account payable and business notes payable)
   (5) Inventory turnover days = 365/ inventory turnover times
   (6) Property, plant, and equipment ratio turnover = net sales/ net fixed assets
   (7) Total assets turnover = net sales/ total assets
4. Profitability
   (1) Return on assets = [Earnings + interest expenses x (1 – tax rate)]/average total assets
   (2) Return on shareholders' equity = Earnings/ net average shareholders' equity
   (3) Net profit margin= Earnings /net sales
   (4) Earning per share = (earning –preferred stock dividend)/weighed average outstanding shares
5. Cash flows
   (1) Cash ratio = net cash flow from operation/ current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/ (capital spending + increase in inventory+ cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross fixed assets + long-term investment+ other assets + working capital)
6. Leverage:
   (1) Operating leverage = (net income from operation – variable operating cost and expenses)/ income from operation
   (2) Financial leverage = income from operation/ (income from operation – interest expenses)

b. Five-Year Financial analysis－IFRS (Parent Company only)

Analysis item	Year	2016	2017	2018	2019	2020
		Financial information from 2016 to 2020				
Capital Structure (%)	Debt ratio	27.45	21.47	17.56	22.52	18.64
	Long-term capital to Property, plant, and equipment ratio	7,475.34	4,103.41	2,855.80	2,260.59	2,168.65
Ability to repay debts	Current ratio %	240.55	317.75	427.53	364.52	456.88
	Quick ratio %	226.85	298.31	392.23	349.38	412.76
	Times Interest Earned(Times)	410.43	252.54	1180.84	562.70	311.57
Operation ability	A/R turnover (times)	5.50	5.81	5.63	4.82	5.35
	A/R collection days	66.33	62.82	64.83	75.72	68.22
	Inventory turnover (times)	9.34	9.30	7.53	8.26	9.08
	A/P turnover (times)	16.20	13.96	13.22	8.73	8.79
	Inventory turnover days	39.07	39.24	48.47	44.18	40.19
	Property , plant, and equipment ratio turnover rate (times)	37.72	47.94	31.50	24.00	23.00
	Total assets turnover rate (times)	0.70	0.71	0.78	0.79	0.86
Profitability	Return on assets (%)	23.36	20.25	25.09	26.75	28.40
	Return on equity attributable to shareholders of the parent (%)	30.17	26.70	31.13	33.49	35.64
	EBIT proportion to paid-in capital (%)	160.68	184.11	250.40	293.33	369.37
	Net profit margin (%)	33.14	28.05	31.85	33.45	32.79
	Basic earnings per share (NT$)	14.07	15.70	20.20	24.39	29.38
Cash flow	Cash flow ratio (%)	71.15	169.19	187.69	158.42	202.70
	Cash flow adequacy ratio (%)	145.28	158.80	146.13	142.20	103.33
	Cash reinvestment ratio (%)	20.48	35.73	17.48	20.42	18.04
Leverage	Operation leverage	2.49	2.84	2.71	2.47	2.41
	Financial leverage	1	1	1	1	1

Changes in financial ratios that exceed 20% in the past two years:
1. Increase in current ratio: Due to increase in financial assets investment.
2. Decrease in times interest earned (times): Due to increase in interest expenses.
3. Increase in EBIT proportion to paid-in capital ratio: Due to increase in revenue.
4. Increase EPS: Due to increase in revenue.
5. Increase in cash ratio: Due to increase in net cash generated from operating activities.
6. Decrease in cash flow adequacy ratio: Due to increase in cash used in capital spending, inventory and cash dividend in the last five years.

Note 1:The financial statements for each year above were certified by the accountant.
Note 2:The formula for financial analysis is as follows:

1. Capital structure
   (1) Debt-ratio = Total liabilities / Total assets.

(2) Long-term capital to Property, plant, and equipment ratio= (Shareholders' equity + long-term liabilities)/ net fixed assets

2. Ability to repay debts
   (1) Current ratio = current assets / current liabilities.
   (2) Quick ratio = (current assets - inventory - prepayments) / current liabilities.
   (3) Times interest earned (times) = EBIT/interest expense for the current period
3. Operating ability
   (1) A/R (including account receivable and business notes receivable) turnover times= net sales / average balance of receivables (including account receivable and business notes receivable)
   (2) Average A/R turnover days = 365 / A/R turnover times
   (3) Inventory turnover = cost of goods sold/ average inventory balance
   (4) A/P turnover (including account payable and business notes payable) = cost of goods sold/average balance of payables (including account payable and business notes payable)
   (5) Inventory turnover days = 365/ inventory turnover times
   (6) Property, plant, and equipment ratio turnover = net sales/ net fixed assets
   (7) Total assets turnover = net sales/ total assets
4. Profitability
   (1) Return on assets = [Earnings + interest expenses x (1 – tax rate)]/average total assets
   (2) Return on shareholders' equity = Earnings/ net average shareholders' equity
   (3) Net profit margin= Earnings /net sales
   (4) Earning per share = (earning –preferred stock dividend)/weighed average outstanding shares
5. Cash flows
   (1) Cash ratio = net cash flow from operation/ current liabilities
   (2) Cash flow adequacy ratio = net cash flow from operation over the last five years/ (capital spending + increase in inventory+ cash dividend) in the last five years
   (3) Cash reinvestment ratio = (net cash flow from operation – cash dividend)/ (gross fixed assets + long-term investment+ other assets + working capital)
6. Leverage:
   (1) Operating leverage = (net income from operation – variable operating cost and expenses)/ income from operation
   (2) Financial leverage = income from operation/ (income from operation – interest expenses)

3. Audit Committee’s Review Report

ASPEED Technology Inc.

Audit Committee’s Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and proposal for allocation of earnings. The CPA firm of Deloitte & Touche was retained to audit ASPEED's Financial Statements and has issued an audit report relating to the Financial Statements. The Business Report, Financial Statements, and earnings allocation proposal have been reviewed and determined to be correct and accurate by the Audit Committee members of ASPEED Technology Inc. According to relevant requirements of the Securities and Exchange Act and the Company Law, we hereby submit this report.

ASPEED Technology Inc.

Chairman of the Audit Committee: Chyan Yang

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
ASPEED Technology Inc.

Opinion

We have audited the accompanying consolidated financial statements of ASPEED Technology Inc. and its subsidiaries (collectively referred to as the "Group"), which comprise the consolidated balance sheets as of December 31, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Group's consolidated financial statements for the year ended December 31, 2020 are stated as follows:

Recognition of revenue

The Group operates principally as a supplier of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. For the year ended December 31, 2020, the Group recognized revenue of NT$3,063,552 thousand, which increased by 23% compared with that of last year, refer to Note 21 for related information. Due to the increasing market demand for remote server management system, the significant changes in the amount of the Group's operating revenue in recent years have a significant impact on the consolidated financial statements for the year ended December 31, 2020. For customers whose sales growth rates were significant, we considered the existence and occurrence of sales as key audit matters of the current period.

The audit procedures that we performed included, but not limited to the following: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We obtained an understanding of the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and selected samples of sales documents to verify the sales authenticity by inspecting sales details, including cash collections in the audited period and the subsequent period. Moreover, we checked for abnormalities between the recorded sales and cash received.

Goodwill impairment test

To create synergy that benefits the Group's existing products and in response to the global growth of server remote management system, ASPEED Technology Inc. acquired Emulex Corporation's pilot product line, which was under Broadcom Group, at the price of NT$926,937 thousand (or US$28,658 thousand), and ASPEED Technology Inc. also recognized intangible assets including client relationship, know-how, licenses, trademark, and goodwill. As of December 31, 2020, goodwill was NT$369,040 thousand, accounting for 10% of the total assets, and it was significant to the consolidated financial statements. According to IAS 36, the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to assess whether the recoverable amount calculated according to the value-of-use model is still higher than the carrying amount of the goodwill. In assessing the foregoing, it is necessary to estimate the operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount.

The management engaged an external appraiser to issue a goodwill impairment assessment report. When determining the future operating cash flow, the management will consider the sales growth rate and profit rate based on the future operating outlook and calculate the weighted average cost of capital as the discount rate. Since these key assumptions involve subjective judgments of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Therefore, the goodwill impairment assessment is one of the key audit matters for the year.

Refer to Note 4 (i), Notes 5 and 13 to the consolidated financial statements for the information on the accounting policies, accounting estimates and assumptions of the impairment assessments.

We performed the following major auditing procedures (but not limited to the following) to assess the significant estimates and the reasonableness of assumptions used in the estimated future operating cash flows and weighted average cost of capital ratios when the Group estimates the impairment of goodwill:

1. We understood the process and basis for the management's estimated sales growth rate and profit margin for the future operating outlook.

2. We determined that the estimates of the future operating cash flows are consistent with the future operating plans approved by the board of directors and the future sales growth rates and profit margins adopted, considered the recent operating results, historical trends and industry profiles, etc. and were updated as appropriate.

3. With the assistance of our internal financial advisors, we assessed the recoverable amount calculated by the management based on the value-in-use model, using the weighted average cost of capital, including the risk-free rate, volatility and risk premium assumptions; we checked that the calculations were in compliance with the industry requirements.

Other Matter

We have also audited the parent company only financial statements of ASPEED Technology Inc. as of and for the years ended December 31, 2020 and 2019 on which we have issued an unmodified opinion.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

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

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

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

Auditors' 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 auditors' 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 the auditing standards generally accepted in the Republic of China 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 the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Group to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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

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

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 for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming Hui Chen and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2021

Notice to Readers

The accompanying consolidated financial statements are intended only to present the consolidated financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such consolidated financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and consolidated financial statements shall prevail.

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020 Amount	2020 %	2019 Amount	2019 %
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,548,713	42	$ 1,421,959	42
Financial assets at fair value through profit or loss - current (Note 7)	352,850	10	162,941	5
Trade receivables, net (Note 8)	515,341	14	627,829	18
Receivables from related parties, net (Notes 8 and 28)	-	-	1,018	-
Inventories (Note 9)	166,062	4	82,078	2
Prepayments and other current assets (Note 15)	92,218	2	20,409	1
Total current assets	2,675,184	72	2,316,234	68
NON-CURRENT ASSETS				
Property, plant and equipment (Note 11)	143,889	4	123,198	4
Right-of-use assets (Note 12)	89,749	3	110,675	3
Goodwill (Notes 5 and 13)	369,040	10	369,040	11
Other intangible assets, net (Note 14)	379,252	10	442,045	13
Deferred tax assets (Note 23)	40,144	1	42,919	1
Refundable deposits (Note 15)	10,420	-	11,938	-
Other non-current assets (Note 15)	2,954	-	2,845	-
Total non-current assets	1,035,448	28	1,102,660	32
TOTAL	$ 3,710,632	100	$ 3,418,894	100

LIABILITIES AND EQUITY	2020 Amount	2020 %	2019 Amount	2019 %
CURRENT LIABILITIES				
Trade payables (Note 16)	$ 87,414	2	$ 140,791	4
Payables to related parties (Note 28)	13,208	-	14,990	1
Accrued compensation of employees and remuneration of directors (Note 22)	121,913	3	103,501	3
Other payables (Note 17)	54,349	2	43,397	1
Current tax liabilities (Note 23)	149,615	4	141,092	4
Provisions - current (Note 18)	32,809	1	26,571	1
Lease liabilities - current (Note 12)	23,939	1	23,886	1
Other current liabilities (Note 17)	106,349	3	142,037	4
Total current liabilities	589,596	16	636,265	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 23)	49,209	1	62,135	2
Lease liabilities - non-current (Note 12)	61,702	2	86,090	2
Other non-current liabilities (Note 17)	-	-	108	-
Provisions - non-current (Note 18)	6,447	-	910	-
Total non-current liabilities	117,358	3	149,243	4
Total liabilities	706,954	19	785,508	23
SHAREHOLDERS' EQUITY (Note 20)				
Capital				
Share capital	343,200	9	341,848	10
Capital surplus	1,273,540	34	1,145,044	33
Retained earnings				
Legal reserve	369,858	10	286,740	9
Special reserve	34,592	1	31,499	1
Unappropriated earnings	1,028,380	28	862,848	25
Total retained earnings	1,432,830	39	1,181,087	35
Other equity	(45,892)	(1)	(34,593)	(1)
Total equity	3,003,678	81	2,633,386	77
TOTAL	$ 3,710,632	100	$ 3,418,894	100

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

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OPERATING REVENUE (Notes 21, 28 and 32)				
Sales	$ 3,063,403	100	$ 2,483,373	100
Other operating revenue	149	-	922	-
Total operating revenue	3,063,552	100	2,484,295	100
OPERATING COSTS (Notes 9, 22 and 28)	1,127,698	37	913,248	37
GROSS PROFIT	1,935,854	63	1,571,047	63
OPERATING EXPENSES (Note 22)				
Selling and marketing expenses	57,832	2	62,227	3
General and administrative expenses	130,008	4	117,580	5
Research and development expenses	477,233	16	382,851	15
Total operating expenses	665,073	22	562,658	23
INCOME FROM OPERATIONS	1,270,781	41	1,008,389	40
NON-OPERATING INCOME AND EXPENSES (Note 22)				
Interest income	10,284	1	14,296	1
Other income	5,339	-	2,654	-
Other gains and losses	(55,898)	(2)	(12,908)	(1)
Finance costs	(3,458)	-	(1,864)	-
Total non-operating income and expenses, net	(43,733)	(1)	2,178	-
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,227,048	40	1,010,567	40
INCOME TAX EXPENSE (Note 23)	222,359	7	179,382	7
NET INCOME FOR THE YEAR	1,004,689	33	831,185	33
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	(1,995)	-	(1,097)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,002,694	33	$ 830,088	33

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,004,689	33	$ 831,185	33
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO:				
Owners of the Company	$ 1,002,694	33	$ 830,088	33
EARNINGS PER SHARE (Note 25)				
Basic	$ 29.38		$ 24.39	
Diluted	$ 29.25		$ 24.28	

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Per Share Data)

	Share capital - Ordinary Shares			Retained Earnings			Other Equity		
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2019	34,065	$ 340,656	$ 1,056,831	$ 218,148	$ 10,166	$ 734,639	$ (30,375)	$ (1,125)	$ 2,328,940
Appropriations of prior year's earnings									
Legal reserve	-	-	-	68,592	-	(68,592)	-	-	-
Special reserve	-	-	-	-	21,333	(21,333)	-	-	-
Cash dividends to shareholders - NT$18.00 per share	-	-	-	-	-	(613,051)	-	-	(613,051)
Net income for the year ended December 31, 2019	-	-	-	-	-	831,185	-	-	831,185
Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(1,097)	(1,097)
Comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	831,185	-	(1,097)	830,088
Employee share bonus - Record date: August 2, 2019	103	1,034	73,957	-	-	-	-	-	74,991
Issuance of restricted shares under employees share options on September 10, 2019	28	280	21,867	-	-	-	(22,147)	-	-
Cancellation of restricted shares under employees share options on March 11, 2019 and August 5, 2019	(12)	(122)	(7,611)	-	-	-	7,733	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	12,418	-	12,418
BALANCE AT DECEMBER 31, 2019	34,184	341,848	1,145,044	286,740	31,499	862,848	(32,371)	(2,222)	2,633,386
Appropriations of prior year's earnings									
Legal reserve	-	-	-	83,118	-	(83,118)	-	-	-
Special reserve	-	-	-	-	3,093	(3,093)	-	-	-
Cash dividends to shareholders - NT$22.00 per share	-	-	-	-	-	(752,946)	-	-	(752,946)
Net income for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	-	1,004,689
Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(1,995)	(1,995)
Comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	(1,995)	1,002,694
Employee share bonus - Record date: August 10, 2020	98	976	91,385	-	-	-	-	-	92,361
Issuance of restricted shares under employees share options on February 5, 2020 and March 2, 2020	40	400	38,157	-	-	-	(38,557)	-	-
Cancellation of restricted shares under employees share options on August 3, 2020	(2)	(24)	(1,046)	-	-	-	1,070	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	28,183	-	28,183
BALANCE AT DECEMBER 31, 2020	34,320	$ 343,200	$ 1,273,540	$ 369,858	$ 34,592	$ 1,028,380	$ (41,675)	$ (4,217)	$ 3,003,678

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

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,227,048	$ 1,010,567
Adjustments for:		
Depreciation expense	91,765	48,879
Amortization expense	115,647	105,393
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	1,979	(2,692)
Finance costs	3,458	1,864
Interest income	(10,284)	(14,296)
Compensation cost of employee restricted shares	28,183	12,418
Loss on disposal of Property, plant and equipment	98	1,643
Gain on disposal of financial assets	(7,740)	(6,282)
Write-down (reversal) of inventories	10,682	(1,928)
Net gain on foreign currency exchange	(35,519)	(37,877)
Recognition of provisions	6,238	4,901
Changes in operating assets and liabilities:		
Trade receivables (related parties included)	97,635	(239,469)
Inventories	(94,666)	58,691
Other current assets	(75,062)	(3,384)
Trade payables (related parties included)	(52,424)	104,906
Other payables	11,332	7,147
Other current liabilities	(27,339)	35,176
Payables for compensation of employees and remuneration of directors	110,773	94,127
Other non-current liabilities	(108)	(1,501)
Cash generated from operations	1,401,696	1,178,283
Interest paid	(3,458)	(1,864)
Income taxes paid	(221,567)	(175,142)
Net cash generated from operating activities	1,176,671	1,001,277
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from of financial assets at amortized cost	-	80,000
Purchase of financial assets at fair value through profit or loss	(251,888)	(180,112)
Proceeds from sale of financial assets at fair value through profit or loss	67,740	115,175
Payments for property, plant and equipment	(84,083)	(81,619)
Disposal of property, plant and equipment	61	-
Decrease (increase) in refundable deposits	1,518	(4,706)
Payments for intangible assets	(52,854)	(36,697)
Increase in prepayments for equipment	(2,954)	(2,845)
Interest received	10,586	14,227
Net cash used in investing activities	(311,874)	(96,577)

(Continued)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayment of the principal portion of lease liabilities	$ (23,733)	$ (7,042)
Cash dividends	(752,946)	(613,051)
Net cash used in financing activities	(776,679)	(620,093)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	38,636	44,006
NET INCREASE IN CASH AND CASH EQUIVALENTS	126,754	328,613
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,421,959	1,093,346
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,548,713	$ 1,421,959

The accompanying notes are an integral part of the consolidated financial statements. (Concluded)

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASPEED Technology Inc. (the "Company") has been approved by the Ministry of Economic Affairs for establishment on November 15, 2004. The Company is mainly engaged in the manufacturing of electronic products, wholesale of information software, retail and service industry, international trade, intellectual property, product design, and other industrial and commercial services. The Company's shares have been traded on the Taipei Exchange since April 30, 2013.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The consolidated financial statements were approved by the Company's board of directors on March 8, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the accounting policies of the Company and its subsidiaries (collectively referred to as the "Group").

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB (Note 1)
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the consolidated financial statements were authorized for issue, the Group is continuously assessing the possible impact that the application of other standards and interpretations will have on the Group's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For the convenience of readers, the accompanying consolidated financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language consolidated financial statements shall prevail.

a. Statement of compliance

The consolidated financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs as endorsed and issued into effect by the FSC.

b. Basis of preparation

The consolidated financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the consolidated financial statements are authorized for issue; and

3) Liabilities for which the Group does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (i.e., its subsidiaries).

Income and expenses of subsidiaries acquired or disposed of during the period are included in the consolidated statement of profit or loss and other comprehensive income from the effective dates of acquisitions up to the effective dates of disposals, as appropriate.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with those used by the Company.

All intra-group transactions, balances, income and expenses are eliminated in full upon consolidation. Total comprehensive income of subsidiaries is attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions. The carrying amounts of the interests of the Group and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. 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 and attributed to the owners of the Company.

Refer to Note 10 and Note 31 for the detailed information of subsidiaries (including the percentage of ownership and main business).

e. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquire over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

f. Foreign currencies

In preparing the financial statements of each individual entity, transactions in currencies other than the entity's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

For the purpose of presenting consolidated financial statements, the functional currencies of the Company and its foreign operations (including subsidiaries that use currency different from the currency of the Company) are translated into the presentation currency - the New Taiwan dollar as follows: Assets and liabilities are translated at the exchange rates prevailing at the end of the reporting period; income and expense items are translated at the average exchange rates for the period. The resulting currency translation differences are recognized in other comprehensive income (attributed to the owners of the Company and non-controlling interests as appropriate).

g. Inventories

Inventories consist of work-in-process and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to group similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

h. Property, plant, and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On DE recognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Group’s cash-generating units or groups of cash-generating units (referred to as “cash-generating units”) that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the Group disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) DE recognition of intangible assets

On DE recognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Group reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Group estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Group becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL are subsequently measured at fair value, with any gains or losses arising on premeasurement recognized in profit or loss. The net gain or loss recognized in profit or loss incorporates any dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 29.

ii. 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 (including related parties) at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Group recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables (including related parties)).

