



Stock Code: 5274

ASPEED Technology Inc.

2019 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA (TRANSLATION)

May 29, 2019

The reader is advised that this meeting agenda has been prepared originally in Chinese. If there is any conflict between Chinese version and English version, the Chinese version shall prevail.

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ASPEED Technology Inc.

Procedure for the 2019 Annual Shareholders' Meeting (Translation)

1. Call meeting to order
2. Chairman Remarks
3. Reports Items
4. Acknowledgements
5. Proposed Resolutions
6. Extemporaneous Motions
7. Meeting Adjourned

ASPEED Technology Inc.
Year 2019
Agenda of Annual Meeting of Shareholders

1. Time : 9:00 AM on May 29, 2019
2. Place : Darwin Hall, 2F, No. 1, Industry East Road 2, Hsinchu Science Park
Attendants : All shareholders or their proxy holders
Chairman : Dr. Chris Lin, Chairman of the Board of Directors
3. Chairman's Address
4. Reports Items
 - (1) To report the business of 2018
 - (2) Audit Committee's review report
 - (3) To report 2018 employees' profit sharing bonus and directors' compensation
 - (4) Report of a proposed amendment to the "Corporate Governance Best Practice Principles"
5. Acknowledgement
 - (1) To accept 2018 Business Report and Financial Statements
 - (2) To approve the proposal for distribution of 2018 earnings
6. Proposed Resolutions
 - (1) Amendment to "the Articles of Incorporation"
 - (2) Amendment to "Procedures Governing the Acquisitions or Disposition of Assets"
 - (3) Issuance Rules of 2019 Restricted Stock Awards Plan
7. Extemporaneous Motions
8. Meeting Adjourned

1. Report Items

(1) : To report the business of 2018 (Proposed by the Board of Directors)

Explanation : Please refer to page 9-12 Attachment 1.

(2) : Audit Committee's review report (Proposed by the Board of Directors)

Explanation : Please refer to page 13 Attachment 2.

(3) : To report 2018 employees' profit sharing bonus and directors' compensation (Proposed by the Board of Directors)

Explanation : Please refer to page 14 Attachment 3.

(4) : Report of a proposed amendment to the " Corporate Governance Best Practice Principles"(Proposed by the Board of Directors)

Explanation : Please refer to the Chinese version of the Handbook for details.

2. Acknowledgement

(1) : To accept 2018 Business Report and Financial Statements (Proposed by the Board of Directors)

Explanation : The 2018 Business Report, Independent Auditors' Report, and the Aforementioned Financial Statements were approved by the Board of Directors, and audited by independent auditors of Deloitte & Touche.

Please refer to page 15-34 Attachment 4 and 5.

Resolution :

(2) : To approve the proposal for distribution of 2018 earnings (Proposed by the Board of Directors)

Explanation : The proposal for distribution of 2018 earnings has approved by the Board of Directors.

ASPEED Technology Inc.
2018 Earnings Distribution

Unit: NT\$

Item	Amount	Note
Undistributed retained earnings of previous years	50,352,104	
Impact of amendments to IFRS 9	(1,636,790)	
Adjustment of undistributed retained earnings of previous years	48,715,314	
Plus: Net income of 2018	685,921,852	
Minus: 10% Legal reserve	(68,592,185)	
Minus: Special reserve	(21,332,614)	
Earnings available for distribution	644,712,367	
Distribution items:		
Dividends to common shareholders – Cash	(613,050,570)	NT\$18.0 per share
Unappropriated retained earnings	31,661,797	

Note: The Chairman is authorized to determine the cash dividend record date and payment date upon the approval of the profit distribution proposal.

Chairman: Chris Lin Manager: Chris Lin Chief Financial Officer: Tina Chiu

Resolution:

3. Proposed Resolutions

(1) : Amendment to “the Articles of Incorporation”. (Proposed by the Board of Directors)

Explanation : 1. In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company’s “the Articles of Incorporation”.

2. Please refer to the Chinese version of the Handbook for details.

Resolution :

(2) : Amendment to “Procedures Governing the Acquisitions or Disposition of Assets” (proposed by the Board of Directors)

Explanation : 1. In order to conform to the amendments of relevant laws and regulations, the Company plans to amend the Company’s “Procedures Governing the Acquisitions or Disposition of Assets”.

2. Please refer to the Chinese version of the Handbook for details.

Resolution :

(3) : Issuance Rules of 2019 Restricted Stock Awards Plan (proposed by the Board of Directors)

Explanation :

1. To attract and retain talents, achieve the mid-term, and so as to encourage the employees to dedicate themselves to accomplish the Company's operating goals, it is proposed to issue Restricted Stock Awards in accordance with Article 267 of the Company Act and the Regulations Governing the Offering and Issuance of Securities by Securities Issuers issued by Financial Supervisory Commission.

2. Terms of the proposed Restricted Stock Award is as below::

(I). Total amounts (shares) of issuance:

The number of shares issued by the Company under this plan shall not exceed 100,000 common shares, each share having a par value of NT\$ 10, for a total amount of NT\$ 1,000,000. It is allowed to register multiple issuances over a period of 1 year from the date of approval of competent authority.

(II). Determination of terms and conditions:

(1) Issue price: The current issue is gratuitous.

(2) Vesting conditions: Employee's continuous employment with the Company through the vesting dates, and achievement of Board of Directors requirement during the vesting period are required to receive the vested shares. The proportions of the vesting shares to be granted each year as below:

Remain employed for 1 full year: 10%

Remain employed for 2 full years: 10%

Remain employed for 3 full years: 40%

Remain employed for 4 full years:

40%

The personal performance target is the employee's year-end performance rating for the year preceding the vesting date at "Good" (meeting expectations) rating or better and meeting the personal performance requirement. The Company will redeem the issued restricted stock awards and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company. However, for employees who are managerial officers, the award of such shares is subject to approval to issue or defer from the chairman.

- (3) Employee's continuous employment with the Company through no violation on any terms of the Company's employment agreement, employee handbook, the Company will redeem the issued restricted stock awards and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company.

- (4) Measures to be taken when employees fail to achieve the vesting conditions or in the event of inheritance:

The Company will redeem the issued restricted stock awards and cancel the full number of the shares in accordance with the terms of the issuance rules set by the Company.

- (5) During the vesting period, the dividends will distribute to employees gratuitously.
- (6) Class of issued shares: The Company's newly issued common shares

(III). Qualification requirements for employees:

- (1) Qualification requirements for employees

Regular (Full-time) employees of the Company who are already employed on the date that the restricted stock awards are awarded shall be eligible to participate in the Restricted Stock Awards Plan. The employees receiving the stock dividends may include employees in affiliated companies who met certain conditions stipulated by the Board of Directors.

- (2) Number of shares granted shall be determined:

The number of shares granted shall be determined by

seniority, position, performance, overall contribution, special contribution and other meaningful factors in management. The number of shares granted shall be reviewed by the Chairman and approved by the board. The sum of the cumulative number of shares granted to each employee by share subscription warrant in accordance with Article 56-1-1 of the Regulations and by restricted stock awards shall not exceed 0.3% of the total outstanding shares of the Company. The aforesaid total amount of shares plus the share subscription warrant the Company grants to each employee shall not exceed 1% of the total outstanding shares of the Company.

(IV). Reason why it is necessary to issue new restricted stocks for employee:

To attract and retain talents, motivate and engage employees for the best interest of the Company and its shareholders, so as to ensure the alignment of the employees' and shareholders' interests.

(V). Calculated expense amount and Dilution of EPS:

(1) Calculated expense amount:

The Company shall value the shares' fair market value and record expenses during the vesting period annually. The proposed number of Restricted Stock Awards in 2019 Annual Shareholders' General Meeting shall not exceed 100,000 shares. The actual number of restricted stock awards to be issued, under the estimated maximum expense of NT\$72,500,000, will be calculated with reference to the share price before the issuance and subject to the Board of Directors' approval in accordance with the applicable laws and regulations. The actual number of restricted stock awards to be issued will be announced accordingly after obtaining the Board of Directors' approval. The amortized expense estimated to be in the amount of NT\$6,948,000, NT\$25,979,000, NT\$19,635,000, NT\$14,500,000, and NT\$5,438,000 for 2019, 2020, 2021, 2022 and 2023, respectively.

(2) Dilution of EPS:

Based on the calculation of the Company's outstanding shares, the maximum dilution of the Company's EPS is estimated to be approximately in the amount of NT\$0.20, NT\$0.76, NT\$0.57 ,NT\$0.42and NT\$0.16 for 2019, 2020, 2021, 2022 and 2023, respectively. There is a limited dilution of the Company's future EPS, and there is no material impact on existing shareholders' equity

- (I). If some revision or adjustment has to be made due to the competent authority's instruction, amendment to the laws and regulations, it is proposed that the Annual Shareholders' Meeting authorizes the Board of Directors with full power and authority to handle all the issues regarding the issuance of Restricted Stock Awards.