The Group always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Group recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a 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 ECLs.

Expected credit losses reflect the weighted average of credit losses with the respective risks of default occurring as the weights. Lifetime ECLs represent the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECLs represent the portion of lifetime ECLs 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

c) Derecognition of financial assets

The Group derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset’s carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Group are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Group are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Group’s own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company’s own equity instruments.

3) Financial liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Group of the expenditures required to settle the Group's obligations.

2) Decommissioning

The Group has the obligation for decommissioning at the end of the useful lives of offices. Pursuant to regulations, the Group estimates the decommissioning costs, which are discounted by applying the effective interest rate and recognized as the carrying amount. The decommissioning costs are capitalized and added to the carrying amount of property, plant and equipment.

The Group recognizes both the increased decommissioning provisions discounted on a time basis and interest expense. The Group regularly reviews the change of decommissioning obligation at each end of the reporting period and adjusts it to reflect the best estimates.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and past experience and other relevant factors.

The Group identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. Sales of multimedia ICs and computer peripherals oriented ICs are recognized as revenue when the ICs are delivered to the customer. Trade receivables are recognized concurrently because it is the time when the customer has full discretion to set the price, use, resell the goods to future customers and bears the risks of obsolescence.

The Group does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control. There were no materials delivered to subcontractors in 2020.

2) Royalties Revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Group and that the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangements.

o. Leasing

At the inception of a contract, the Group assesses whether the contract is, or contains, a lease.

1) The Group as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Group subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Group, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Group as lessee

The Group recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the consolidated balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Group uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Group remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the consolidated balance sheets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

q. Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Group's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefit. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Group revises its estimate of the number of restricted shares for employees 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 capital surplus - restricted share option for employees.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the Income Tax Law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that (other than in the acquisition of a subsidiary) affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on any taxable temporary difference arising from the initial recognition of goodwill included in the investment in the subsidiary.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Group is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Group expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity; in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Group’s accounting policies, management is required to make judgments, estimations, and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Group considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised if the revisions affect only that period or in the period of the revisions and future periods if the revisions affect both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	2019
Cash on hand	$ 86	$ 76
Checking accounts and demand deposits	1,006,976	274,118
Cash equivalents		
Repurchase agreements collateralized by bonds	541,651	331,809
Time deposits with original maturities of less than 3 months	-	815,956
	$ 1,548,713	$ 1,421,959

The market rate intervals of cash in bank at the end of the reporting period were as follows:

	December 31	
	2020	2019
Bank deposits	0.01%-0.20%	0.01%-2.30%
Repurchase agreements collateralized by bonds	0.43%	2.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	2019
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 225,625	$ 30,616
Domestic listed shares	127,225	132,325
	$ 352,850	$ 162,941

8. TRADE RECEIVABLES

	December 31	
	2020	2019
Trade receivables		
Non-related parties	$ 515,341	$ 627,829
Related parties	-	1,018
	$ 515,341	$ 628,847
Trade receivables		
At amortized cost		
Gross carrying amount	$ 515,341	$ 628,847
Less: Allowance for impairment loss	-	-
	$ 515,341	$ 628,847

The average credit period of sale of goods was 30-60 days. The Group adopted a policy that is in order to minimize credit risk, the management of the Group regularly reviews credit limits and credit approvals and performs other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Before trading with new customers, the Group assesses the potential customer's credit quality and defines credit limits based on the credit rating system. Credit rating information is obtained from independent rating agencies where available or, if not available, the Group uses other publicly available financial information or its own trading records to rate its major customers.

As for the trade receivables that are overdue at the end of the reporting date but not yet recognized as the allowance for bad debts, the credit quality has not changed significantly; thus, the management of the Group believes that the amount can still be recovered. The Group does not hold any collateral or other credit enhancements to those trade receivables.

The Group applies the simplified approach to provisions 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 approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as 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. 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 following table details the loss allowance of trade receivables based on the Group's provision matrix.

December 31, 2020

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 424,780	$ -	$ 424,780
Past due			
Within 30 days	71,774	-	71,774
31-60 days	18,787	-	18,787
61-90 days	-	-	-
91-180 days	-	-	-
	$ 515,341	$ -	$ 515,341

December 31, 2019

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 481,267	$ -	$ 481,267
Past due			
Within 30 days	140,311	-	140,311
31-60 days	7,269	-	7,269
61-90 days	-	-	-
91-180 days	-	-	-
	$ 628,847	$ -	$ 628,847

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 165,689	$ 69,044
Work in progress	373	13,034
	$ 166,062	$ 82,078

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $1,127,698 thousand and $913,248 thousand, respectively. The cost of inventories recognized as operating cost were as follows:

	December 31	
	2020	2019
Inventory write-downs (reversed)	$ 10,682	$ (1,928)

10. SUBSIDIARIES

a. Subsidiaries included in the consolidated financial statements

Investor	Investee	Nature of Activities	Proportion of Ownership (%) December 31 2020	2019
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Investment holding company	100	100
	ASPEED Technology India Private Limited	R&D and technical services	1	1
	Cupola360 Inc.	Software Design Services	100	100
ASPEED Technology (Samoa) Inc.	ASPEED Technology (U.S.A) Inc.	R&D and technical services	100	100
	ASPEED Technology India Private Limited	R&D and technical services	99	99

Remarks:

1) The investment accounted for using the equity method and the calculation of the share of profit or loss and other comprehensive income were recognized based on the financial statements of subsidiaries that have been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31 2020	2019
Assets used by the Company	$ 143,889	$ 123,198

a. Assets used by the Group

	Year Ended December 31, 2020: Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Net Exchange Differences	Balance at End of the Year
Cost						
Machinery equipment	$ 26,696	$ 2,706	$ (2,576)	$ -	$ -	$ 26,826
Office equipment	9,855	1,806	(678)	2,845	(68)	13,760
Other equipment	121,694	79,303	(32,115)	25,097	-	193,979
Construction in progress	25,097	-	-	(25,097)	-	-
	183,342	$ 83,815	$ (35,369)	$ 2,845	$ (68)	234,565
Accumulated depreciation						
Machinery equipment	8,936	$ 6,586	$ (2,576)	$ -	$ -	12,946
Office equipment	3,677	2,889	(519)	-	(46)	6,001
Other equipment	47,531	56,313	(32,115)	-	-	71,729
	60,144	$ 65,788	$ (35,210)	$ -	$ (46)	90,676
Carrying amount	$ 123,198					$ 143,889

	Year Ended December 31, 2019				
	Balance at Beginning of the Year	Additions	Disposals	Net Exchange Differences	Balance at End of the Year
Cost					
Machinery equipment	$ 19,463	$ 7,233	$ -	$ -	$ 26,696
Office equipment	6,938	2,962	-	(45)	9,855
Other equipment	94,247	46,327	(18,880)	-	121,694
Construction in progress	-	25,097	-	-	25,097
	120,648	$ 81,619	$ (18,880)	$ (45)	183,342
Accumulated depreciation					
Machinery equipment	4,191	$ 4,745	$ -	$ -	8,936
Office equipment	1,916	1,789	-	(28)	3,677
Other equipment	29,700	35,068	(17,237)	-	47,531
	35,807	$ 41,602	$ (17,237)	$ (28)	60,144
Carrying amount	$ 84,841				$ 123,198

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Machinery equipment	3-5 years
Office equipment	3-7 years
Other equipment	3-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 89,087	$ 109,131
Transportation equipment	662	1,544
	$ 89,749	$ 110,675

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,537	$ 6,394
Depreciation charge for right-of-use assets		
Buildings	$ 25,095	$ 6,394
Transportation equipment	882	883
	$ 25,977	$ 7,277

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 23,939	$ 23,886
Non-current	$ 61,702	$ 86,090

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	2.00%	2.00%
Transportation equipment	2.50%	2.50%

c. Material lease-in activities and terms

The Group leases certain buildings for the use of manufacturing and office with lease terms of 1 to 5 years. The Group doesn't have options to purchase the equipment for a nominal amount at the end of the lease terms. In addition, the Group is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ 186	$ 4,487
Expenses relating to low-value asset leases	$ 178	$ 165
Total cash outflow for leases	$ (26,080)	$ (12,104)

The Group's leases of certain office equipment qualify as short-term and low-value asset leases. The Group has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	December 31	
	2020	2019
Cost		
Balance at the January 1 and December 31	$ 369,040	$ 369,040

On December 30, 2016, the Group acquired the pilot product line, which was mainly expected to create synergies and benefits to the Group's existing products. When an impairment test is performed, the goodwill is related to the Group and deemed as a single cash-generating unit. Therefore, the impairment of goodwill is assessed by calculating the recoverable amount of the Group and the carrying amount of the net assets.

In addition, according to the asset impairment assessment analysis report issued by the Group, the financial forecast of the Group from 2021 to 2025 is based on the financial analysis according to the following: (a) management's reference to revenue growth rate of historical period, and (b) the difference between actual results and estimates of operating profit in 2020 and 2019, with conservative data as the basis for prediction.

The recoverable amount of the consolidated total cash-generating unit is still greater than the carrying amount, so no impairment loss is recognized.

The Group's recoverable amount is determined on the basis of the value in use, and the cash flow estimate of the financial budget for the next five years is approved by the management of the Group and is calculated using the annual discount rate of 13.91%.

14. OTHER INTANGIBLE ASSETS

	For the Years Ended December 31, 2020			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 164,931	$ 49,810	$ (13,635)	$ 201,106
Software	1,634	494	(287)	1,841
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	10,926	2,550	-	13,476
Carrying amount	727,356	$ 52,854	$ (13,922)	766,288
Accumulated amortization				
Licenses	52,797	$ 36,866	$ (13,635)	76,082
Software	964	396	(287)	1,073
Client relationship	54,582	18,194	-	72,776
Existing technology	153,870	51,290	-	205,160
Trademark	19,407	6,469	-	25,876
Others	3,691	2,432	-	6,123
Balance at December 31, 2020	285,311	$ 115,647	$ (13,922)	387,036
Carrying amount	$ 442,045			$ 379,252

	For the Years Ended December 31, 2019			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 98,037	$ 73,667	$ (6,773)	$ 164,931
Software	1,212	518	(96)	1,634
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	10,476	450	-	10,926
Carrying amount	659,590	$ 74,635	$ (6,869)	727,356
Accumulated amortization				
Licenses	32,668	$ 26,902	$ (6,773)	52,797
Software	642	418	(96)	964
Client relationship	36,388	18,194	-	54,582
Existing technology	102,581	51,289	-	153,870
Trademark	12,938	6,469	-	19,407
Others	1,570	2,121	-	3,691
Balance at December 31, 2019	186,787	$ 105,393	$ (6,869)	285,311
Carrying amount	$ 472,803			$ 442,045

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Licenses	3-7 years
Software	3-5 years
Client relationship	8 years
Existing technology	7 years
Trademark	7 years
Others	3-5 years

15. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 89,774	$ 15,097
Tax refund receivables	1,264	3,165
Overpaid sales tax	534	533
Others	646	1,614
	$ 92,218	$ 20,409

(Continued)

	December 31	
	2020	2019
Non-current		
Refundable deposits	$ 10,420	$ 11,938
Prepayments for equipment	2,954	2,845
	$ 13,374	$ 14,783

(Concluded)

16. TRADE PAYABLES

	December 31	
	2020	2019
Trade payables		
Operating	$ 87,414	$ 140,791

17. OTHER PAYABLES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries or bonuses	$ 31,208	$ 26,834
Payables for services	5,638	4,998
Payables for royalties	4,198	4,468
Payables for sales tax	3,665	-
Payables for employee welfare	2,835	417
Others	6,805	6,680
	$ 54,349	$ 43,397
Other liabilities		
Refund liabilities	$ 105,185	$ 141,015
Receipts under custody	1,060	1,022
Others	104	-
	$ 106,349	$ 142,037
Non-current		
Other non-current liabilities		
Payables for salaries or bonuses	$ -	$ 108

18. PROVISIONS

	December 31	
	2020	2019
Current		
Warranties (a)	$ 32,809	$ 26,571
Non-current		
Decommissioning (b)	$ 6,447	$ 910

	Warranties	Decommissioning
Balance at January 1, 2020	$ 26,571	$ 910
Additional provisions recognized	6,238	5,537
Balance at December 31, 2020	$ 32,809	$ 6,447

a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

b. The provision for decommissioning represents the Company's obligation to decommission (including the restoration of the office). The costs are estimated based on internal research, and the Company regularly reviews and adjusts it to reflect the best estimates.

19. RETIREMENT BENEFIT PLANS

a. Defined contribution plans

The Company adopted a pension plan under the Labor Pension Act (LPA), which is deemed a defined contribution plan. Pursuant to the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

ASPEED Technology (U.S.A.) Inc. and ASPEED Technology India Private Limited contribute a specified percentage of employees' monthly payroll costs to the retirement benefit scheme.

The total expenses recognized in the consolidated statement of comprehensive income were $5,777 thousand and $5,024 thousand, representing the contributions made and to be made to these plans by the Company at the rates specified in the plans for the years ended December 31, 2020 and 2019, respectively.

20. EQUITY

a. Share capital

Ordinary shares

	December 31 2020	December 31 2019
Number of shares authorized (in thousands of shares)	50,000	50,000
Shares authorized par value $10 (in thousands of NTD)	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands of shares)	34,320	34,184
Shares issued and fully paid (in thousands of NTD)	$ 343,200	$ 341,848

Ordinary shares issued and fully paid have a par value of NT$10. Each share has one voting right and the right to receive dividends.

For the Group's acquisition of Emulex Corporation's server remote management chip pilot product line and related assets and for follow-up strategic cooperation plan, the Company held an extraordinary shareholders' meeting on December 23, 2016 and issued 2,022 thousand shares through a private placement in accordance with Article 43-6 of the Securities Exchange Act. The price of private placement per share was NT$297.6. The total private placement price was NT$601,747 thousand, and the capital increase base date was December 30, 2016.

b. Capital surplus

	December 31 2020	December 31 2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Issuance of ordinary shares	$ 793,019	$ 793,019
May be used to offset a deficit only		
Employee share bonus	359,737	268,353
From expired/vested employee restricted shares	38,409	29,936
From exercised/expired employee share options	2,156	2,156
May not be used for any purpose		
Employee restricted shares	80,219	51,580
	$ 1,273,540	$ 1,145,044

a) The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on May 29, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the board of directors and reported to the shareholders' meeting.

Under the dividends policy as set forth in the Articles after the amendments, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting for distribution bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23(f).

The Company's Articles stipulate the dividends policy based on present and future projects, investment environment, capital requirements, domestic and international competitive environment, and the interests of shareholders, whereby the Company distributes no less than 10% of the distributable earnings in the form of dividend bonus. If the accumulatively distributable earnings were less than 50% of the Company's paid-in capital, the dividend bonus would not distributed. In principle, cash dividends are limited to no less than 10% of the total dividends distributed.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on May 19, 2020 and May 29, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	**2018**
Legal reserve	$ 83,118	$ 68,592
Special reserve	$ 3,093	$ 21,333
Cash dividends	$ 752,946	$ 613,051
Cash dividends per share (NT$)	$ 22.00	$ 18.00

The appropriation of earnings for 2020 has been proposed by the Company's board of directors on March 8, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 110,470
Special reserve	$ 11,299
Cash dividends	$ 892,204
Cash dividends per share (NT$)	$ 26.00

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 31,499	$ 10,166
Appropriation (reversal)		
Debits (reversal of debits) to other equity items	3,093	21,333
Balance at December 31	$ 34,592	$ 31,499

e. Other equity items

1) Unearned employee benefits

For information about the restricted share plans for employees, refer to Note 26.

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (32,371)	$ (30,375)
Issued	(38,557)	(22,147)
Cancelled	1,070	7,733
Share-based payment expenses recognized	28,183	12,418
Balance at December 31	$ (41,675)	$ (32,371)

2) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (2,222)	$ (1,125)
Exchange differences on translation of the financial statements of foreign operations	(1,995)	(1,097)
Balance at December 31	$ (4,217)	$ (2,222)

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Revenue from the sale of goods	$ 3,063,403	$ 2,483,373
Royalty income	149	922
	$ 3,063,552	$ 2,484,295

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 9)	$ 515,341	$ 628,847	$ 400,900
Contract liabilities			
Sale of goods	$ -	$ -	$ 157

The changes in the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2020

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,900,494	$ 155,963	$ 6,946	$ 3,063,403
Royalty	-	-	149	149
	$ 2,900,494	$ 155,963	$ 7,095	$ 3,063,552

For the year ended December 31, 2019

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,327,708	$ 155,337	$ 328	$ 2,483,373
Royalty	-	-	922	922
	$ 2,327,708	$ 155,337	$ 1,250	$ 2,484,295

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 2,330	$ 6,116
Repurchase agreements collateralized by bonds	5,684	7,997
Financial asset or financial liability at fair value through profit	2,186	-
Others	84	183
	$ 10,284	$ 14,296

b. Other income

	For the Year Ended December 31	
	2020	2019
Others	$ 5,339	$ 2,654

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange (losses) gains	$ (61,503)	$ (20,021)
Gain (loss) on disposal of investment properties	7,740	6,282
Net gain on fair value changes of financial assets through profit or loss	(1,979)	2,692
Loss on disposal of property, plant and equipment	(98)	(1,643)
Others	(58)	(218)
	$ (55,898)	$ (12,908)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on loans	$ 1,475	$ 1,454
Interest on lease liabilities	1,983	410
	$ 3,458	$ 1,864

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ -	$ -
Operating expenses	91,765	48,879
	$ 91,765	$ 48,879

(Continued)

	For the Year Ended December 31	
	2020	2019
An analysis of amortization by function		
Operating costs	$ -	$ -
Selling and marketing expenses	18,194	18,194
General and administration expenses	6,772	6,777
Research and development expenses	90,681	80,422
	$ 115,647	$ 105,393

(Concluded)

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 20)		
Defined contribution plans	$ 5,777	$ 5,024
Share-based payments (Note 26)	28,183	12,418
Other employee benefits	338,746	308,496
Total employee benefits expense	$ 372,706	$ 325,938
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	372,706	325,938
	$ 372,706	$ 325,938

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 8% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which have been approved by the Company's board of directors on March 8, 2021 and March 2, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	8%	8%
Remuneration of directors and supervisors	1%	1%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Compensation of employees	$ -	$ 108,367	$ -	$ 92,361
Remuneration of directors and supervisors	13,546	-	11,140	-

If there is a change in the amounts after the annual consolidated financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2020 and 2019 by the closing price per share of NT$1,800 and NT$946, respectively, which is the closing price per share determined on the day immediately preceding the meeting of the Company's board of directors, was 60 thousand shares and 98 thousand shares for 2020 and 2019, respectively.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the consolidated financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 16,222	$ 25,589
Foreign exchange losses	(77,725)	(45,610)
	$ (61,503)	$ (20,021)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 239,085	$ 203,129
Adjustments for prior years	(6,575)	(668)
	232,510	202,461
Deferred tax		
In respect of the current year	(10,151)	(23,079)
Effect of tax rate changes	-	-
Income tax expense recognized in profit or loss	$ 222,359	$ 179,382

A reconciliation of accounting loss and income tax expense was as follows:

	For the Year Ended December 31	
	2020	2019
Income before tax from continuing operations	$ 1,227,048	$ 1,010,567
Income tax expense calculated at the statutory rate	$ 248,940	$ 205,299
Non-deductible expenses in determining taxable income	(2,421)	(2,031)
Deductible temporary differences	(2,081)	(2,931)
Additional income tax under the Alternative Minimum Tax Act	24	25
Investment credits	(15,528)	(20,312)
Adjustments for prior years' tax	(6,575)	(668)
Income tax expense recognized in profit or loss	$ 222,359	$ 179,382

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 149,615	$ 141,092

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 188	$ 1,625	$ 1,813
Investments accounted for using the equity method	3,867	(515)	3,352
Depreciation of decommissioning right-of-use assets	-	258	258
Provisions	5,314	1,248	6,562
Refund liabilities	28,203	(7,166)	21,037
Estimated expense payable and others	5,347	1,775	7,122
	$ 42,919	$ (2,775)	$ 40,144
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 2,909	$ 971	$ 3,880
Other intangible assets - acquisitions	59,226	(13,897)	45,329
	$ 62,135	$ (12,926)	$ 49,209

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 1,020	$ (832)	$ 188
Investments accounted for using the equity method	4,950	(1,083)	3,867
Provisions	4,334	980	5,314
Refund liabilities	21,598	6,605	28,203
Estimated expense payable and others	3,798	1,549	5,347
	$ 35,700	$ 7,219	$ 42,919
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 4,721	$ (1,812)	$ 2,909
Other intangible assets - acquisitions	73,123	(13,897)	59,226
	$ 77,844	$ (15,709)	$ 62,135

d. Income tax assessments

The Company’s tax returns through 2017 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2020	2019
Basic earnings per share	$ 29.38	$ 24.39
Diluted earnings per share	$ 29.25	$ 24.28

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Income for the Year

	For the Year Ended December 31 2020	2019
Income for the year attributable to owners of the Company	$ 1,004,689	$ 831,185

Weighted average number of ordinary shares outstanding (in thousand shares):

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	34,192	34,075
Effect of potentially dilutive ordinary shares:		
Compensation of employees	79	116
Restricted shares to employees	74	48
Weighted average number of ordinary shares in computation of diluted earnings per share	34,345	34,239

The Group may settle the compensation in cash or shares; therefore, the Group assumes that the entire amount of the compensation will be settled in shares and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

25. SHARE-BASED PAYMENT ARRANGEMENTS

a. Restricted share plan for employees

Information on restricted share plan for employees was as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Issue Date	Issued Date	Issued Shares (Thousand)	Fair Value
2016/06/29	100	2016/11/04	2016/12/05	30	446
2017/05/26	100	2017/11/03	2018/02/05	36	740
2018/05/30	40	2018/11/05	2018/11/12	21	481
2019/05/29	100	2019/08/02	2019/09/10	28	791
2019/05/29	100	2019/08/02	2020/02/05	31	952
2019/05/29	100	2019/08/02	2020/03/02	9	1,005

On May 29, 2019, the shareholder's meeting resolved to issue a restricted share plan for employees with a total of 100 thousand shares. The Company shall set up the actual issuance date(s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The board of directors authorized the Company's chairman to determine the issue date. The main elements of the restricted share plan for employees were as follows:

1) Issue price: the Company issued the gratuitous restricted shares for employees.

2) Vesting conditions of restricted shares for employees are as follows:

   a) To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

      Remain employed by the Company within 1 year - 10% of restricted shares will be vested;

      Remain employed by the Company within 2 year - 10% of restricted shares will be vested;

Remain employed by the Company within 3 year - 40% of restricted shares will be vested;

Remain employed by the Company within 4 year - 40% of restricted shares will be vested;

b) When the employees do not reach the vesting conditions, the Company will recover and cancel the shares.

c) During the vesting period, the dividends will distribute to employees gratuitously.

3) In addition to the vesting conditions, the limitations are as follows:

a) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.

b) During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., will enforce by trust institutions.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands) For the Year Ended December 31	
	2020	**2019**
Balance at January 1	78	78
Granted	40	28
Vested	(16)	(16)
Cancelled	(12)	(12)
Balance at December 31	100	78

For the years ended December 31, 2020 and 2019, the compensation costs recognized were NT$28,183 thousand and NT$12,418 thousand, respectively.

26. CAPITAL MANAGEMENT

The Group manages its capital to ensure that the Group will be able to operate under the premises of going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Group consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Group (comprising issued capital, reserves, retained earnings and other equity).

The Group is not subject to any externally imposed capital requirements.

Key management personnel of the Group review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Group may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the consolidated financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 225,625	$ -	$ -	$ 225,625
Domestic listed shares	127,225	-	-	127,225
	$ 352,850	$ -	$ -	$ 352,850

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 132,325	$ -	$ -	$ 132,325
Mutual funds	30,616	-	-	30,616
	$ 162,941	$ -	$ -	$ 162,941

There were no transfers between Level 1 and Level 2 in the current and prior periods.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 2,075,120	$ 2,064,354
Financial assets at FVTPL	352,850	162,941
Financial liabilities		
Measured at amortized cost (2)	120,333	170,445

1) The balances include financial assets measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables (including related parties), financial assets at amortized cost and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade payables (including related parties) and other payables.

d. Financial risk management objectives and policies

The Group's major financial instruments include mutual investments, trade receivables and trade payables. The Group's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Group through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Group's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), and interest rates (see (b) below).

a) Foreign currency risk

The Group had foreign currency sales and purchases, which exposed the Group to foreign currency risk. Approximately 100% of the Group's sales were denominated in currencies other than the functional currency, whilst almost 99% of costs were denominated in the functional currency of the entity in the Group.

The carrying amounts of the Group's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Group was mainly exposed to the USD.

The following table details the Group's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Pre-tax profit	$ 71,335	$ 39,667

This was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

The Group's sensitivity to USD currency decreased during the current period mainly due to the decrease in the net assets of the USD which was due to the decrease in cash and cash equivalents denominated in USD.

The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate, because the foreign currency risk at the end of the reporting period cannot reflect the mid-year risk situation.

b) Interest rate risk

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amount of the Group's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 541,651	$ 1,147,765
Cash flow interest rate risk		
Financial assets	1,006,976	274,119

Sensitivity analysis

The sensitivity analysis below was determined based on the Group's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

A 0.1 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Group had no floating rate liabilities for the years ended December 31, 2020 and 2019.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Group.

The Group adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Group only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Group uses other publicly available financial information and its own trading records to rate its major customers. The Group's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Group manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Group's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Group relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Group had available unutilized short-term bank loan facilities of $650,000 thousand.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The Group's remaining contractual maturity for its non-derivative financial liabilities had been drawn up based on the undiscounted cash flows (included principal and interest) of financial liabilities from the earliest date on which the Group can be required to pay.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 2,137	$ 4,271	$ 19,026	$ 63,369	$ -	$ 88,803
Non-interest bearing						
Trade payables (including related parties)	77,867	22,755	-	-	-	100,622
Other payables	13,916	1,234	4,569	-	-	19,719
	$ 93,920	$ 28,260	$ 23,595	$ 63,369	$ -	$ 209,144

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 25,434	$ 63,369	$ -	$ -	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 2,177	$ 4,353	$ 19,342	$ 89,264	$ -	$ 115,136
Non-interest bearing						
Trade payables (including related parties)	85,875	69,906	-	-	-	155,781
Other payables	9,848	2,585	2,244	-	-	14,677
	$ 97,900	$ 76,844	$ 21,586	$ 89,264	$ -	$ 285,594

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 25,872	$ 89,264	$ -	$ -	$ -	$ -

b) Financing facilities:

	December 31	
	2020	2019
Unsecured borrowings facilities		
Amount unused	$ 650,000	$ 650,000

28. TRANSACTIONS WITH RELATED PARTIES

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Besides information disclosed elsewhere in the other notes, details of transactions between the Group and other related parties are disclosed below:

a. Related parties and their relationships associated with the Group:

Related Parties	Relationship with the Group
ATEN International Co., Ltd.	Investor with significant influence over the Group (non-related party since April 1, 2020)
Avago Technologies International Sales PTE. Limited	Investor with significant influence over the Group (non-related party since February 26, 2021)

b. Operating revenue

Related Party Category	For the Year Ended December 31 2020	2019
Investor with significant influence over the Group	$ 1,459	$ 7,824

The sales of the related parties are determined according to the agreed terms of both parties, and the collection conditions are equivalent to the general trading conditions.

c. Purchases

Related Party Name	For the Year Ended December 31 2020	2019
Avago Technologies International Sales PTE. Limited	$ 214,545	$ 103,236

The purchase of the related party is determined according to the agreed terms of the two parties, and there is no other suitable trading object to compare.

d. Production overheads

Related Party Category	For the Year Ended December 31 2020	2019
Investor with significant influence over the Group	$ 1,119	$ -

e. Receivables from related parties

Related Party Category	December 31 2020	2019
Investor with significant influence over the Group	$ -	$ 1,018

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

f. Payables to related parties

Related Party Name	December 31 2020	December 31 2019
Avago Technologies International Sales PTE. Limited	$ 13,208	$ 14,990

The outstanding trade payables from related parties are unsecured. The transaction price was based on the market price and is determined by both parties.

g. Compensation of key management personnel

The total amount of payroll to directors and supervisors and other key executives in 2020 and 2019 were as follows:

	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Short-term benefits	$ 30,636	$ 27,483
Post-employment benefits	324	324
Share-based payments	4,091	2,774
	$ 35,051	$ 30,581

The remuneration of key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Group as of December 31, 2020 and 2019 were as follows:

Under the agreement, the Group shall pay royalties at a percentage of the sales volume of certain products. For the years ended December 31, 2020 and 2019, royalty expense amounted to $14,166 thousand and $15,555 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Group's significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies of the entities in the Group and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 57,737	28.48	$ 1,644,350
Non-monetary items			
Financial assets at FVTPL			
USD	3,069	28.48	87,407

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 7,642	28.48	$ 217,644
			(Concluded)

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 36,755	29.98	$ 1,101,915
Non-monetary items			
Financial assets at FVTPL			
USD	1,021	29.98	30,610
Financial liabilities			
Monetary items			
USD	10,293	29.98	308,584

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

	For the Year Ended December 31			
	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.48 (USD:NTD)	$ 19,401	29.98 (USD:NTD)	$ 14,545

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held:

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020 Number of Shares (In Thousands)	Carrying Amount (In Thousands)	Percentage of Ownership (%)	Fair Value (In Thousands)	Note
ASPEED Technology Inc.	Shares - Shin Kong Financial Holding Co., Ltd. Preference Shares A	-	Financial assets at FVTPL - current	1,500	$ 65,625	2.0	$ 65,625	Note
	Shares - CTBC Financial Holding Co., Ltd. Preference Shares C	-	Financial assets at FVTPL - current	1,000	61,600	0.6	61,600	Note
	Shares -Yuanta Taiwan High-yield Leading Company Fund-TWD (A) No Dividend	-	Financial assets at FVTPL - current	181	2,277	-	2,277	Note
	Shares -Fuh Hwa US S&P 500 Low Volatility Index Fund	-	Financial assets at FVTPL - current	6,000	56,520	-	56,520	Note
	Shares -Fuhua Ruihua Fund	-	Financial assets at FVTPL - current	4,827	50,043	-	50,043	Note
	Funds - Allianz Global Investors Fund - Allianz Flexi Asia Bond AT USD	-	Financial assets at FVTPL - current	85	30,244	-	30,244	Note
	Shares -Allianz Multi-Credit Bond Fund-AT Accumulated Shares (USD)	-	Financial assets at FVTPL - current	90	28,454	-	28,454	Note
	Shares - JPMorgan Global Bond Yield USD Cumulative USD	-	Financial assets at FVTPL - current	8	28,709	-	28,709	Note
	Shares - ETF-0050 Yuanta Taiwan 50	-	Financial assets at FVTPL - current	240	29,378	-	29,378	Note

Note: The value is calculated by net value on December 31, 2020.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: None

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 1)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Intercompany relationships and significant intercompany transactions (Table 2)

11) Information on investees:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (In thousands) December 31 2020	2019	As of December 31, 2020 Number of Shares (In Thousands)	%	Carrying Amount (In Thousands)	Net Income (Loss) of the Investee (In Thousands)	Share of Profits (Loss) (In Thousands)	Note
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Samoa	Investment holding company	$ 48,763	$ 48,763	1,550	100	$ 34,004	$ 4,805	$ 4,805	-
	ASPEED Technology India Private Limited	India	R&D and technical services	166	166	35	1	1	(856)	(8)	-
	Cupola360 Inc.	Taiwan	Software Design Services	15,000	15,000	1,500	100	8,852	(2,221)	(2,221)	-
ASPEED Technology (Samoa) Inc.	ASPEED Technology (U.S.A) Inc.	U.S.A.	R&D and technical services	31,460	31,460	1,000	100	23,975	5,690	5,690	-
	ASPEED Technology India Private Limited	India	R&D and technical services	16,068	16,068	3,465	99	9,545	(856)	(848)	-

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriations investment gains or losses, and limit on the amount of investment in the mainland China area: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder

	Shares	
Name of Major Shareholder	**Number of Shares**	**Percentage of Ownership (%)**
Fenghua Investment Co., Ltd.	4,775,524	13.91
China Trust Commercial Bank is entrusted with the safekeeping of the investment account of Avago Technology International Marketing Pte. Ltd.	2,022,000	5.89

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

32. SEGMENT INFORMATION

The Group is considered as a single operating segment. Profit and loss, assets and liabilities are measured on the same basis as the basis for the preparation of the consolidated financial statements. For relevant operating information, refer to the consolidated financial statements.

a. Major revenue of products and services

The following was an analysis of the Group's major revenue by products and services from continuing operations by reportable segments.

	For the Year Ended December 31	
	2020	2019
Multimedia Integrated Circuits (ICs)	$ 2,900,494	$ 2,327,708
Computer Peripherals Oriented ICs	155,963	155,537
Other	7,095	1,250
	$ 3,063,552	$ 2,484,295

b. Geographical information

The Group's net operating revenue from external customers by location of customer and information about its non-current assets by location are detailed below.

	Revenue from External Customers For the Year Ended December 31		Non-current Assets December 31	
	2020	2019	2020	2019
Taiwan	$ 1,416,487	$ 985,081	$ 976,310	$ 1,035,310
China	1,149,189	1,086,059	-	-
U.S.A.	300,815	245,539	8,574	12,308
Others	197,061	167,616	-	185
	$ 3,063,552	$ 2,484,295	$ 984,884	$ 1,047,803

Non-current assets exclude financial instruments and deferred tax assets.

c. Information about major customers

Single customers who contributed 10% or more to the Group's revenue were as follows:

	For the Year Ended December 31	
	2020	2019
Customer A	$ 589,510	$ 537,116
Customer B	530,927	368,222
Customer C	335,624	253,925

TABLE 1

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trades Receivable (Payable)	
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
ASPEED Technology Inc.	Avago Technologies International Sales PTE. Limited	Investor with significant influence over the group	Purchases	$ 214,545	18.24	Payment shall be made within 30 days after inspection and acceptance	No major differences	No major differences	$ 13,208	13.13

TABLE 2

ASPEED TECHNOLOGY INC. AND SUBSIDIARIES

INTERCOMPANY RELATIONSHIPS AND SIGNIFICANT INTERCOMPANY TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars)

No.	Investee Company	Counterparty	Relationship (Note 1)	Transactions Details			
				Financial Statement Accounts	Amount	Payment Terms	% of Total Sales or Assets
0	The Company	ASPEED Technology (U.S.A.) Inc.	1	Other payables	$ 8,447	Note 2	0.2
				Technical services expense	80,986	Note 2	2.6

Note 1: No.1 represents the transactions from parent company to subsidiary.

Note 2: Payment terms are determined according to the agreed terms of the two parties.

Deloitte.

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INDEPENDENT AUDITORS' REPORT

The Board of Directors and the Shareholders
ASPEED Technology Inc.

Opinion

We have audited the accompanying financial statements of ASPEED Technology Inc. (the "Company"), which comprise the balance sheets as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audits in accordance with the Regulations Governing Auditing and Attestation of Financial Statements by Certified Public Accountants and auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with The Norm of Professional Ethics for Certified Public Accountant of the Republic of China, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters identified in the Company's financial statements for the year ended December 31, 2020 are stated as follows:

<u>Recognition of revenue</u>

The Company operates principally as a supplier of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. For the year ended December 31, 2020, the Company recognized revenue of NT$3,063,552 thousand, which increased by 23% compared with that of last year, refer to Note 21 for related information. Due to the increasing market demand for remote server management system, the significant changes in the amount of the Company's operating revenue in recent years have a significant impact on the financial statements for the year ended December 31, 2020. For customers whose sales growth rates were significant, we considered the existence and occurrence of sales as key audit matters of the current period.

The audit procedures that we performed included, but not limited to the following: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We obtained an understanding of the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and selected samples of sales documents to verify the sales authenticity by inspecting sales details, including cash collections in the audited period and the subsequent period. Moreover, we checked for abnormalities between the recorded sales and cash received.

<u>Goodwill impairment test</u>

To create synergy that benefits the Company's existing products in response to the global growth of server remote management system, the Company acquired Emulex Corporation's pilot product line, which was under Broadcom Group, at the price of NT$926,937 thousand (or US$28,658 thousand), and the Company also recognized intangible assets including client relationship, know-how, licenses, trademark, and goodwill. As of December 31, 2020, goodwill was NT$369,040 thousand, accounting for 10% of the total assets, and it was significant to the financial statements. According to IAS 36, the goodwill impairment assessment test should be conducted annually. When assessing whether the goodwill is impaired or not, the management needs to assess whether the recoverable amount calculated according to the value-in-use model is still higher than the carrying amount of the goodwill. In assessing the foregoing, it is necessary to estimate the operating cash flow that may arise in the future and determine the appropriate discount rate to calculate the recoverable amount.

The management engaged an external appraiser to issue a goodwill impairment assessment report. When determining the future operating cash flow, the management will consider the sales growth rate and profit rate based on the future operating outlook, and calculate the weighted average cost of capital as the discount rate. Since these key assumptions involve subjective judgments of management and may be affected by future market or economy, there is a high degree of uncertainty over the estimates. Therefore, the goodwill impairment assessment is one of the key audit matters for the year.

Refer to Note 4 (i), Notes 5 and 13 to the financial statements for the information on the accounting policies, accounting estimates and assumptions of the impairment assessments.

We performed the following major auditing procedures (but not limited to the following) to assess the significant estimates and the reasonableness of assumptions used in the estimated future operating cash flows and weighted average cost of capital ratios when the Company estimates the impairment of goodwill:

1. We understood the process and basis for the management's estimated sales growth rate and profit margin for the future operating outlook.

2. We determined that the estimates of the future operating cash flows are consistent with the future operating plans approved by the board of directors and the future sales growth rates and profit margins adopted, considered the recent operating results, historical trends and industry profiles, etc. and were updated as appropriate.

3. With the assistance of our internal financial advisors, we assessed the recoverable amount calculated by the management based on the value-in-use model, using the weighted average cost of capital, including the risk-free rate, volatility and risk premium assumptions; we checked that the calculations were in compliance with the industry requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

Those charged with governance, including the audit committee, are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' 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 the auditing standards generally accepted in the Republic of China 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 financial statements.

As part of an audit in accordance with the auditing standards generally accepted in the Republic of China, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

1. Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

2. Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

3. Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

4. Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the 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 auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.

5. Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

6. Obtain sufficient and appropriate audit evidence regarding the financial information of entities or business activities within the Company to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the audit. We remain solely responsible for our audit opinion.

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

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 financial statements for the year ended December 31, 2020 and are therefore the key audit matters. We describe these matters in our auditors' 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.

The engagement partners on the audits resulting in this independent auditors' report are Ming Hui Chen and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 8, 2021

<u>*Notice to Readers*</u>

The accompanying financial statements are intended only to present the financial position, financial performance and cash flows in accordance with accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such financial statements are those generally applied in the Republic of China.

For the convenience of readers, the independent auditors' report and the accompanying financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language independent auditors' report and financial statements shall prevail.

ASPEED TECHNOLOGY INC.

BALANCE SHEETS
DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

ASSETS	2020 Amount	2020 %	2019 Amount	2019 %
CURRENT ASSETS				
Cash and cash equivalents (Note 6)	$ 1,511,379	41	$ 1,390,725	41
Financial assets at fair value through profit or loss - current (Note 7)	352,850	10	162,941	5
Trade receivables, net (Note 8)	515,341	14	627,829	19
Receivables from related parties, net (Notes 8 and 28)	-	-	1,018	-
Inventories (Note 9)	166,062	4	82,078	2
Prepayments and other current assets (Note 15)	88,863	2	15,251	-
Total current assets	2,634,495	71	2,279,842	67
NON-CURRENT ASSETS				
Investment accounted for using equity method (Notes 10 and 31)	42,953	1	42,372	1
Property, plant and equipment (Note 11)	143,664	4	122,691	4
Right-of-use assets (Note 12)	81,399	2	98,690	3
Goodwill (Notes 5 and 13)	369,040	10	369,040	11
Other intangible assets, net (Note 14)	374,538	10	435,235	13
Deferred tax assets (Note 23)	33,022	1	37,572	1
Refundable deposits (Note 15)	10,138	1	10,685	-
Other non-current assets (Note 15)	2,954	-	2,845	-
Total non-current assets	1,057,708	29	1,119,130	33
TOTAL	$ 3,692,203	100	$ 3,398,972	100

LIABILITIES AND EQUITY	2020 Amount	2020 %	2019 Amount	2019 %
CURRENT LIABILITIES				
Trade payables (Note 16)	$ 87,414	3	$ 140,791	4
Payables to related parties (Note 28)	13,208	-	14,990	1
Accrued compensation of employees and remuneration of directors (Note 22)	121,913	3	103,501	3
Other payables (Note 17)	36,097	1	26,918	1
Other payables to related parties (Note 28)	8,447	-	8,703	-
Current tax liabilities (Note 23)	149,615	4	141,092	4
Provisions - current (Note 18)	32,809	1	26,571	1
Lease liabilities - current (Note 12)	20,873	1	20,820	1
Other current liabilities (Note 17)	106,245	3	142,034	4
Total current liabilities	576,621	16	625,420	19
NON-CURRENT LIABILITIES				
Deferred tax liabilities (Note 23)	49,209	1	62,135	2
Lease liabilities - non-current (Note 12)	56,248	2	77,121	2
Provisions - non-current (Note 18)	6,447	-	910	-
Total non-current liabilities	111,904	3	140,166	4
Total liabilities	688,525	19	765,586	23
EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 20)				
Share capital				
Ordinary shares	343,200	9	341,848	10
Capital surplus	1,273,540	34	1,145,044	33
Retained earnings				
Legal reserve	369,858	10	286,740	9
Special reserve	34,592	1	31,499	1
Unappropriated earnings	1,028,380	28	862,848	25
Total retained earnings	1,432,830	39	1,181,087	35
Other equity	(45,892)	(1)	(34,593)	(1)
Total equity	3,003,678	81	2,633,386	77
TOTAL	$ 3,692,203	100	$ 3,398,972	100

The accompanying notes are an integral part of the financial statements.

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 21 and 28)				
Sales	$ 3,063,403	100	$ 2,483,373	100
Other operating revenue	149	-	922	-
Total operating revenue	3,063,552	100	2,484,295	100
OPERATING COSTS (Notes 9, 22 and 28)				
Cost of goods sold	1,127,698	37	913,248	37
GROSS PROFIT	1,935,854	63	1,571,047	63
OPERATING EXPENSES (Notes 22 and 28)				
Selling and marketing expenses	57,832	2	62,227	3
General and administrative expenses	97,558	3	81,683	3
Research and development expenses	512,758	17	424,389	17
Total operating expenses	668,148	22	568,299	23
INCOME FROM OPERATIONS	1,267,706	41	1,002,748	40
NON-OPERATING INCOME AND EXPENSES				
Interest income (Note 22)	10,141	1	14,209	1
Other income (Notes 22 and 28)	5,375	-	2,666	-
Other gains and losses (Note 22)	(55,756)	(2)	(12,722)	(1)
Finance costs (Note 22)	(3,249)	-	(1,799)	-
Share of profit or loss of subsidiaries	2,576	-	5,414	-
Total non-operating income and expenses, net	(40,913)	(1)	7,768	-
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,226,793	40	1,010,516	40
INCOME TAX EXPENSE (Note 23)	222,104	7	179,331	7
NET INCOME FOR THE YEAR	1,004,689	33	831,185	33

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2020		2019	
	Amount	**%**	**Amount**	**%**
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translation of the financial statements of foreign operations (Note 20)	$ (1,995)	-	$ (1,097)	-
Other comprehensive loss for the year, net of income tax	(1,995)	-	(1,097)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	$ 1,002,694	33	$ 830,088	33
EARNINGS PER SHARE (Note 25)				
Basic	$ 29.38		$ 24.39	
Diluted	$ 29.25		$ 24.28	

The accompanying notes are an integral part of the financial statements. (Concluded)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Share Capital			Retained Earning			Other Equity		
	Shares (In Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange Differences on Translation of the Financial Statements of Foreign Operations	Total Equity
BALANCE AT JANUARY 1, 2019	34,065	$ 340,656	$ 1,056,831	$ 218,148	$ 10,166	$ 734,639	$ (30,375)	$ (1,125)	$ 2,328,940
Appropriation of prior year's earnings									
Legal reserve	-	-	-	68,592	-	(68,592)	-	-	-
Special reserve	-	-	-	-	21,333	(21,333)	-	-	-
Cash dividends to shareholders - NT$18.00 per share	-	-	-	-	-	(613,051)	-	-	(613,051)
Net income for the year ended December 31, 2019	-	-	-	-	-	831,185	-	-	831,185
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,097)	(1,097)
Comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	831,185	-	(1,097)	830,088
Employee share bonus - Record date: August 2, 2019	103	1,034	73,957	-	-	-	-	-	74,991
Issuance of restricted shares under employees share options on September 10, 2019	28	280	21,867	-	-	-	(22,147)	-	-
Cancellation of restricted shares under employees share options on March 11, 2019 and August 5, 2019	(12)	(122)	(7,611)	-	-	-	7,733	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	12,418	-	12,418
BALANCE AT DECEMBER 31, 2019	34,184	341,848	1,145,044	286,740	31,499	862,848	(32,371)	(2,222)	2,633,386
Appropriation of prior year's earnings									
Legal reserve	-	-	-	83,118	-	(83,118)	-	-	-
Special reserve	-	-	-	-	3,093	(3,093)	-	-	-
Cash dividends to shareholders - NT$22.00 per share	-	-	-	-	-	(752,946)	-	-	(752,946)
Net income for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	-	1,004,689
Other comprehensive loss after tax	-	-	-	-	-	-	-	(1,995)	(1,995)
Comprehensive income (loss) for the year ended December 31, 2020	-	-	-	-	-	1,004,689	-	(1,995)	1,002,694
Employee share bonus - Record date: August 10, 2020	98	976	91,385	-	-	-	-	-	92,361
Issuance of restricted shares under employees share options on February 5, 2020 and March 2, 2020	40	400	38,157	-	-	-	(38,557)	-	-
Cancellation of restricted shares under employees share options on August 3, 2020	(2)	(24)	(1,046)	-	-	-	1,070	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	28,183	-	28,183
BALANCE AT DECEMBER 31, 2020	34,320	$ 343,200	$ 1,273,540	$ 369,858	$ 34,592	$ 1,028,380	$ (41,675)	$ (4,217)	$ 3,003,678

The accompanying notes are an integral part of the financial statements.

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	$ 1,226,793	$ 1,010,516
Adjustments for:		
Depreciation expense	88,515	47,728
Amortization expense	113,551	103,297
Net loss (gain) on fair value changes of financial assets designated as at fair value through profit or loss	1,979	(2,692)
Finance costs	3,249	1,799
Interest income	(10,141)	(14,209)
Compensation cost of employee restricted shares	28,183	12,418
Share of gain of subsidiaries	(2,576)	(5,414)
Write-down (reversal of) of inventories	10,682	(1,928)
Net gain on foreign currency exchange	(33,948)	(38,151)
Recognition of provisions	6,238	4,901
Loss on disposal of property, plant and equipment	-	1,643
Gain on disposal of financial assets	(7,740)	(6,282)
Changes in operating assets and liabilities		
Trade receivables (related parties included)	97,635	(239,469)
Inventories	(94,666)	58,691
Other current assets	(73,927)	(5,974)
Trade payables (related parties included)	(52,424)	104,906
Other payables (related parties included)	9,303	4,973
Other current liabilities	(27,440)	35,173
Payables for compensation of employees and remuneration of directors	110,773	94,127
Cash generated from operations	1,394,039	1,166,053
Interest paid	(3,249)	(1,799)
Income tax paid	(221,957)	(173,412)
Net cash generated from operating activities	1,168,833	990,842
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from of financial assets at amortized cost	-	80,000
Purchase of financial assets at fair value through profit or loss	(251,888)	(180,112)
Proceeds from sale of financial assets at fair value through profit or loss	67,740	115,175
Payments for property, plant and equipment	(84,083)	(81,053)
Increase in refundable deposits	547	(5,230)
Payments for intangible assets	(52,854)	(36,697)
Increase in prepayments for equipment	(2,954)	(2,845)
Interest received	10,443	14,140
Net cash used in investing activities	(313,049)	(96,622)

(Continued)

ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars)

	2020	2019
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of the principal portion of lease liabilities	$ (20,820)	$ (6,293)
Cash dividends	(752,946)	(613,051)
Net cash used in financing activities	(773,766)	(619,344)
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	38,636	45,110
NET INCREASE IN CASH AND CASH EQUIVALENTS	120,654	319,986
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	1,390,725	1,070,739
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	$ 1,511,379	$ 1,390,725

The accompanying notes are an integral part of the financial statements. (Concluded)

ASPEED TECHNOLOGY INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2020 AND 2019
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

1. GENERAL INFORMATION

ASPEED Technology Inc. (the "Company") has been approved by the Ministry of Economic Affairs for establishment on November 15, 2004. The Company is mainly engaged in the manufacturing of electronic products, wholesale of information software, retail and service industry, international trade, intellectual property, product design, and other industrial and commercial services. The Company's shares have been traded on the Taipei Exchange since April 30, 2013.

The financial statements are presented in the Company's functional currency, the New Taiwan dollar.

2. APPROVAL OF FINANCIAL STATEMENTS

The parent company only financial statements were approved by the Company's board of directors and authorized for issue on March 8, 2021.

3. APPLICATION OF NEW, AMENDED AND REVISED STANDARDS AND INTERPRETATIONS

a. Initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the International Financial Reporting Standards (IFRS), International Accounting Standards (IAS), IFRIC Interpretations (IFRIC), and SIC Interpretations (SIC) (collectively, the "IFRSs") endorsed and issued into effect by the Financial Supervisory Commission (FSC)

   The initial application of the amendments to the Regulations Governing the Preparation of Financial Reports by Securities Issuers and the IFRSs endorsed and issued into effect by the FSC did not have material impact on the Company's accounting policies:

b. The IFRSs endorsed by the FSC for application starting from 2021

New IFRSs	Effective Date Announced by IASB
Amendments to IFRS 4 "Extension of the Temporary Exemption from Applying IFRS 9"	Effective immediately upon promulgation by the IASB
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 "Interest Rate Benchmark Reform - Phase 2"	January 1, 2021
Amendment to IFRS 16 "Covid-19-Related Rent Concessions"	June 1, 2020

   As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

c. New IFRSs in issue but not yet endorsed and issued into effect by the FSC

New IFRSs	Effective Date Announced by IASB (Note 1)
"Annual Improvements to IFRS Standards 2018-2020"	January 1, 2022 (Note 2)
Amendments to IFRS 3 "Reference to the Conceptual Framework"	January 1, 2022 (Note 3)
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, 2023
Amendments to IFRS 17	January 1, 2023
Amendments to IAS 1 "Classification of Liabilities as Current or Non-current"	January 1, 2023
Amendments to IAS 1 "Disclosure of Accounting Policies"	January 1, 2023 (Note 6)
Amendments to IAS 8 "Definition of Accounting Estimates"	January 1, 2023 (Note 7)
Amendments to IAS 16 "Property, Plant and Equipment - Proceeds before Intended Use"	January 1, 2022 (Note 4)
Amendments to IAS 37 "Onerous Contracts - Cost of Fulfilling a Contract"	January 1, 2022 (Note 5)

Note 1: Unless stated otherwise, the above New IFRSs are effective for annual reporting periods beginning on or after their respective effective dates.

Note 2: The amendments to IFRS 9 will be applied prospectively to modifications and exchanges of financial liabilities that occur on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IAS 41 "Agriculture" will be applied prospectively to the fair value measurements on or after the annual reporting periods beginning on or after January 1, 2022. The amendments to IFRS 1 "First-time Adoptions of IFRSs" will be applied retrospectively for annual reporting periods beginning on or after January 1, 2022.

Note 3: The amendments are applicable to business combinations for which the acquisition date is on or after the beginning of the annual reporting period beginning on or after January 1, 2022.

Note 4: The amendments are applicable to property, plant and equipment that are brought to the location and condition necessary for them to be capable of operating in the manner intended by management on or after January 1, 2021.

Note 5: The amendments are applicable to contracts for which the entity has not yet fulfilled all its obligations on January 1, 2022.

Note 6: The amendments will be applied prospectively for annual reporting periods beginning on or after January 1, 2023.

Note 7: The amendments are applicable to changes in accounting estimates and changes in accounting policies that occur on or after the beginning of the annual reporting period beginning on or after January 1, 2023.

As of the date the financial statements were authorized for issue, the Company is continuously assessing the possible impact that the application of other standards and interpretations will have on the Company's financial position and financial performance and will disclose the relevant impact when the assessment is completed.

4. SUMMARY OF SIGNIFICANT ACCOUNTING POLICY

For the convenience of readers, the accompanying parent company only financial statements have been translated into English from the original Chinese version prepared and used in the Republic of China. If there is any conflict between the English version and the original Chinese version or any difference in the interpretation of the two versions, the Chinese-language parent company only financial statements shall prevail.

a. Statement of compliance

The parent company only financial statements have been prepared in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

b. Basis of Preparation

The financial statements have been prepared on the historical cost basis except for financial instruments which are measured at fair value.

The fair value measurements, which are grouped into Levels 1 to 3 based on the degree to which the fair value measurement inputs are observable and based on the significance of the inputs to the fair value measurement in its entirety, are described as follows:

1) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities;

2) Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

3) Level 3 inputs are unobservable inputs for an asset or liability.

When preparing its parent company only financial statements, the Company used equity method to account for its investment in subsidiaries. In order for the amounts of the net profit for the year, other comprehensive income for the year and total equity in the parent company only financial statements to be the same with the amounts attributable to the owner of the Company in its consolidated financial statements, adjustments arising from the differences in accounting treatment between parent company only basis and consolidated basis were made to investments accounted for using the equity method, share of profit or loss of subsidiaries and related equity items, as appropriate, in the parent company only financial statements.

c. Classification of current and non-current assets and liabilities

Current assets include:

1) Assets held primarily for the purpose of trading;

2) Assets expected to be realized within 12 months after the reporting period; and

3) Cash and cash equivalents unless the asset is restricted from being exchanged or used to settle a liability for at least 12 months after the reporting period.

Current liabilities include:

1) Liabilities held primarily for the purpose of trading;

2) Liabilities due to be settled within 12 months after the reporting period, even if an agreement to refinance, or to reschedule payments, on a long-term basis is completed after the reporting period and before the financial statements are authorized for issue; and

3) Liabilities for which the Company does not have an unconditional right to defer settlement for at least 12 months after the reporting period.

Assets and liabilities that are not classified as current are classified as non-current.

d. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. Acquisition-related costs are generally recognized in profit or loss as they are incurred.

Goodwill is measured as the excess of the sum of the consideration transferred and the fair value of the acquirer's previously held equity interests in the acquiree over the net of the acquisition-date amounts of the identifiable assets acquired and the liabilities assumed.

e. Foreign currencies

In preparing the parent company only financial statements, transactions in currencies other than the Company's functional currency (i.e., foreign currencies) are recognized at the rates of exchange prevailing at the dates of the transactions.

At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Exchange differences on monetary items arising from settlement or translation are recognized in profit or loss in the period in which they arise.

Non-monetary items measured at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences arising from the retranslation of non-monetary items are included in profit or loss for the period except for exchange differences arising from the retranslation of non-monetary items in respect of which gains and losses are recognized directly in other comprehensive income; in which cases, the exchange differences are also recognized directly in other comprehensive income.

Non-monetary items that are measured at historical cost in a foreign currency are not retranslated.

f. Inventories

Inventories consist of work-in-process and finished goods are stated at the lower of cost or net realizable value. Inventory write-downs are made by item, except where it may be appropriate to Company similar or related items. Net realizable value is the estimated selling price of inventories less all estimated costs of completion and costs necessary to make the sale. Inventories are recorded at standard cost and adjusted to approximate weighted-average cost on the balance sheet date.

g. Investments in subsidiaries

The Company uses the equity method to account for its investments in subsidiaries.

Subsidiaries are the entities controlled by the Company.

Under the equity method, the investment in a subsidiary is initially recognized at cost, and the carrying amount is increased or decreased to recognize the Company's share of the profit or loss and other comprehensive income of the subsidiary after the date of acquisition. Besides, the Company also recognizes the Company's share of the change in other equity of the subsidiary.

Changes in the Company's ownership interest in a subsidiary that do not result in the Company losing control of the subsidiary are equity transactions. Any difference between the carrying amount of the investment and the fair value of the consideration paid or received is recognized in equity.

When the Company's share of losses of a subsidiary exceeds its interest in that subsidiary (which includes any carrying amount of the investment accounted for by the equity method and long-term interests that, in substance, form part of the Company's net investment in the subsidiary), the Company continues recognizing its share of further losses.

Any excess of the cost of acquisition over the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business at the date of acquisition is recognized as goodwill, which is included within the carrying amount of the investment and is not amortized. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities of a subsidiary that constitutes a business over the cost of acquisition is recognized immediately in profit or loss.

The Company assesses its investment for any impairment by comparing the carrying amount with the estimated recoverable amount as assessed based on the investee's financial statements as a whole. Impairment loss is recognized when the carrying amount exceeds the recoverable amount. If the recoverable amount of the investment subsequently increases, the Company recognizes the reversal of the impairment loss; the adjusted post-reversal carrying amount should not exceed the carrying amount that would have been recognized (net of amortization or depreciation) had no impairment loss been recognized in prior years. An impairment loss recognized on goodwill cannot be reversed in a subsequent period.

When the Company loses control of a subsidiary, it recognizes the investment retained in the former subsidiary at its fair value at the date when control is lost. The difference between the fair value of the retained investment plus any consideration received and the carrying amount of the previous investment at the date when control is lost is recognized as a gain or loss in profit or loss. Besides, the Company accounts for all amounts previously recognized in other comprehensive income in relation to that subsidiary on the same basis as would be required had the Company directly disposed of the related assets or liabilities.

Profits or losses resulting from downstream transactions are eliminated in full only in the parent company only financial statements. Profits and losses resulting from upstream transactions and transactions between subsidiaries are recognized only in the parent company financial statements and only to the extent of interests in the subsidiaries that are not related to the Company.

h. Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation.

Depreciation on property, plant and equipment is recognized using the straight-line method. Each significant part is depreciated separately. The estimated useful lives, residual values and depreciation methods are reviewed at the end of each reporting period, with the effects of any changes in estimates accounted for on a prospective basis.

On derecognition of an item of property, plant and equipment, the difference between the sales proceeds and the carrying amount of the asset is recognized in profit or loss.

i. Goodwill

Goodwill arising from the acquisition of a business is measured at cost as established at the date of acquisition of the business less accumulated impairment loss.

For the purposes of impairment testing, goodwill is allocated to each of the Company's cash-generating units or groups of cash-generating units (referred to as "cash-generating units") that is expected to benefit from the synergies of the combination.

A cash-generating unit to which goodwill has been allocated is tested for impairment annually or more frequently when there is an indication that the unit may be impaired, by comparing its carrying amount, including the attributed goodwill, with its recoverable amount. However, if the goodwill allocated to a cash-generating unit was acquired in a business combination during the current annual period, that unit shall be tested for impairment before the end of the current annual period. If the recoverable amount of the cash-generating unit is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then pro rata to the other assets of the unit based on the carrying amount of each asset in the unit. Any impairment loss is recognized directly in profit or loss. Any impairment loss recognized for goodwill is not reversed in subsequent periods.

If goodwill has been allocated to a cash-generating unit and the entity disposes of an operation within that unit, the goodwill associated with the operation which is disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal and is measured on the basis of the relative values of the operation disposed of and the portion of the cash-generating unit retained.

j. Intangible assets

1) Intangible assets acquired separately

Intangible assets with finite useful lives that are acquired separately are initially measured at cost and subsequently measured at cost less accumulated amortization. Amortization is recognized on a straight-line basis. The estimated useful life, residual value, and amortization method are reviewed at the end of each reporting period, with the effect of any changes in the estimate accounted for on a prospective basis. Intangible assets with indefinite useful lives that are acquired separately are measured at cost less accumulated impairment loss.

2) Internally-generated intangible assets - research and development expenditure

Expenditure on research activities is recognized as an expense in the period in which it is incurred.

An internally-generated intangible asset arising from the development phase of an internal project is recognized if, and only if, all of the following have been demonstrated:

a) The technical feasibility of completing the intangible asset so that it will be available for use or sale;

b) The intention to complete the intangible asset and use or sell it;

c) The ability to use or sell the intangible asset;

d) How the intangible asset will generate probable future economic benefits;

e) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

f) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

The amount initially recognized for internally-generated intangible assets is the sum of the expenditure incurred from the date when such an intangible asset first meets the recognition criteria listed above. Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

3) Intangible assets acquired in a business combination

Intangible assets acquired in a business combination and recognized separately from goodwill are initially recognized at their fair value at the acquisition date (which is regarded as their cost). Subsequent to initial recognition, they are measured on the same basis as intangible assets that are acquired separately.

4) Derecognition of intangible assets

On derecognition of an intangible asset, the difference between the net disposal proceeds and the carrying amount of the asset is recognized in profit or loss.

k. Impairment of property, plant and equipment, right-of-use assets and intangible assets other than goodwill

At the end of each reporting period, the Company reviews the carrying amounts of its property, plant and equipment, right-of-use assets and intangible assets, excluding goodwill, to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss. When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs. Corporate assets are allocated to the smallest group of cash-generating units on a reasonable and consistent basis of allocation.

Intangible assets with indefinite useful lives and intangible assets not yet available for use are tested for impairment at least annually, and whenever there is an indication that the asset may be impaired.

The recoverable amount is the higher of fair value less costs to sell and value in use. If the recoverable amount of an asset or cash-generating unit is estimated to be less than its carrying amount, the carrying amount of the asset or cash-generating unit is reduced to its recoverable amount, with the resulting impairment loss recognized in profit or loss.

When an impairment loss is subsequently reversed, the carrying amount of the asset or cash-generating unit is increased to the revised estimate of its recoverable amount, but only to the extent of the carrying amount that would have been determined had no impairment loss been recognized on the asset or cash-generating unit in prior years. A reversal of an impairment loss is recognized in profit or loss.

l. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at FVTPL) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at FVTPL are recognized immediately in profit or loss.

1) Financial assets

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

a) Measurement categories

Financial assets are classified into the following categories: Financial assets at FVTPL and financial assets at amortized cost.

i. Financial assets at FVTPL

Financial assets are classified as at FVTPL when such a financial asset is mandatorily classified as at FVTPL. Financial assets mandatorily classified as at FVTPL include investments in equity instruments which are not designated as at FVTOCI and debt instruments that do not meet the amortized cost criteria or the FVTOCI criteria.

Financial assets at FVTPL 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 dividends or interest earned on such a financial asset. Fair value is determined in the manner described in Note 29.

ii. 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 (including related parties) at amortized cost and other receivables, are measured at amortized cost, which equals the gross carrying amount determined using the effective interest method less any impairment loss. Exchange differences are recognized in profit or loss.

Interest income is calculated by applying the effective interest rate to the gross carrying amount of such a financial asset, except for:

i) Purchased or originated credit-impaired financial assets, for which interest income is calculated by applying the credit-adjusted effective interest rate to the amortized cost of such financial assets; and

ii) Financial assets that are not credit impaired on purchase or origination but have subsequently become credit impaired, for which interest income is calculated by applying the effective interest rate to the amortized cost of such financial assets in subsequent reporting periods.

A financial asset is credit impaired when one or more of the following events have occurred:

i) Significant financial difficulty of the issuer or the borrower;

ii) Breach of contract, such as a default;

iii) It is becoming probable that the borrower will enter bankruptcy or undergo a financial reorganization; or

iv) The disappearance of an active market for that financial asset because of financial difficulties.

Cash equivalents include time deposits with original maturities within 3 months from the date of acquisition, which are highly liquid, readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These cash equivalents are held for the purpose of meeting short-term cash commitments.

b) Impairment of financial assets

The Company recognizes a loss allowance for expected credit losses on financial assets at amortized cost (including trade receivables (including related parties)).

The Company always recognizes lifetime expected credit losses (ECLs) for trade receivables. For all other financial instruments, the Company recognizes lifetime ECLs when there has been a significant increase in credit risk since initial recognition. If, on the other hand, the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECLs.

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

The Company 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, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognized in other comprehensive income and does not reduce the carrying amount of the financial asset.

For internal credit risk management purposes, the Group determines that the following situations indicate that a financial asset is in default (without taking into account any collateral held by the Group):

i. Internal or external information show that the debtor is unlikely to pay its creditors.

c) Derecognition of financial assets

The Company derecognizes a financial asset only when the contractual rights to the cash flows from the financial asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the financial asset to another party.

On derecognition of a financial asset at amortized cost in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognized in profit or loss.

2) Equity instruments

Equity instruments issued by the Company are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

Equity instruments issued by the Company are recognized at the proceeds received, net of direct issue costs.

The repurchase of the Company's own equity instruments is recognized in and deducted directly from equity. No gain or loss is recognized in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

3) Financial Liabilities

a) Subsequent measurement

All financial liabilities are measured at amortized cost using the effective interest method.

b) Derecognition of financial liabilities

The difference between the carrying amount of the financial liabilities derecognized and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognized in profit or loss.

m. Provisions

Provisions are measured at the best estimate of the discounted cash flows of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation.

1) Warranties

Provisions for the expected cost of warranty obligations to assure that products comply with agreed-upon specifications are recognized on the date of sale of the relevant products at the best estimate by the management of the Company of the expenditures required to settle the Company's obligations.

2) Decommissioning

The Company has the obligation for decommissioning at the end of the useful lives of offices. Pursuant to regulations, the Company estimates the decommissioning costs, which are discounted by applying the effective interest rate and recognized as the carrying amount. The decommissioning costs are capitalized and added to the carrying amount of property, plant and equipment.

The Company recognizes both the increased decommissioning provisions discounted on a time basis and interest expense. The Company regularly reviews the change of decommissioning obligation at each end of the reporting period and adjusts it to reflect the best estimates.

n. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Allowance for sales returns and liability for returns are recognized at the time of sale based on the seller's reliable estimate of future returns and based on past experience and other relevant factors.

The Company identifies contracts with customers, allocates the transaction price to the performance obligations and recognizes revenue when performance obligations are satisfied.

1) Revenue from the sale of goods

Revenue from the sale of goods comes from sales of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. Sales of multimedia ICs and computer peripherals oriented ICs are recognized as revenue when the ICs are delivered to the customer. Trade receivables are recognized concurrently because it is the time when the customer has full discretion to set the price, use, resell the goods to future customers and bears the risks of obsolescence.

The Company does not recognize revenue on materials delivered to subcontractors because this delivery does not involve a transfer of control.

2) Royalties revenue

Royalty revenue is recognized on an accrual basis in accordance with the substance of the relevant agreement and provided that it is probable that the economic benefits will flow to the Company and that the amount of revenue can be measured reliably. Royalties determined on a time basis are recognized on a straight-line basis over the period of the agreement. Royalty arrangements that are based on production, sales and other measures are recognized by reference to the underlying arrangements.

o. Leasing

At the inception of a contract, the Company assesses whether the contract is, or contains, a lease.

1) The Company as lessor

Leases are classified as finance leases whenever the terms of a lease transfer substantially all the risks and rewards of ownership to the lessee. All other leases are classified as operating leases.

When the Company subleases a right-of-use asset, the sublease is classified by reference to the right-of-use asset arising from the head lease, not with reference to the underlying asset. However, if the head lease is a short-term lease that the Company, as a lessee, has accounted for applying recognition exemption, the sublease is classified as an operating lease.

2) The Company as lessee

The Company recognizes right-of-use assets and lease liabilities for all leases at the commencement date of a lease, except for short-term leases and low-value asset leases accounted for applying a recognition exemption where lease payments are recognized as expenses on a straight-line over the lease terms.

Right-of-use assets are initially measured at cost, which comprises the initial measurement of lease liabilities adjusted for lease payments made at or before the commencement date, plus any initial direct costs incurred and an estimate of costs needed to restore the underlying assets, and less any lease incentives received. Right-of-use assets are subsequently measured at cost less accumulated depreciation and impairment losses and adjusted for any remeasurement of the lease liabilities. Right-of-use assets are presented on a separate line in the balance sheets.

Right-of-use assets are depreciated using the straight-line method from the commencement dates to the earlier of the end of the useful lives of the right-of-use assets or the end of the lease terms.

Lease liabilities are initially measured at the present value of the lease payments. The lease payments are discounted using the interest rate implicit in a lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses the lessee's incremental borrowing rate.

Subsequently, lease liabilities are measured at amortized cost using the effective interest method, with interest expense recognized over the lease terms. When there is a change in a lease term, the Company remeasures the lease liabilities with a corresponding adjustment to the right-of-use-assets. However, if the carrying amount of the right-of-use assets is reduced to zero, any remaining amount of the remeasurement is recognized in profit or loss. Lease liabilities are presented on a separate line in the balance sheets.

p. Employee benefits

1) Short-term employee benefits

Liabilities recognized in respect of short-term employee benefits are measured at the undiscounted amount of the benefits expected to be paid in exchange for the related services.

2) Retirement benefits

Payments to defined contribution retirement benefit plans are recognized as an expense when employees have rendered services entitling them to the contributions.

q. Restricted shares for employees

The fair value at the grant date of the restricted shares for employees is expensed on a straight-line basis over the vesting period, based on the Company's best estimates of the number of shares or options that are expected to ultimately vest, with a corresponding increase in other equity - unearned employee benefit. It is recognized as an expense in full at the grant date if vesting immediately.

When restricted shares for employees are issued, other equity - unearned employee benefits is recognized on the grant date, with a corresponding increase in capital surplus - restricted shares for employees. If restricted shares for employees are granted for consideration and should be returned, they are recognized as payables. Dividends paid to employees on restricted shares that do not need to be returned if employees resign in the vesting period are recognized as expenses when the dividends are declared with a corresponding adjustment in capital surplus - restricted shares for employees.

At the end of each reporting period, the Company revises its estimate of the number of restricted shares for employees 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 capital surplus - restricted share option for employees.

r. Taxation

Income tax expense represents the sum of the tax currently payable and deferred tax.

1) Current tax

According to the income tax law in the ROC, an additional tax on unappropriated earnings is provided for in the year the shareholders approve to retain earnings.

Adjustments of prior years' tax liabilities are added to or deducted from the current year's tax provision.

2) Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities and the corresponding tax bases used in the computation of taxable profit.

If a temporary difference arises from the initial recognition of assets and liabilities in a transaction that (other than in the acquisition of a subsidiary) affects neither the taxable profit nor the accounting profit, the resulting deferred tax asset or liability is not recognized. In addition, a deferred tax liability is not recognized on any taxable temporary difference arising from the initial recognition of goodwill included in the investment in the subsidiary.

Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences, research and development expenditures and personnel training expenditures to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

Deferred tax liabilities are recognized for taxable temporary differences associated with investments in subsidiaries, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future. Deferred tax assets arising from deductible temporary differences associated with such investments and interests are only recognized to the extent that it is probable that there will be sufficient taxable profits against which to utilize the benefits of the temporary differences and they are expected to reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. A previously unrecognized deferred tax asset is also reviewed at the end of each reporting period and recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the year which the liability is settled or the asset is realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period. The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

3) Current and deferred taxes

Current and deferred taxes are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred taxes are also recognized in other comprehensive income or directly in equity, respectively.

Where current tax or deferred tax arises from the initial accounting for a business combination, the tax effect is included in the accounting for the business combination.

5. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company’s accounting policies, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered relevant. Actual results may differ from these estimates.

The Company considers the economic implications of the COVID-19 when making its critical accounting estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Key Sources of Estimation Uncertainty

Impairment of goodwill

Determining whether goodwill is impaired requires an estimation of the value in use of the cash-generating units to which goodwill has been allocated. The calculation of the value in use requires management to estimate the future cash flows expected to arise from the cash-generating units and a suitable discount rate in order to calculate the present value. Where the actual future cash flows are less than expected, a material impairment loss may arise.

6. CASH AND CASH EQUIVALENTS

	December 31	
	2020	**2019**
Cash on hand	$ 86	$ 76
Demand deposits	969,642	242,884
Cash equivalents		
Repurchase agreements collateralized by bonds	541,651	331,809
Time deposits with original maturities of less than 3 months	-	815,956
	$ 1,511,379	$ 1,390,725

The market rate intervals of cash in the bank at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Bank deposits	0.01%-0.20%	0.01%-2.30%
Repurchase agreements collateralized by bonds	0.43%	2.10%

7. FINANCIAL INSTRUMENTS AT FAIR VALUE THROUGH PROFIT OR LOSS

	December 31	
	2020	**2019**
Financial assets mandatorily classified as at FVTPL		
Non-derivative financial assets		
Mutual funds	$ 225,625	$ 30,616
Domestic listed shares	127,225	132,325
	$ 352,850	$ 162,941

8. TRADE RECEIVABLES

	December 31	
	2020	2019
Trade receivables		
Non-related parties	$ 515,341	$ 627,829
Related parties	-	1,018
	$ 515,341	$ 628,847
Trade receivables		
At amortized cost		
Gross carrying amount	$ 515,341	$ 628,847
Less: Allowance for impairment loss	-	-
	$ 515,341	$ 628,847

The average credit period of sale of goods was 30-60 days. The Company adopted a policy that is in order to minimize credit risk, the management of the Company regularly reviews credit limits and credit approvals and performs other monitoring procedures to ensure that follow-up action is taken to recover overdue debts.

Before trading with new customers, the Company assesses the potential customer's credit quality and defines credit limits based on the credit rating system. Credit rating information is obtained from independent rating agencies where available or, if not available, the Company uses other publicly available financial information or its own trading records to rate its major customers.

As for the trade receivables that are overdue at the end of the reporting date but not yet recognized as the allowance for bad debts, the credit quality has not changed significantly; thus, the management of the Company believes that the amount can still be recovered. The Company does not hold any collateral or other credit enhancements to those trade receivables.

The Company applies the simplified approach to provisions 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 approach considering the past default experience of the debtor and an analysis of the debtor's current financial position, adjusted for general economic conditions of the industry in which the debtors operate and an assessment of both the current as well as the forecast direction of economic conditions at the reporting date. As the Company'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 Company's different customer base.

The Company 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. For trade receivables that have been written off, the Company 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 following table details the loss allowance of trade receivables based on the Company's provision matrix.

December 31, 2020

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 424,780	$ -	$ 424,780
Past due			
Within 30 days	71,774	-	71,774
31-60 days	18,787	-	18,787
61-90 days	-	-	-
91-180 days	-	-	-
	$ 515,341	$ -	$ 515,341

December 31, 2019

	Gross Carrying Amount	Loss Allowance	Amortized Cost
Not past due	$ 481,267	$ -	$ 481,267
Past due			
Within 30 days	140,311	-	140,311
31-60 days	7,269	-	7,269
61-90 days	-	-	-
91-180 days	-	-	-
	$ 628,847	$ -	$ 628,847

9. INVENTORIES

	December 31	
	2020	2019
Finished goods	$ 165,689	$ 69,044
Work in progress	373	13,034
	$ 166,062	$ 82,078

The cost of inventories recognized as cost of goods sold for the years ended December 31, 2020 and 2019 was $1,127,698 thousand and $913,248 thousand, respectively. The cost of inventories recognized as operating cost were as follows:

	December 31	
	2020	2019
Inventory write-downs (reversed)	$ 10,682	$ (1,928)

10. INVESTMENT ACCOUNTED FOR USING EQUITY METHOD

a. Investments in subsidiaries

	December 31 2020	December 31 2019
ASPEED Technology (Samoa) Inc.	$ 34,004	$ 31,186
ASPEED Technology India Private Limited	97	113
Cupola360 Inc.	8,852	11,073
	$ 42,953	$ 42,372

Name of Subsidiaries	Proportion of Ownership and Voting Rights December 31 2020	Proportion of Ownership and Voting Rights December 31 2019
ASPEED Technology (Samoa) Inc.	100%	100%
ASPEED Technology India Private Limited	1%	1%
Cupola360 Inc.	100%	100%

1) The Company holds 99% shares of ASPEED Technology India Private Limited through ASPEED Technology (Samoa) Inc., as ASPEED Technology India Private Limited is a 100% owned subsidiary of the Company.

2) The investment accounted for using the equity method and the calculation of the share of profit or loss and other comprehensive income were recognized based on the financial statements of subsidiaries that have been audited.

11. PROPERTY, PLANT AND EQUIPMENT

	December 31 2020	December 31 2019
Assets used by the Company	$ 143,664	$ 122,691

a. Assets used by the Company

	Year Ended December 31, 2020				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
Cost					
Machinery equipment	$ 26,696	$ 2,706	$ (2,576)	$ -	$ 26,826
Office equipment	8,488	1,806	(260)	2,845	12,879
Other equipment	121,694	79,303	(32,115)	25,097	193,979
Construction in progress	25,097	-	-	(25,097)	-
	181,975	$ 83,815	$ (34,951)	$ 2,845	233,684

(Continued)

	Year Ended December 31, 2020				
	Balance at Beginning of the Year	Additions	Disposals	Reclassification Adjustment	Balance at End of the Year
Accumulated depreciation					
Machinery equipment	$ 8,936	$ 6,586	$ (2,576)	$ -	$ 12,946
Office equipment	2,817	2,788	(260)	-	5,345
Other equipment	47,531	56,313	(32,115)	-	71,729
	59,284	$ 65,687	$ (34,951)	$ -	90,020
Carrying amount	$ 122,691				$ 143,664

(Concluded)

	Year Ended December 31, 2019			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Machinery equipment	$ 19,463	$ 7,233	$ -	$ 26,696
Office equipment	5,814	2,674	-	8,488
Other equipment	94,247	46,327	(18,880)	121,694
Construction in progress	-	25,097	-	25,097
	119,524	$ 81,331	$ (18,880)	181,975
Accumulated depreciation				
Machinery equipment	4,191	$ 4,745	$ -	8,936
Office equipment	1,356	1,461	-	2,817
Other equipment	29,700	35,068	(17,237)	47,531
	35,247	$ 41,274	$ (17,237)	59,284
Carrying amount	$ 84,277			$ 122,691

The above items of property, plant and equipment are depreciated on a straight-line basis over their following estimated useful lives as follows:

Machinery equipment	3-5 years
Office equipment	4-5 years
Other equipment	3-5 years

12. LEASE ARRANGEMENTS

a. Right-of-use assets

	December 31	
	2020	2019
Carrying amount		
Buildings	$ 80,737	$ 97,146
Transportation equipment	662	1,544
	$ 81,399	$ 98,690

	For the Year Ended December 31	
	2020	2019
Additions to right-of-use assets	$ 5,537	$ 97,046
Depreciation charge for right-of-use assets		
Buildings	$ 21,946	$ 5,571
Transportation equipment	882	883
	$ 22,828	$ 6,454

b. Lease liabilities

	December 31	
	2020	2019
Carrying amount		
Current	$ 20,873	$ 20,820
Non-current	$ 56,248	$ 77,121

Range of discount rate for lease liabilities was as follows:

	December 31	
	2020	2019
Buildings	2.00%	2.00%
Transportation equipment	2.50%	2.50%

c. Material lease-in activities and terms

The Company leases certain buildings for the use of manufacturing and office with lease terms of 1 to 5 years. The Company doesn't have options to purchase the equipment for a nominal amount at the end of the lease terms. In addition, the Company is prohibited from subleasing or transferring all or any portion of the underlying assets without the lessor's consent.

d. Other lease information

	For the Year Ended December 31	
	2020	2019
Expenses relating to short-term leases	$ -	$ 930
Expenses relating to low-value asset leases	$ 178	$ 165
Total cash outflow for leases	$ (22,772)	$ (7,733)

The Company's leases of certain office equipment qualify as short-term and low-value asset leases. The Company has elected to apply the recognition exemption and thus, did not recognize right-of-use assets and lease liabilities for these leases.

13. GOODWILL

	December 31	
	2020	2019
Cost		
Balance at the January 1 and December 31	$ 369,040	$ 369,040

On December 30, 2016, the Company acquired the pilot product line, which was mainly expected to create synergies and benefits to the company's existing products. When an impairment test is performed, the goodwill is related to the Company and deemed as a single cash-generating unit. Therefore, the impairment of goodwill is assessed by calculating the recoverable amount of the Company and the carrying amount of the net assets.

In addition, according to the asset impairment assessment analysis report issued by the Company, the financial forecast of the company from 2021 to 2025 is based on the financial analysis, according to the following: (a) management's reference to revenue growth rate of historical period, and (b) the difference between actual results and estimates of operating profit in 2020 and 2019, with conservative data as the basis for prediction.

The recoverable amount of the total cash-generating unit is still greater than the carrying amount, so no impairment loss is recognized.

The Company's recoverable amount is determined on the basis of the value in use, and the cash flow estimate of the financial budget for the next five years is approved by the management of the Company and is calculated using the annual discount rate of 13.91%.

14. OTHER INTANGIBLE ASSETS

	For the Years Ended December 31, 2020			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 164,931	$ 49,810	$ (13,635)	$ 201,106
Software	1,634	494	(287)	1,841
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	450	2,550	-	3,000
	716,880	$ 52,854	$ (13,922)	755,812
Accumulated amortization				
Licenses	52,797	$ 36,866	$ (13,635)	76,028
Software	964	396	(287)	1,073
Client relationship	54,582	18,194	-	72,776
Existing technology	153,870	51,290	-	205,160
Trademark	19,407	6,469	-	25,876
Others	25	336	-	361
	281,645	$ 113,551	$ (13,922)	381,274
Carrying amount	$ 435,235			$ 374,538

	For the Years Ended December 31, 2019			
	Balance at Beginning of the Year	Additions	Disposals	Balance at End of the Year
Cost				
Licenses	$ 98,037	$ 73,667	$ (6,773)	$ 164,931
Software	1,212	518	(96)	1,634
Client relationship	145,552	-	-	145,552
Existing technology	359,030	-	-	359,030
Trademark	45,283	-	-	45,283
Others	-	450	-	450
	649,114	$ 74,635	$ (6,869)	716,880
Accumulated amortization				
Licenses	32,668	$ 26,902	$ (6,773)	52,797
Software	642	418	(96)	964
Client relationship	36,388	18,194	-	54,582
Existing technology	102,581	51,289	-	153,870
Trademark	12,938	6,469	-	19,407
Others	-	25	-	25
	185,217	$ 103,297	$ (6,869)	281,645
Carrying amount	$ 463,897			$ 435,235

Intangible assets are amortized on a straight-line basis over their estimated useful lives as follows:

Licenses	3-7 years
Software	3-5 years
Client relationship	8 years
Existing technology	7 years
Trademark	7 years
Others	3-4 years

15. OTHER ASSETS

	December 31	
	2020	2019
Current		
Prepayments	$ 88,360	$ 12,665
Tax refund receivables	-	1,659
Other receivables	503	927
	$ 88,863	$ 15,251
Non-current		
Refundable deposits	$ 10,138	$ 10,685
Prepayments for equipment	2,954	2,845
	$ 13,092	$ 13,530

16. TRADE PAYABLES

	December 31	
	2020	2019
Trade payables		
Operating	$ 87,414	$ 140,791

17. OTHER PAYABLES

	December 31	
	2020	2019
Current		
Other payables		
Payables for salaries or bonuses	$ 14,230	$ 12,317
Payables for royalties	4,198	4,468
Payables for services	4,695	3,898
Payables for sales tax	3,665	-
Payables for employee welfare	2,835	417
Others	6,474	5,818
	$ 36,097	$ 26,918
Other liabilities		
Refund liabilities	$ 105,185	$ 141,015
Others	1,060	1,019
	$ 106,245	$ 142,034

18. PROVISIONS

	December 31	
	2020	2019
Current		
Warranties (a)	$ 32,809	$ 26,571
Non-current		
Decommissioning (b)	$ 6,447	$ 910

	Warranties	Decommissioning
Balance at January 1, 2019	$ 26,571	$ 910
Additional provisions recognized	6,238	5,537
Balance at December 31, 2019	$ 32,809	$ 6,447

a. The provision for warranty claims represents the present value of management's best estimate of the future outflow of economic benefits. The estimate has been made on the basis of historical warranty trends and may vary as a result of new materials, altered manufacturing processes or other events affecting product quality.

b. The provision for decommissioning represents the Company's obligation to decommission.(including the restoration of the office). The costs are estimated based on internal research, and the Company regularly reviews and adjusts it to reflect the best estimates.

19. RETIREMENT BENEFIT PLANS

The Company adopted a pension plan under the Labor Pension Act (LPA), which is deemed a defined contribution plan. Pursuant to the LPA, the Company makes monthly contributions to employees' individual pension accounts at 6% of monthly salaries and wages.

The total expenses recognized in the consolidated statement of comprehensive income were $5,777 thousand and $5,024 thousand, representing the contributions made and to be made to these plans by the Company at the rates specified in the plans for the years ended December 31, 2020 and 2019, respectively.

20. EQUITY

a. Share capital

Ordinary shares

	December 31	
	2020	2019
Number of shares authorized (in thousands of shares)	50,000	50,000
Shares authorized par value $10 (in thousands of NTD)	$ 500,000	$ 500,000
Number of shares issued and fully paid (in thousands of shares)	34,320	34,184
Shares issued and fully paid (in thousands of NTD)	$ 343,200	$ 341,848

Ordinary shares issued and fully paid have a par value of NT$10. Each share has one voting right and the right to receive dividends.

For the Company's acquisition of Emulex Corporation's server remote management chip pilot product line and related assets and for follow-up strategic cooperation plan, the Company held an extraordinary shareholders' meeting on December 23, 2016 and issued 2,022 thousand shares through a private placement in accordance with Article 43-6 of the Securities Exchange Act. The price of private placement per share was NT$297.6. The total private placement price was NT$601,747 thousand, and the capital increase base date was December 30, 2016.

b. Capital surplus

	December 31	
	2020	2019
May be used to offset a deficit, distributed as cash dividends, or transferred to share capital (a)		
Issuance of ordinary shares	$ 793,019	$ 793,019
May only be used to offset a deficit		
Employee share bonus	359,737	268,353
From expired/vested employee restricted shares	38,409	29,936
From exercised/expired employee share options	2,156	2,156
May not be used for any purpose		
Employee restricted shares	80,219	51,580
	$ 1,273,540	$ 1,145,044

a) The capital surplus may be used to offset a deficit; in addition, when the Company has no deficit, such capital surplus may be distributed as cash dividends or transferred to share capital (limited to a certain percentage of the Company's capital surplus and to once a year).

c. Retained earnings and dividend policy

The shareholders of the Company held their regular meeting on May 29, 2019 and in that meeting, resolved the amendments to the Company's Articles of Incorporation (the "Articles"). The amendments explicitly stipulate that the Corporation may allocate a portion or all of its reserves for distribution in accordance with relevant laws or regulations or the orders of the authorities in charge. When the reserves are to be distributed in cash, the distribution may be approved by the board of directors and reported to the shareholders' meeting.

Under the dividends policy as set forth in the amended Articles, where the Company made a profit in a fiscal year, the profit shall be first utilized for paying taxes, offsetting losses of previous years, setting aside as a legal reserve of 10% of the remaining profit, setting aside or reversing a special reserve in accordance with the laws and regulations, and then any remaining profit together with any undistributed retained earnings shall be used by the Company's board of directors as the basis for proposing a distribution plan, which should be resolved in the shareholders' meeting when the reserves are to be distributed as bonuses to shareholders.

For the policies on the distribution of compensation of employees and remuneration of directors and supervisors after the amendment, refer to compensation of employees and remuneration of directors and supervisors in Note 23(f).

The Company's Articles stipulate the dividends policy based on present and future projects, investment environment, capital requirements, domestic and international competitive environment, and the interests of shareholders, whereby the Company distributes no less than 10% of the distributable earnings in the form of dividend bonus. If the accumulatively distributable earnings were less than 50% of the Company's paid-in capital, the dividend bonus would not be distributed. In principle, cash dividends are limited to no less than 10% of the total dividends distributed.

The appropriation of earnings to a legal reserve shall be made until the legal reserve equals the Company's paid-in capital. The legal reserve may be used to offset any deficit. If the Company has no deficit and the legal reserve has exceeded 25% of the Company's paid-in capital, the excess may be transferred to capital or distributed in cash.

Items referred to under Rule No. 1010012865 issued by the FSC and the directive titled "Questions and Answers for Special Reserves Appropriated Following Adoption of IFRSs" should be appropriated to or reversed from a special reserve by the Company.

The appropriations of earnings for 2019 and 2018 approved in the shareholders' meetings on May 19, 2020 and May 29, 2019, respectively, were as follows:

	Appropriation of Earnings For the Year Ended December 31	
	2019	2018
Legal reserve	$ 83,118	$ 68,592
Special reserve	$ 3,093	$ 21,333
Cash dividends	$ 752,946	$ 613,051
Cash dividends per share (NT$)	$ 22.00	$ 18.00

The appropriation of earnings for 2020 has been proposed by the Company's board of directors on March 8, 2021. The appropriation and dividends per share were as follows:

	For the Year Ended December 31, 2020
Legal reserve	$ 100,470
Special reserve	$ 11,299
Cash dividends	$ 892,204
Cash dividends per share (NT$)	$ 26.00

d. Special reserve

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ 31,499	$ 10,166
Debits (reversal of debits) to other equity items	3,093	21,333
Balance at December 31	$ 34,592	$ 31,499

e. Other equity items

1) Unearned employee benefits

For information about the restricted share plans for employees, refer to Note 26.

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (32,371)	$ (30,375)
Issued	(38,557)	(22,147)
Cancelled	1,070	7,733
Share-based payment expenses recognized	28,183	12,418
Balance at December 31	$ (41,675)	$ (32,371)

2) Exchange differences on translation of the financial statements of foreign operations

	For the Year Ended December 31	
	2020	2019
Balance at January 1	$ (2,222)	$ (1,125)
Exchange differences on translation of the financial statements of foreign operations	(1,995)	(1,097)
Balance at December 31	$ (4,217)	$ (2,222)

21. REVENUE

a. Revenue from contracts with customers

	For the Year Ended December 31	
	2020	2019
Revenue from the sale of goods	$ 3,063,403	$ 2,483,373
Royalty income	149	922
	$ 3,063,552	$ 2,484,295

b. Contract balances

	December 31, 2020	December 31, 2019	January 1, 2019
Trade receivables (Note 8)	$ 515,341	$ 628,847	$ 400,900
Contract liabilities			
Sale of goods	$ -	$ -	$ 157

The changes in the contract liability balances primarily result from the timing difference between the Company's performance and the customer's payment.

c. Disaggregation of revenue

For the year ended December 31, 2020

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,900,494	$ 155,963	$ 6,946	$ 3,063,403
Royalty	-	-	149	149
	$ 2,900,494	$ 155,963	$ 7,095	$ 3,063,552

For the year ended December 31, 2019

	Reportable Segments			
	Multimedia Integrated Circuits (ICs)	Computer Peripherals Oriented ICs	Others	Total
Type of goods or services				
Sale of goods	$ 2,327,708	$ 155,337	$ 328	$ 2,483,373
Royalty	-	-	922	922
	$ 2,327,708	$ 155,337	$ 1,250	$ 2,484,295

22. NET PROFIT FROM CONTINUING OPERATIONS

a. Interest income

	For the Year Ended December 31	
	2020	2019
Interest income		
Bank deposits	$ 2,187	$ 6,029
Repurchase agreements collateralized by bonds	5,684	7,997
Financial asset or financial liability at fair value through profit	2,186	-
Others	84	183
	$ 10,141	$ 14,209

b. Other income

	For the Year Ended December 31	
	2020	2019
Others	$ 5,375	$ 2,666

c. Other gains and losses

	For the Year Ended December 31	
	2020	2019
Net foreign exchange (losses) gains	$ (61,459)	$ (19,911)
Gain on disposal of investment properties	7,740	6,282
Net (loss) gain on fair value changes of financial assets through profit or loss	(1,979)	2,692
Loss on disposal of property, plant and equipment	-	(1,643)
Others	(58)	(142)
	$ (55,756)	$ (12,722)

d. Finance costs

	For the Year Ended December 31	
	2020	2019
Interest on loans	$ 1,475	$ 1,454
Interest on lease liability	1,774	345
	$ 3,249	$ 1,799

e. Depreciation and amortization

	For the Year Ended December 31	
	2020	2019
An analysis of depreciation by function		
Operating costs	$ -	$ -
Operating expenses	88,515	47,728
	$ 88,515	$ 47,728
An analysis of amortization by function		
Operating costs	$ -	$ -
Selling and marketing expenses	18,194	18,194
General and administration expenses	6,772	6,777
Research and development expenses	88,585	78,326
	$ 113,551	$ 103,297

f. Employee benefits expense

	For the Year Ended December 31	
	2020	2019
Post-employment benefits (Note 19)		
Defined contribution plans	$ 5,777	$ 5,024
Share-based payments (Note 25)	28,183	12,418
Other employee benefits	271,330	241,155
Total employee benefits expense	$ 305,290	$ 258,597
An analysis of employee benefits expense by function		
Operating costs	$ -	$ -
Operating expenses	305,290	258,597
	$ 305,290	$ 258,597

g. Compensation of employees and remuneration of directors

The Company accrued compensation of employees and remuneration of directors and supervisors at rates of no less than 8% and no higher than 3%, respectively, of net profit before income tax, compensation of employees, and remuneration of directors and supervisors. The compensation of employees and remuneration of directors and supervisors for the years ended December 31, 2020 and 2019, which have been approved by the Company’s board of directors on March 8, 2021 and March 2, 2020, respectively, were as follows:

Accrual rate

	For the Year Ended December 31	
	2020	2019
Compensation of employees	8%	8%
Remuneration of directors and supervisors	1%	1%

Amount

	For the Year Ended December 31			
	2020		2019	
	Cash	Shares	Cash	Shares
Compensation of employees	$ -	$ 108,367	$ -	$ 92,361
Remuneration of directors and supervisors	13,546	-	11,140	-

If there is a change in the amounts after the annual parent company only financial statements are authorized for issue, the differences are recorded as a change in the accounting estimate.

The number of shares of the compensation of employees, which was determined by dividing the amount of the compensation of employees resolved for 2020 and 2019 by the closing price per share of NT$1,800 and NT$946, respectively, which is determined on the day immediately preceding the meeting of the Company's board of directors, was 60 thousand shares and 98 thousand shares for 2020 and 2019, respectively.

There is no difference between the actual amounts of compensation of employees and remuneration of directors and supervisors paid and the amounts recognized in the parent company only financial statements for the years ended December 31, 2019 and 2018.

Information on the compensation of employees and remuneration of directors resolved by the Company's board of directors is available at the Market Observation Post System website of the Taiwan Stock Exchange.

h. Gains or losses on foreign currency exchange

	For the Year Ended December 31	
	2020	2019
Foreign exchange gains	$ 16,310	$ 25,533
Foreign exchange losses	(77,769)	(45,444)
	$ (61,459)	$ (19,911)

23. INCOME TAXES RELATING TO CONTINUING OPERATIONS

a. Major components of income tax expense recognized in profit or loss

	For the Year Ended December 31	
	2020	2019
Current tax		
In respect of the current year	$ 237,055	$ 201,378
Adjustments for prior years	(6,575)	(668)
	230,480	200,710
Deferred tax		
In respect of the current year	(8,376)	(21,379)
Income tax expense recognized in profit or loss	$ 222,104	$ 179,331

A reconciliation of accounting loss and income tax expense was as follows:

	For the Year Ended December 31	
	2020	2019
Income before tax from continuing operations	$ 1,226,793	$ 1,010,516
Income tax expense calculated at the statutory rate (20%)	$ 245,359	$ 202,103
Non-deductible expenses in determining taxable income	(1,036)	(1,567)
Deductible temporary differences	(116)	(225)
Investment credits	(15,528)	(20,312)
Adjustments for prior years' tax	(6,575)	(668)
Income tax expense recognized in profit or loss	$ 222,104	$ 179,331

b. Current tax liabilities

	December 31	
	2020	2019
Current tax liabilities		
Income tax payable	$ 149,615	$ 141,092

c. Deferred tax assets and liabilities

The movements of deferred tax assets and deferred tax liabilities were as follows:

For the year ended December 31, 2020

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 188	$ 1,625	$ 1,813
Investments accounted for using the equity method	3,867	(515)	3,352
Provisions	5,314	1,248	6,562
Refund liabilities	28,203	(7,166)	21,037
Deferred depreciation expense for decommissioning of right-of-use assets	-	258	258
	$ 37,572	$ (4,550)	$ 33,022
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 2,909	$ 971	$ 3,880
Other intangible assets - acquisitions	59,226	(13,897)	45,329
	$ 62,135	$ (12,926)	$ 49,209

For the year ended December 31, 2019

	Opening Balance	Recognized in Profit or Loss	Closing Balance
Deferred Tax Assets			
Temporary differences			
Inventory write-down	$ 1,020	$ (832)	$ 188
Investments accounted for using the equity method	4,950	(1,083)	3,867
Provisions	4,334	980	5,314
Refund liabilities	21,598	6,605	28,203
	$ 31,902	$ 5,670	$ 37,572
Deferred Tax Liabilities			
Temporary differences			
Unrealized net foreign exchange gains	$ 4,721	$ (1,812)	$ 2,909
Other intangible assets - acquisitions	73,123	(13,897)	59,226
	$ 77,844	$ (15,709)	$ 62,135

d. Income tax assessments

The Company's tax returns through 2017 have been assessed by the tax authorities.

24. EARNINGS PER SHARE

Unit: NT$ Per Share

	For the Year Ended December 31 2020	2019
Basic earnings per share	$ 29.38	$ 24.39
Diluted earnings per share	$ 29.25	$ 24.28

The income and weighted average number of ordinary shares outstanding in the computation of earnings per share from continuing operations were as follows:

Net Income for the Year

	For the Year Ended December 31 2020	2019
Income for the year attributable to owners of the Company	$ 1,004,689	$ 831,185

The weighted average number of ordinary shares outstanding (in thousands of shares) is as follows:

	For the Year Ended December 31	
	2020	2019
Weighted average number of ordinary shares in computation of basic earnings per share	34,192	34,075
Effect of potentially dilutive ordinary shares:		
Compensation of employees	79	116
Restricted shares to employees	74	48
Weighted average number of ordinary shares in computation of diluted earnings per share	34,345	34,239

The Company may settle the compensation in cash or shares; therefore, the Company assumes that the entire amount of the compensation will be settled in shares, and the resulting potential shares are included in the weighted average number of shares outstanding used in the computation of diluted earnings per share, as the effect is dilutive. Such dilutive effect of the potential shares is 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.

25. SHARE-BASED PAYMENT ARRANGEMENTS

Restricted share plan for employees

Information on restricted share plan for employees was as follows:

Approved Date	Grant Shares (Thousand)	Board of Directors Approved Issue Date	Issued Date	Issued Shares (Thousand)	Fair Value
2016/06/29	100	2016/11/04	2016/12/05	30	$ 446
2017/05/26	100	2017/11/03	2018/02/05	36	740
2018/05/30	40	2018/11/05	2018/11/12	21	481
2019/05/29	100	2019/08/02	2019/09/10	28	791
2019/05/29	100	2019/08/02	2020/02/05	31	952
2019/05/29	100	2019/08/02	2020/03/02	9	1,005

On May 29, 2019, the shareholder's meeting resolved to issue a restricted share plan for employees with a total of 100 thousand shares. The Company shall set up the actual issuance date (s) in one tranche or in installments within one year from the date of receipt of the effective registration of the competent authority. The board of directors authorized the Company's chairman to determine the issue date. The main elements of the restricted share plan for employees were as follows:

a. Issue price: the Company issued the gratuitous restricted shares for employees.

b. Vesting conditions of restricted shares for employees are as follows:

   a) To meet the vesting conditions, an employee has to meet performance and other conditions over the vesting period, as follows:

      Remain employed by the Company within 1 year - 10% of restricted shares will be vested;

      Remain employed by the Company within 2 year - 10% of restricted shares will be vested;

      Remain employed by the Company within 3 year - 40% of restricted shares will be vested;

Remain employed by the Company within 4 year - 40% of restricted shares will be vested;

b) When the employees do not reach the vesting conditions, the Company will recover and cancel the shares.

c) During the vesting period, the dividends will distribute to employees gratuitously.

c. In addition to the vesting conditions, the limitations are as follows:

a) The employees cannot sell, pledge, transfer, donate or, in any other way, dispose of these shares.

b) During the vesting period, the rights of attending shareholders' meeting, proposal, speech, resolution and voting right, etc., will enforce by trust institutions.

Information on restricted share plan for employees was as follows:

	Number of Shares (In Thousands)	
	For the Year Ended December 31	
	2020	**2019**
Balance at January 1	78	78
Granted	40	28
Vested	(16)	(16)
Cancelled	(2)	(12)
Balance at December 31	100	78

For the years ended December 31, 2020 and 2019, the compensation costs recognized were NT$28,183 thousand and NT$12,418 thousand, respectively.

26. CAPITAL MANAGEMENT

The Company manages its capital to ensure that the Company will be able to operate under the premises of going concerns while maximizing the return to shareholders through the optimization of the debt and equity balance.

The capital structure of the Company consists of net debt (borrowings offset by cash and cash equivalents) and equity attributable to owners of the Company (comprising issued capital, reserves, retained earnings and other equity).

The Company is not subject to any externally imposed capital requirements.

Key management personnel of the Company review the capital structure on a regular basis. As part of this review, the key management personnel consider the cost of capital and the risks associated with each class of capital. Based on recommendations of the key management personnel, in order to balance the overall capital structure, the Company may adjust the amount of dividends paid to shareholders and the number of new shares issued.

27. FINANCIAL INSTRUMENTS

a. Fair value of financial instruments not measured at fair value

The management considers that the carrying amounts of financial assets and financial liabilities recognized in the financial statements approximate their fair values.

b. Fair value of financial instruments measured at fair value

1) Fair value hierarchy

December 31, 2020

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Mutual funds	$ 225,625	$ -	$ -	$ 225,625
Domestic listed shares	127,225	-	-	127,225
	$ 352,850	$ -	$ -	$ 352,850

December 31, 2019

	Level 1	Level 2	Level 3	Total
Financial assets at FVTPL				
Domestic listed shares	$ 132,325	$ -	$ -	$ 132,325
Mutual funds	30,616	-	-	30,616
	$ 162,941	$ -	$ -	$ 162,941

There were no transfers between Level 1 and Level 2 in the current and prior years.

c. Categories of financial instruments

	December 31	
	2020	2019
Financial assets		
Financial assets at amortized cost (1)	$ 2,037,361	$ 2,031,184
Financial assets at FVTPL	352,850	162,941
Financial liabilities		
Measured at amortized cost (2)	124,359	177,780

1) The balances include loans and receivables measured at amortized cost, which comprise cash and cash equivalents, trade and other receivables (including related parties), and refundable deposits.

2) The balances include financial liabilities measured at amortized cost, which comprise trade payables (including related parties) and other payables.

d. Financial risk management objectives and policies

The Company's major financial instruments include mutual investments, trade receivables and trade payables. The Company's Corporate Treasury function provides services to the business, coordinates access to domestic and international financial markets, monitors and manages the financial risks relating to the operations of the Company through internal risk reports which analyze exposures by degree and magnitude of risks. These risks include market risk (including foreign currency risk and interest rate risk), credit risk and liquidity risk.

1) Market risk

The Company's activities exposed it primarily to the financial risks of changes in foreign currency exchange rates (see (a) below), and interest rates (see (b) below).

a) Foreign currency risk

The Company had foreign currency sales and purchases, which exposed the Company to foreign currency risk. Approximately 100% of the Company's sales were denominated in currencies other than the functional currency, whilst almost 99% of costs were denominated in the Company's functional currency.

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are set out in Note 30.

Sensitivity analysis

The Company was mainly exposed to the USD.

The following table details the Company's sensitivity to a 5% increase and decrease in the New Taiwan dollar (i.e., the functional currency) against the relevant foreign currencies. The sensitivity rate used when reporting foreign currency risk internally to key management personnel and representing management's assessment of the reasonably possible change in foreign exchange rates is 5%. The sensitivity analysis included only outstanding foreign currency denominated monetary items, and adjusts their translation at the end of the reporting period for a 5% change in foreign currency rates. A positive number below indicates an increase in pre-tax profit associated with the New Taiwan dollar strengthening 5% against the relevant currency. For a 5% weakening of the New Taiwan dollar against the relevant currency, there would be an equal and opposite impact on pre-tax profit, and the balances below would be negative.

	USD Impact	
	For the Year Ended December 31	
	2020	**2019**
Pre-tax profit	$ 71,335	$ 39,667

This was mainly attributable to the exposure on outstanding receivables and payables in USD which were not hedged at the end of the reporting period.

The Company's sensitivity to USD currency increased during the current period mainly due to the increase in the net assets of the USD which was due to the decrease in cash and cash equivalents denominated in USD.

The management believes that the sensitivity analysis cannot represent the inherent risk of the exchange rate, because the foreign currency risk at the end of the reporting period cannot reflect the mid-year risk situation.

b) Interest rate risk

Hedging activities are evaluated regularly to align with interest rate views and defined risk appetite, ensuring that the most cost-effective hedging strategies are applied.

The carrying amount of the Company's financial assets and financial liabilities with exposure to interest rates at the end of the reporting period were as follows:

	December 31	
	2020	**2019**
Fair value interest rate risk		
Financial assets	$ 541,651	$ 1,147,765
Cash flow interest rate risk		
Financial assets	969,642	242,884

Sensitivity analysis

The sensitivity analysis below was determined based on the Company's exposure to interest rates for both derivative and non-derivative instruments at the end of the reporting period. For floating rate liabilities, the analysis was prepared assuming the amount of each liability outstanding at the end of the reporting period was outstanding for the whole year.

A 0.1 basis point increase or decrease was used when reporting interest rate risk internally to key management personnel and represents management's assessment of the reasonably possible change in interest rates.

The Company had no floating rate liabilities for the years ended December 31, 2020 and 2019.

2) Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company.

The Company adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. The Company only transacts with entities that are rated the equivalent of investment grade and above. This information is supplied by independent rating agencies where available and, if not available, the Company uses other publicly available financial information and its own trading records to rate its major customers. The Company's exposure and the credit ratings of its counterparties are continuously monitored and the aggregate value of transactions concluded is spread amongst approved counterparties. Credit exposure is controlled by counterparty limits that are reviewed and approved by the risk management committee annually.

Ongoing credit evaluation is performed on the financial condition of trade receivables and, where appropriate, credit guarantee insurance cover is purchased.

3) Liquidity risk

The Company manages liquidity risk by monitoring and maintaining a level of cash and cash equivalents deemed adequate to finance the Company's operations and mitigate the effects of fluctuations in cash flows. In addition, management monitors the utilization of bank borrowings and ensures compliance with loan covenants.

The Company relies on bank borrowings as a significant source of liquidity. As of December 31, 2020 and 2019, the Company had available unutilized short-term bank loan facilities of $650,000 thousand.

a) Liquidity and interest risk rate table for non-derivative financial liabilities

The Company's remaining contractual maturity for its non-derivative financial liabilities had been drawn up based on the undiscounted cash flows (included principal and interest) of financial liabilities from the earliest date on which the Company can be required to pay.

December 31, 2020

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 1,871	$ 3,742	$ 16,612	$ 57,818	$ -	$ 80,043
Non-interest bearing						
Trade payables (including related parties)	77,867	22,755	-	-	-	100,622
Other payables (including related parties)	17,942	1,234	4,569	-	-	23,745
	$ 97,680	$ 27,731	$ 21,181	$ 57,818	$ -	$ 204,410

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 22,225	$ 57,818	$ -	$ -	$ -	$ -

December 31, 2019

	On Demand or Less than 1 Month	1-3 Months	3 Months - 1 Year	1-5 Years	5+ Years	Total
Non-derivative financial liabilities						
Lease liabilities	$ 1,906	$ 3,812	$ 16,875	$ 80,043	$ -	$ 102,636
Non-interest bearing						
Trade payables (including related parties)	85,875	69,906	-	-	-	155,781
Other payables (including related parties)	17,183	2,585	2,244	-	-	22,012
	$ 104,964	$ 76,303	$ 19,119	$ 80,043	$ -	$ 280,429

Additional information about the maturity analysis for lease liabilities:

	Less than 1 Year	1-5 Years	5-10 Years	10-15 Years	15-20 Years	20+ Years
Lease liabilities	$ 22,593	$ 80,043	$ -	$ -	$ -	$ -

b) Financing facilities:

	December 31 2020	December 31 2019
Unsecured borrowings facilities		
Amount unused	$ 650,000	$ 650,000

28. TRANSACTIONS WITH RELATED PARTIES

In addition to those disclosed in other notes, detail of transactions between the Company and related parties are disclosed below.

a. Related parties and their relationships associated with the Company:

Related Parties	Relationship with the Company
ATEN International Co., Ltd.	Investor with significant influence over the Company (non-related party since April 1, 2020)
Avago Technologies International Sales PTE. Limited	Investor with significant influence over the Company (non-related parties since February 26, 2021)
ASPEED Technology (U.S.A.) Inc.	Subsidiary
ASPEED Technology India Private Limited	Subsidiary
Cupola360 Inc.	Subsidiary

b. Operating revenue

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Investor with significant influence over the Company	$ 1,459	$ 7,824

The sales of the related party are determined according to the agreed terms of both parties, and the collection conditions are equivalent to the general trading conditions.

c. Purchases

Related Party Name	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Avago Technologies International Sales PTE. Limited	$ 214,545	$ 103,236

The purchase of the related party is determined according to the agreed terms of the two parties, and there is no other suitable trading object to compare.

d. Production overheads

Related Party Category	For the Year Ended December 31 2020	For the Year Ended December 31 2019
Investor with significant influence over the Group	$ 1,119	$ -

e. Operating expenses - Technology services expense

Related Party Name	December 31 2020	December 31 2019
ASPEED Technology (U.S.A.) Inc.	$ 80,986	$ 77,595
ASPEED Technology India Private Limited	-	9,702
	$ 80,986	$ 87,297

f. Receivables from related parties

Related Party Category	December 31 2020	December 31 2019
Investor with significant influence over the Company	$ -	$ 1,018

The outstanding trade receivables from related parties are unsecured. For the years ended December 31, 2020 and 2019, no impairment loss was recognized for trade receivables from related parties.

g. Payables to related parties

Line Items	Related Party Name	December 31 2020	December 31 2019
Payables to related parties	Avago Technologies International Sales PTE. Limited	$ 13,208	$ 14,990
Other payables to related parties	ASPEED Technology (U.S.A.) Inc.	$ 8,447	$ 7,364
	ASPEED Technology India Private Limited	-	1,339
		$ 8,447	$ 8,703

The outstanding trade payables to related parties are unsecured. The transaction price was based on the market price and is determined by both parties.

h. Lease arrangements - Company is lessor arrangements

Lease arrangements - Company is lessor under operating leases

The Company leases out its equipment to its subsidiary - Cupola360 Inc. under operating leases with lease terms of 1 year.

Future lease payment receivables are as follows:

Related Party Category/Name	December 31 2020	December 31 2019
Cupola360 Inc.	$ 36	$ 36

2.

1. Lease income was as follows:

Related Party Category/Name	For the Year Ended December 31 2020	2019
Cupola360 Inc.	$ 36	$ 12

i. Compensation of key management personnel

The total amount of payroll to directors and supervisors and other key executives in 2020 and 2019 were as follows:

	For the Year Ended December 31 2020	2019
Short-term benefits	$ 30,636	$ 27,483
Post-employment benefits	324	324
Share-based payments	4,091	2,774
	$ 35,051	$ 30,581

The remuneration of key executives was determined by the remuneration committee based on the performance of individuals and market trends.

29. SIGNIFICANT CONTINGENT LIABILITIES AND UNRECOGNIZED COMMITMENTS

In addition to those disclosed in other notes, significant commitments and contingencies of the Company as of December 31, 2020 and 2019 were as follows:

Under the agreement, the Company shall pay royalties at a percentage of the sales volume of certain products. For the years ended December 31, 2020 and 2019, royalty expenses amounted to $14,166 thousand and $15,555 thousand, respectively.

30. SIGNIFICANT ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES

The Company' significant financial assets and liabilities denominated in foreign currencies aggregated by the foreign currencies other than functional currencies and the related exchange rates between foreign currencies and respective functional currencies were as follows:

December 31, 2020

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 57,737	28.48	$ 1,644,350
Non-monetary items			
Investments accounted for using the equity method			
USD	1,197	28.48	34,101
Financial assets at FVTPL			
USD	3,069	28.48	87,407

(Continued)

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial liabilities			
Monetary items			
USD	$ 7,642	28.48	$ 217,644

(Concluded)

December 31, 2019

	Foreign Currencies	Exchange Rate	Carrying Amount
Financial assets			
Monetary items			
USD	$ 36,755	29.98	$ 1,101,915
Non-monetary items			
Investments accounted for using the equity method			
USD	1,044	29.98	31,299
Financial assets at FVTPL			
USD	1,021	29.98	30,610
Financial liabilities			
Monetary items			
USD	10,293	29.98	308,584

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

	2020		2019	
Foreign Currencies	Exchange Rate	Net Foreign Exchange Gains (Losses)	Exchange Rate	Net Foreign Exchange Gains (Losses)
USD	28.48(USD:NTD)	$ 19,401	29.98 (USD:NTD)	$ 14,545

31. SEPARATELY DISCLOSED ITEMS

a. Information on significant transactions and information on investees:

1) Financing provided to others: None

2) Endorsements/guarantees provided: None

3) Marketable securities held:

Holding Company Name	Type and Name of Marketable Securities	Relationship with the Holding Company	Financial Statement Account	December 31, 2020 Number of Shares (In thousands)	Carrying Amount (In thousands)	Percentage of Ownership (%)	Fair Value (In thousands)	Note
ASPEED Technology Inc.	Shin Kong Financial Holding Co.,Ltd. Preference Shares A	-	Financial assets at FVTPL-current	1,500	$ 65,625	2.0	$ 65,625	Note
	CTBC Financial Holding Co., Ltd. Preference Shares C	-	Financial assets at FVTPL-current	1,000	61,600	0.6	61,600	Note
	Yuanta Taiwan High Dividend Quality Leading Fund-New Taiwan Dollar (A) No Dividend	-	Financial assets at FVTPL-current	181	2,277	-	2,277	Note
	-Fuh Hwa US S&P 500 Low Volatility Index Fund		Financial assets at FVTPL-current	6,000	56,520	-	56,520	Note
	Fuhua Ruihua Fund		Financial assets at FVTPL-current	4,827	50,043	-	50,043	Note
	Allianz Global Investors Fund - Allianz Flexi Asia Bond AT USD		Financial assets at FVTPL-current	85	30,244	-	30,244	Note
	Allianz Multi-Credit Bond Fund-AT Accumulated Shares (USD)		Financial assets at FVTPL-current	90	28,454	-	28,454	Note
	JPMorgan Global Bond Yield USD Cumulative USD		Financial assets at FVTPL-current	8	28,709	-	28,709	Note
	ETF-0050 Yuanta Taiwan 50		Financial assets at FVTPL-current	240	29,378	-	29,378	Note

Note: The value is calculated by net value on December 31, 2020.

4) Marketable securities acquired and disposed of at costs or prices of at least NT$300 million or 20% of the paid-in capital: Note

5) Acquisition of individual real estate at costs of at least NT$300 million or 20% of the paid-in capital: None

6) Disposal of individual real estate at prices of at least NT$300 million or 20% of the paid-in capital: None

7) Total purchases from or sales to related parties amounting to at least NT$100 million or 20% of the paid-in capital: (Table 1)

8) Receivables from related parties amounting to at least NT$100 million or 20% of the paid-in capital: None

9) Trading in derivative instruments: None

10) Information on investees:

Investor Company	Investee Company	Location	Main Businesses and Products	Original Investment Amount (In thousands) December 31 2020	2019	As of December 31, 2020 Number of Shares (In thousands)	%	Carrying Amount (In thousands)	Net Income (Loss) of the Investee (In thousands)	Share of Profits (Loss) (In thousands)	Note
ASPEED Technology Inc.	ASPEED Technology (Samoa) Inc.	Samoa	Investment holding company	$ 48,763	$ 48,763	1,550	100	$ 34,004	$ 4,805	$ (4,805)	-
	ASPEED Technology India Private Limited	India	R&D and technical services	166	166	35	1	97	(856)	(8)	-
	Cupola360 Inc.	Taiwan	Software Design Services	15,000	15,000	1,500	100	8,852	(2,221)	(2,221)	-

c. Information on investments in mainland China

1) Information on any investee company in mainland China, showing the name, principal business activities, paid-in capital, method of investment, inward and outward remittance of funds, shareholding ratio, investment gains or losses, carrying amount of the investment at the end of the period, repatriations investment gains or losses, and limit on the amount of investment in the mainland China area: None

2) Any of the following significant transactions with investee companies in mainland China, either directly or indirectly through a third party, and their prices, payment terms, and unrealized gains or losses: None.

   a) The amount and percentage of purchases and the balance and percentage of the related payables at the end of the period

   b) The amount and percentage of sales and the balance and percentage of the related receivables at the end of the period

   c) The amount of property transactions and the amount of the resultant gains or losses

   d) The balance of negotiable instrument endorsements or guarantees or pledges of collateral at the end of the period and the purposes

   e) The highest balance, the end of period balance, the interest rate range, and total current period interest with respect to financing of funds

   f) Other transactions that have a material effect on the profit or loss for the period or on the financial position, such as the rendering or receipt of services

d. Information of major shareholders: list all shareholders with ownership of 5% or greater showing the name of the shareholder, the number of shares owned, and percentage of ownership of each shareholder

	Shares	
Name of Major Shareholder	**Number of Shares**	**Percentage of Ownership (%)**
Fenghua Investment Co., Ltd.	4,775,524	13.91
China Trust Commercial Bank is entrusted with the safekeeping of the investment account of Avago Technology International Marketing Pte. Ltd.	2,022,000	5.89

Note: The information of major shareholders presented in this table is provided by the Taiwan Depository & Clearing Corporation based on the number of ordinary shares and preference shares held by shareholders with ownership of 5% or greater, that have been issued without physical registration (including treasury shares) by the Company as of the last business day for the current quarter. The share capital in the consolidated financial statements may differ from the actual number of shares that have been issued without physical registration because of different preparation basis.

32. SEGMENT INFORMATION

The Company has disclosed the department information in the financial report, and the individual financial report does not disclose relevant information.

TABLE 1

ASPEED TECHNOLOGY INC.

TOTAL PURCHASES FROM OR SALES TO RELATED PARTIES AMOUNTING TO AT LEAST NT$100 MILLION OR 20% OF THE PAID-IN CAPITAL
FOR THE YEAR ENDED DECEMBER 31, 2020
(In Thousands of New Taiwan Dollars, Unless Stated Otherwise)

Buyer	Related Party	Relationship	Transaction Details				Abnormal Transaction		Notes/Trades Receivable (Payable)	
			Purchases/ Sales	Amount	% of Total	Payment Terms	Unit Price	Payment Terms	Ending Balance	% of Total
ASPEED Technology Inc.	Avago Technologies International Sales PTE. Limited	Investor with significant influence over the Company	Purchases	$ 214,545	18.24	Payment shall be made within 30 days after inspection and acceptance	No major differences	No major differences	$ 13,208	13.13

6. The Effect of Insolvency of the Company and Affiliates on the Financial Status of the Company：None

VIII. Financial Status, Operating Results and Status of Risk Management

1. Financial Status

(1) Consolidated Report

Unit: NT$1,000 / %

Item \ Year	2019	2020	Change	% of Change
Current Assets	2,316,234	2,675,184	358,950	15.50%
Property, Plant and Equipment	123,198	143,889	20,691	16.79%
Right-of-use assets	110,675	89,749	(20,926)	(18.91)%
Intangible Assets	811,085	748,292	(62,793)	(7.74)%
Other non-current assets	57,702	53,518	(4,184)	(7.25)%
Total assets	**3,418,894**	**3,710,632**	**291,738**	**8.53%**
Current Liabilities	636,265	589,596	(46,669)	(7.33)%
Non-current Liabilities	149,243	117,358	(31,885)	(21.36)%
Total liabilities	**785,508**	**706,954**	**(78,554)**	**(10.00)%**
Capital	341,848	343,200	1,352	0.40%
Capital surplus	1,145,044	1,273,540	128,496	11.22%
Retained Earnings	1,181,087	1,432,830	251,743	21.31%
Other Equity	(34,593)	(45,892)	(11,299)	32.66%
Total equity	**2,633,386**	**3,003,678**	**370,292**	**14.06%**

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Decrease in Non-current Liabilities: Due to decrease in deferred tax liabilities and lease liabilities.

(II) Increase in retained earnings: Due to increase in the profit generated from the 2020 business operation.

(III) Decrease in Other Equity: Due to increase in employee unearned compensation from issuing new employee restricted shares.

b. Future response plans to changes with material impact: Not applicable.

(2) Parent Company

Unit: NT$1,000 / %

Year Item	2019	2020	Change	% of Change
Current Assets	2,279,842	2,634,495	354,653	15.56%
Investment accounted for using equity method	42,372	42,953	581	1.37%
Property, Plant and Equipment	122,691	143,664	20,973	17.09%
Right-of-use assets	98,690	81,399	(17,291)	(17.52)%
Intangible Assets	804,275	743,578	(60,697)	(7.55)%
Other non-current assets	51,102	46,114	(4,988)	(9.76)%
Total assets	**3,398,972**	**3,692,203**	**293,231**	**8.63%**
Current Liabilities	625,420	576,621	(48,799)	(7.80)%
Non-current Liabilities	140,166	111,904	(28,262)	(20.16)%
Total liabilities	**765,586**	**688,525**	**(77,061)**	**(10.07)%**
Capital	341,848	343,200	1,352	0.40%
Capital surplus	1,145,044	1,273,540	128,496	11.22%
Retained Earnings	1,181,087	1,432,830	251,743	21.31%
Other Equity	(34,593)	(45,892)	(11,299)	32.66%
Total equity	**2,633,386**	**3,003,678**	**370,292**	**14.06%**

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Decrease in Non-current Liabilities: Due to decrease in deferred tax liabilities and lease liabilities.

(II) Increase in retained earnings: Due to increase in the profit generated from the 2020 business operation.

(III) Decrease in Other Equity: Due to increase in employee unearned compensation from issuing new employee restricted shares.

b. Future response plans to changes with material impact: Not applicable.

2. Operating Results

(1) Consolidated Report

Unit: NT$1,000 / %

Item \ Year	2019	2020	Change	% of Change
Net Sales	2,484,295	3,063,552	579,257	23.32%
Operating Costs	913,248	1,127,698	214,450	23.48%
Gross Profit	1,571,047	1,935,854	364,807	23.22%
Operating Expenses	562,658	665,073	102,415	18.20%
Operating Income	1,008,389	1,270,781	262,392	26.02%
Non-operating Income and Expenses	2,178	(43,733)	(45,911)	(2,107.94)%
Net Income before Income Tax	1,010,567	1,227,048	216,481	21.42%
Income Tax Expenses	179,382	222,359	42,977	23.96%
Net Income	831,185	1,004,689	173,504	20.87%
Total other comprehensive income (loss)	(1,097)	(1,995)	(898)	81.86%
Total comprehensive income the year	830,088	1,002,694	172,606	20.79%
Net Income attributable to owners of the Company	831,185	1,004,689	173,504	20.87%
Total comprehensive income attributable to owners of the Company	830,088	1,002,694	172,606	20.79%

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:

(I) Increase in Net Sales, Operating Costs, Gross Profit, Operating Income, Net Income before Income Tax, Income Tax Expenses, Net Income, Total comprehensive income the year, Net Income attributable to owners of the Company, and Total comprehensive income attributable to owners of the Company: Due to increase in market demand and revenue growth this year.

(II) Decrease in Non-operating income and expenses: Due to increase in net foreign currency exchange losses.

b. Expected sales and their basis, as well as the possible impact on the Company's future financial operations and response plans:

The Company’s main products are Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Based on sales forecasts for the existing products, development progress of new products, customers’ expected production requirements, and the business development strategy, the sales unit expects that sales volume will continue to grow in 2021. Due to the continued growth of the Company's business scale, the Company mainly uses long-term funding sources for capital expenditures, and there should not be any shortage of funds within the near future. Furthermore, the Company has a solid relationship with suppliers, so there should not be any issue with product supply.

(2) Parent Company

Unit: NT$1,000 / %

Year / Item	2019	2020	Change	% of Change
Net Sales	2,484,295	3,063,552	579,257	23.32%
Operating Costs	913,248	1,127,698	214,450	23.48%
Gross Profit	1,571,047	1,935,854	364,807	23.22%
Operating Expenses	568,299	668,148	99,849	17.57%
Operating Income	1,002,748	1,267,706	264,958	26.42%
Non-operating Income and Expenses	7,768	(40,913)	(48,681)	(626.69)%
Net Income before Income Tax	1,010,516	1,226,793	216,277	21.40%
Income Tax Expenses	179,331	222,104	42,773	23.85%
Net Income	831,185	1,004,689	173,504	20.87%
Other comprehensive income (loss)	(1,097)	(1,995)	(898)	81.86%
Total comprehensive income	830,088	1,002,694	172,606	20.79%
Net Income attributable to owners of the Company	831,185	1,004,689	173,504	20.87%
Total comprehensive income attributable to owners of the Company	830,088	1,002,694	172,606	20.79%

a. Explanation for changes that exceed 20% and reached NT$10 million in the past two years:
   (I) Increase in Net Sales, Operating Costs, Gross Profit, Operating Income, Net Income before Income Tax, Income Tax Expenses, Net Income, Total comprehensive income the year, Net Income attributable to owners of the Company, and Total comprehensive income attributable to owners of the Company: Due to increase in market demand and revenue growth this year.
   (II) Decrease in Non-operating income and expenses: Due to increase in net foreign currency exchange losses.

b. Expected sales and their basis, as well as the possible impact on the Company's future financial operations and response plans:
   The Company's main products are Multimedia IC, Computer peripherals IC, and High-end consumer electronics IC. Based on sales forecasts for the existing products, development progress of new products, customers' expected production requirements, and the business development strategy, the sales unit expects that sales volume will continue to grow in 2021. Due to the continued growth of the Company's business scale, the Company mainly uses long-term funding sources for capital expenditures, and there should not be any shortage of funds within the near future. Furthermore, the Company has a solid relationship with suppliers, so there should not be any issue with product supply.

3. Cash Flow Analysis

(1) Consolidated Report

a. Analysis of the Change in Cash Flow in 2020

Unit: NT$1,000

Cash Balance Dec. 31, 2019	Net Cash Provided by Operating Activities in 2020	Net Cash Outflows from Investing and Financing Activities in 2020	Impact of Foreign Exchange ratio	Cash Balance Dec. 31,2020	Remedy for Cash Shortfall (Investment & Financing Plan)
$1,421,959	$1,176,671	($1,088,553)	$38,636	$1,548,713	—
Analysis of cash flow changes in the current year: a. Operating activities: Net cash inflow of NT$1,176,671 thousand, mainly from operating profits. b. Financing activities: Net cash outflow of NT$1,088,553 thousand, mainly due to the distribution of cash dividend.					

b. Remedial Actions for Cash Shortfall: The Company has ample cash on-hand; remedial actions are not required.

c. Cash Flow Projection for Next Year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

(2) Parent Company

a. Analysis of the Change in Cash Flow in 2020

Unit: NT$1,000

Cash Balance Dec. 31, 2019	Net Cash Provided by Operating Activities in 2020	Net Cash Outflows from Investing and Financing Activities in 2020	Impact of Foreign Exchange ratio	Cash Balance Dec. 31,2020	Remedy for Cash Shortfall (Investment & Financing Plan)
$1,390,725	$1,168,883	($1,086,815)	$38,636	$1,511,379	—
Analysis of cash flow changes in the current year: a. Operating activities: Net cash inflow of NT$1,168,833 thousand, mainly from operating profits. b. Financing activities: Net cash outflow of NT$1,086,815 thousand, mainly due to the distribution of cash dividend.					

b. Remedial Actions for Cash Shortfall: The Company has ample cash on-hand; remedial actions are not required.

c. Cash Flow Projection for Next Year: The Company, on the premise of maintaining stable cash liquidity, will carefully plan and manage cash expenditures related to investments and operations while taking, cash balances on accounts, cash flows from operating activities and investing activities and the status of financial markets into consideration.

4. Major Capital Expenditure: None.
5. Investment Policies

The Company’s investments are long-term strategic investments. Investment gain from equity method investment in 2020 was NT$2,576thousand. The Company will keep its long-term strategic investment policy and evaluate investment plans prudently.

6. Risk Management

(1) Risks Associated with Interest Rate Fluctuation, Foreign Exchange Volatility, and Inflation

Unit: NT$1,000

Item	2019		2020	
	Amount	% of net income before tax	Amount	% of net income before tax
Net Interest income	14,296	1%	10,284	1%
Net Interest expense	1,864	—	3,458	—
Net exchange gains (loss)	(20,021)	(2)%	(61,503)	(5)%

Sources: financial reports certified by CPA.

a. Risks associated with interest rate:

The Company mainly operates on its own funds and only has a low amount of bank loans, so interest expenses are limited. Furthermore, the Company is conservative in principle when using its funds, and mainly uses short-term time deposits, so its interest revenue is not high. In the future, the Company will continue to monitor changes in the economic environment of Taiwan and overseas, and take necessary measures in a timely manner to avoid the risk of rising interest rates.

b. Risks associated with foreign currency:

The Company's exchange gains (losses) accounted for (0.81%) and (2.01%) of its net operating income in 2019 and 2020, respectively. Hence, changes in exchange rates do not have a material effect on the Company’s profit and loss. The Company's transactions are mainly calculated in USD, so changes in the NTD/USD exchange rate have certain impact on the Company’s profit and loss, and response measures are as follows:

(I) The Company's Finance Department utilizes the natural hedging effect from procurements and sales both denominated in foreign currency.

(II) Dedicated personnel closely follow exchange rate fluctuations, collect information on international exchange rate trends and exchange rate fluctuations, are fully aware of future trends in exchange rates, and keep in touch with the foreign exchange department of banks. After considering the professional advice provided by the departments and the Company's cash requirements, the personnel reduce risks by exchanging currency at appropriate times.

(III) Depending on the position of foreign currency, hedging is carried out in accordance with the Operating Procedures for Asset Acquisition or Disposal Handing Procedure when necessary.

c. Risks associated with inflation:

Inflation is currently not severe in Taiwan and has not had a material impact on the Company, but the Company will continue to appropriately monitor inflation.

(2) Risks Associated with High-Risk/High-Leveraged Investment; Lending, Endorsements, and Guarantees for Other Parties; and Financial Derivative Transactions

Risks	Implementation status	Policy and response measures
High risk, highly leveraged investments	The Company has not engaged in any high risk, highly leveraged investments as of the print date of this report respectively	The Company is focused on its main business and does not use its capital for high risk, highly leveraged investments.
loans to third parties	The Company has not lent any funds to others as of the print date of this report respectively.	If the Company lends funds to others in the future, it will carry out procedures in accordance with its Procedures for Regulations Governing Management of Loaning of Funds, and make a public announcement and report the lending of funds to others in accordance with the law.
Endorsements and guarantees	The Company has not provided endorsements or guarantees for others as of the print date of this report respectively.	If the Company provides endorsements or guarantees for others in the future, it will carry out procedures in accordance with its Endorsement and Guarantee Operation Procedure, and make a public announcement and report the endorsements or guarantees for others in accordance with the law.
Derivative transactions	The Company has not engaged in any	If the Company needs to engage in derivative transactions in the future,

Risks	Implementation status	Policy and response measures
	derivative transactions as of the print date of this report respectively.	it will do so in accordance with its Procedures for Handling Derivative Transactions, and make a public announcement and report the derivative transactions in accordance with the law.

(3) Future R&D Plans and Expected R&D Spending

The popularization of mobile devices and broadband networks has led to the prevalence of online communities and enriched content on the Internet. As enterprises continue to pursue energy conservation, carbon reduction, and lower costs, centralized management of usage and sharing of resources has become a trend and led to the rise of cloud computing. The Company has the ability to independently design and develop ICs, and strives to use 2D VGA, BMC, and KVM over IP technologies to become a SoC solutions provider for the centralized management of (cloud) computing. Future R&D projects and product development strategies include:

a. Future R&D Plan

- ✧ Multimedia IC
  - 8th generation BMC
- ✧ Computer peripherals IC
  - PC & 8K Audio/Video Extension controller
- ✧ High-end consumer electronics IC
  - 2nd generation spherical image processing chip AST1230

b. Expected R&D Spending

The Company plans to sequentially allocate its R&D budget based on the progress of new product and new technology development. R&D expenditure will maintain a certain level of growth based on the Company's operations to ensure its competitive advantages. Actual R&D expenses in 2019 and 2020 were NT$382,851 thousand and NT$477,233 thousand, and accounted for 15% and 16% of revenue, respectively. The Company will be ready to adjust its R&D expenditure based on future changes in the market and demand anytime. The Company's R&D expenditure in 2021 is estimated at NT$543,124 thousand and will enhance the Company's R&D ability and competitiveness.

(4) Risk Associated with Changes in the Political and Regulatory Environment

The Company aims to comply with laws and regulations of the competent authority in all of its operations, and constantly monitors changes in important policies and laws in Taiwan and overseas to obtain all external information possible. The Company's recent business and finances have not been impacted by any changes to important policies and laws in Taiwan and overseas.

(5) Impact of New Technology and Industry Changes

The Company constantly monitors technology changes and developments relevant to its industry, and rapidly gains information on industry changes. Moreover, the Company is constantly strengthening its R&D ability and applies for patents to further protect its innovative concepts and designs, as it actively expands future markets and applications. This enables the Company to respond to the impact of technology and industry changes. Hence, no major technology changes have had a material impact on the Company's financial condition.

(6) Changes in Corporate Image and Impact on Company’s Crisis Management

The Company has always upheld the principles of integrity and professionalism, and operates its business with a sure-footed and steadfast approach. Ever since the Company was established, it has actively strengthened its internal management and improved its quality and efficiency. Up to the date of report, no material events have affected the Company's corporate image.

(7) Risks Associated with Mergers and Acquisitions

The Company's Finance Department and business units are responsible for management and execution of these risks.

The Company currently does not have any mergers or acquisition plans during 2020 and this year up to the date of report.

(8) Risks Associated with Facility Expansion

The Company does not have any plans for factory expansions in the most recent year and up to the date of report.

(9) Risks Associated with Purchase Concentration and Sales Concentration

a. Risks of purchasing concentration:

The Company is a fabless IC design company without any back-end personnel. Hence, all products are produced through a turnkey service provider. When deciding on the turnkey service provider, besides considering the completeness of its silicon IP and APR (Auto Place & Route) technical capabilities, which foundry, assembly house and testing house it is in a strategic alliance with is even more important, because the foundry's process technologies, quality and yield are key factors to whether or not a product is successful. Therefore, the R&D Department selects the turnkey service provider during initial stages of product development.

In the semiconductor industry's value chain, IC design companies are all inclined to maintain long-term relationships with specific foundries, assembly houses, and testing houses to obtain reliable and stable capacity. This is due to considerations of process technology, quality and yield, sufficient capacity, and on-time delivery.

This situation is common among IC design companies. The Company has worked well with the current wafer supplier (turnkey service provider) for many years, and there is no risk of supply shortage. At present, the Company mainly makes procurements from 2-3 turnkey service providers, but it will continue to search for suitable turnkey service providers in coordination with the development and mass production of new products, so as to reduce the risk of concentrated procurements.

b. Risks of sales concentration:

The Company's main product is BMC, which accounts for over 90% of its revenue, and customers are mainly server brands. Since server brands mainly rely on an ODM or EMS for manufacturing, the Company directly sells its product to the ODM or EMS designated by the brand customer. Analysis of customers in 2019 and 2020 show that the Company's sales are not overly concentrated. Furthermore, besides maintaining relationships with current customers, the Company will actively develop new products and new customers to expand its product portfolio and increase its purchase orders, thereby avoiding the risk of sales being overly concentrated.

(10) Risks Associated with Sales of Significant Numbers of Shares by the Company's Directors and Major Shareholders Who Own 10% or more of the Company's Total Outstanding Shares

Share transfer by directors, supervisors, managers and shareholders holding more than 10% of the Company's shares due to personal financial planning or in coordination with strategic partners brought in by the Company have been reasonable in the past year and up to the date of report. There have been no mass transfers of shares and there has been no impact on the Company's operations.

(11) Risks Associated with Change in Management

No change in management team in the Company occurred in the most recent year to the date of printing of this annual report

(12) Risks Associated with Litigations

a. If the results of concluded or pending litigious, non-litigious, or administrative litigation events involving the Company in the past two years and up to the date of report can have a material impact on shareholders' equity or stock prices, the facts in contention, amount of the subject matter, starting date of the litigation, main parties involved, and current status shall be disclosed: None.

b. Concluded or pending litigious, non-litigious, or administrative litigation events in the most recent two years and up to the date of report involving directors, supervisors, the president, de facto responsible person, major shareholders holding more than 10% of the Company's shares, or subsidiaries of the Company with an outcome that can have a material impact on shareholder equity or stock prices:

Except for director ATEN Technology Co., Ltd. which are involved in the following litigious and non-litigious events, the Company's other directors, supervisors, the president, de facto responsible person, major shareholders holding more than 10% of the Company’s shares, or subsidiaries were not involved in any concluded or pending litigious, non-litigious, or administrative litigation events in the past two years and up to the date of the print date of this report.

(I) ATEN Technology Co., Ltd. (hereinafter referred to as “ATEN”)

(a) In September 2019 and August 1997, August 2020, respectively, Emine Technology Co., Ltd. and Hoeya Technology Inc. filed a lawsuit against the Company for the damage of the product that is under provisional attachment requested by ATEN. ATEN has appointed the attorney, the above case is still in progress.

(13) Other Material Risk: None.

7. If the company or its affiliates have experienced financial difficulties, the annual report shall explain how said difficulties will affect the company's financial situation: None

8. Other Material Events:

(1) Risks Associated with Cyber Attacks

Even though ASPEED has established a comprehensive internet and computing security network, it cannot guarantee that the Company’s computing systems which control or maintain vital corporate functions, such as its manufacturing operations and enterprise accounting, would be completely immune to crippling cyber attacks by any third party to gain unauthorized access to its internal network systems, to sabotage its operations and goodwill or otherwise. In the event of a serious cyber attack, ASPEED’s systems has may lose important corporate data, therefore, ASPEED has executed backup data procedure of such attack. While ASPEED also seeks to periodically review and assess its cybersecurity architecture to ensure their adequacy and effectiveness, it cannot guarantee that the Company will not be susceptible to new and emerging risks and attacks in the evolving landscape of cybersecurity threats. These cyber attacks may also attempt to steal ASPEED’s trade secrets and other intellectual properties and other sensitive information, such as proprietary information of the Company’s customers and other stakeholders and personal information of the Company’s employees. Malicious hackers may also try to introduce computer viruses, corrupted software or ransomware into the Company’s network systems to disrupt its operations, blackmail it for regaining control of its computing systems or spy for sensitive information. These attacks may result in ASPEED having to pay damages for its delayed or disrupted orders or incur significant expenses in implementing remedial and improvement measures to enhance the Company's cybersecurity network, and may also expose the Company to significant legal liabilities arising from or related to legal proceedings or regulatory investigations associated with, among other things, leakage of customer or third party information which ASPEED has an obligation to keep confidential.

During 2020 and as of the date of this Annual Report, the Company had not been aware of any material cyber attacks or incidents that had or would expected to have a material adverse effect on its business and operations, nor had it been involved in any legal proceedings or regulatory investigations related thereof.

(2) Other Material Risks

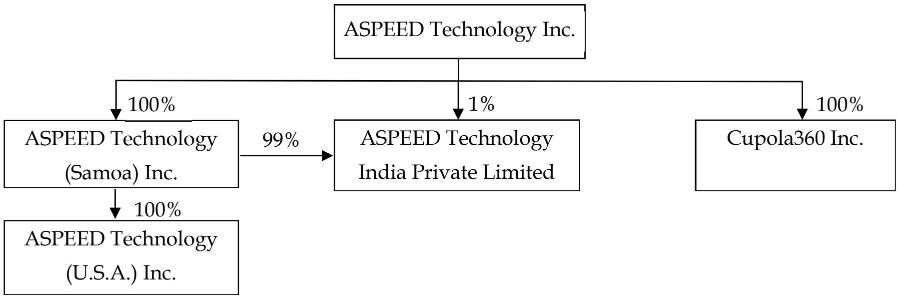
During 2020 as of the date of this annual report, ASPEED's management is not aware of any other risk event that could impart a potentially material impact on the financial status of the Company.

IX. Special Disclosures

1. Summary of Affiliated Companies:

(1) Profiles of Affiliates and Subsidiaries

December 31, 2020



(2) Profile of individual affiliates

December 31, 2020; Unit:NT$ 1,000/Foreign currency thousand

Company	Date of Incorporation	Place of Registration	Capital Stock	Major business
ASPEED Technology (Samoa) Inc.	2016/06	Samoa	USD 1,550	Investment Holdings
ASPEED Technology (U.S.A.) Inc.	2016/07	U.S.	USD 1,000	R&D and technical services
ASPEED Technology India Private Limited	2016/10	India	INR 35,000	R&D and technical services
Cupola360 Inc.	2018/02	Taiwan	NTD 15,000	Software Design services

Note: The exchange rate on the reporting date is calculated based on the closing price on December 31, 2020. (USD$1:NT:28.48/USD$1:INR$73.01)

(3) Common Shareholders of the Company and Its Subsidiaries or Its Affiliates with Actual of Deemed Control: None.

(4) Business Scope of the Company and Its Affiliated Companies

Business activities covered by ASPEED Technology and affiliates' operations include IC design, R&D, and sales and investments. Business activities covered by the affiliated enterprises' overall operations include R&D, marketing, and after-sales services for Multimedia IC, Computer peripherals IC and High-end consumer electronics IC, as well as general investments.

(5) Directors, supervisors and presidents of affiliates and subsidiaries

December 31, 2020; Unit: share/ %

Company	Title	Name or Representative	Shareholding	
			Shares	Shareholding %
ASPEED Technology (Samoa) Inc.	Director	ASPEED Technology Inc. Representative: Chris Lin	1,550,000	100%
ASPEED Technology (U.S.A.) Inc.	Director	ASPEED Technology (Samoa) Inc. Representative: Chris Lin	1,000,000	100%
ASPEED Technology India Private Limited	Director	ASPEED Technology Inc. Representative: Chris Lin	35,000	1%
		ASPEED Technology Inc. Representative: Arnold Yu		
		ASPEED Technology (Samoa) Inc. Representative: Yuvaraj Mahadevan	3,465,000	99%
Cupola360 Inc.	Director	ASPEED Technology Inc. Representative: Chris Lin	1,500,000	100%

(6) Directors, supervisors and presidents of affiliates and subsidiaries

December 31, 2020; Unit: NT$1,000 except for EPS

Company	Capital	Assets	Liabilities	Net worth	Operating income	Net operating profit (loss)	Net profit (loss) this year	Earnings (losses) per share (NTD)
ASPEED Technology (Samoa) Inc.	48,763	34,004	—	34,004	—	38	4,805	3.10
ASPEED Technology (U.S.A.) Inc.	31,460	50,776	26,801	23,975	80,883	5,991	5,690	5.69
ASPEED Technology India Private Limited	16,234	9,677	35	9,642	—	(1,084)	(856)	(0.24)
Cupola360 Inc.	15,000	8,892	40	8,852	—	(2,222)	(2,221)	(1.48)

Note: The capital, total assets, total liabilities, and net worth listed in this table are calculated using the exchange rate at the end of 2020. The operating income, net operating profit (loss), net profit (loss) this year, and earnings per share are calculated using the yearly average exchange rate of 2020.

2. Private Placement Securities: None.
3. Holding or Disposition of the Company Stocks by Subsidiaries: None.
4. Other Necessary Supplement: None.

X. Any Events that Had Significant Impacts on Shareholders' Rights or Security Prices as Stated in Item 2 Paragraph 2 of Article 36 of Securities and Exchange Law of Taiwan: None.