Resolution :

4. Extemporary Motions

5. Meeting Adjourned

Attachment
Attachment 1

2018 Business Report

Dear shareholders:

The year of 2018 is a promising and challenging year for ASPEED Technology. With the efforts of each colleague, our business performance continued to reach new heights with significant growth in both revenue and profits. Our revenue set a record high of NT\$21.54 billion with YoY growth reaching 13.69%, and we continued our excellent performance of achieving revenue and profit growth every year since the Company was founded in 2004. In retrospect, the BMC SoC has been growing stronger since its establishment, and now ASPEED is the worldwide No. 1 BMC chip provider, and the effect of acquiring the Broadcom's Emulex Pilot business group has gradually emerged. However, we know that we cannot rest on our laurels, and we began to invest in the 360-degree imaging market and announced Cupola360 Spherical Image Processor and the whole eco-system. Under the solid R&D foundation and precise market planning, we believe that in the near future, Cupola360 will definitely be another successful product line of ASPEED Technology and achieve excellent business performance for shareholders.

Financial Performance

ASPEED Technology's 2018 operating income was NT\$21.54 billion and net profit after tax was NT\$6.85 billion, 13.69% and 29.09% above NT\$18.94 billion and NT\$5.31 billion in 2017, respectively, and EPS was NT\$20.20.

ASPEED Technology's gross profit margin was 60% in 2018 and 58% the previous year. The increase in gross profit margin was due to its BMC product portfolio. Its operating profit margin was 36.91% in 2018.

Market Development

According to the North American Data Centers report, the United States, the world's largest data center market, has doubled the size of the data center in 2018 compared to 2017. International Data Information (IDC) also estimates that the public cloud market in

Europe will have an annual growth rate of 22% in the next three years, and the growth of the data center is still quite strong. As tariffs and China-US trade wars and other influencing factors gradually disappear, and Intel will launch a new generation of CPU in 2020, it is expected that our BMC SoC shipments will continue to increase.

There is no denying that in the future, people will relive precious moments in life via virtual reality consisting of 360-degree images, and therefore, we believe that a spherical 360-degree camera will soon become a must-have device in every household. ASPEED expects to surprise the public with Cupola360 spherical image processor, so that people can experience first-hand how snappy, convenient and useful a 360-degree camera is in their daily lives. With the upcoming development of 5G next-generation mobile communications, it will be more convenient for 360-degree videos/images transmission. Also, more and more social networking platforms such as Facebook, YouTube, Weibo, IQIYI, Line, Flickr and Vimeo have started to support 360-degree video sharing. In the near future, the 360-degree applications will extend to Artificial Intelligence (AI), AR/VR virtual reality applications, and even in the field of security monitoring/public surveillance other than consumer market, and these are all potentially business opportunities to Cupola360. Therefore the future development of Cupola360 is definitely worth looking forward to.

Corporate Social Responsibility

The belief that a company's success and growth relies on harmony between the company, society, and the environment is deeply rooted in ASPEED Technology, which is committed to fulfilling its corporate social responsibility. ASPEED Technology's official website fully discloses the Company's efforts to uphold social welfare, environmental protection, and stakeholders. One of our outlooks for the coming year is that 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. The roles of the Board of Directors and professional managers are clearly

defined for corporate governance, which emphasizes transparent operations, and upholds the rights and interests of shareholders and employees.

ASPEED Technology shows its gratitude to society by giving back to those in need. ASPEED Technology understands that education is the foundation of all things, and it continued to support disadvantaged students in remote areas in 2018, which it has always been concerned about. ASPEED Technology subsidizes 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, 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.

Outlook

As part of the outlooks for 2019, ASPEED Technology's BMCs will continue to generate considerable revenue for the Company on the existing foundation. AV extension began contributing to revenue after it was introduced in 2013, and the Company can become even more optimistic about its future growth. In addition, after the introduction of the Cupola360 spherical image processing chip in 2018, ASPEED Technology received high attention and customer inquiries from the 360-degree camera market. We are optimistic that we will start mass production in the second half of this year and generate significant revenue in future.

This year provided an abundant harvest for ASPEED Technology as the Company began reaping the fruits. ASPEED Technology's consistent and excellent business performance is the result of its employees' persistent efforts. We are truly grateful to our customers, suppliers, shareholders and the general public for their support. In the future, we will

continue to work towards steady growth so that our shareholders, customers, and employees can share the fruits of our excellent business performance. Finally, we would like to thank each shareholder for your support and care.

Chairman Chris Lin

President Chris Lin

Attachment 2

ASPEED Technology Inc. Audit Committee's Review Report

The Board of Directors has prepared the Company's 2018 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

Attachment 3

Report 2018 employees' profit sharing bonus and directors' compensation

The Board of Directors in the 6th Board Meeting of the 6th session approved 2018 employees' profit sharing bonus and directors' compensation on March 11, 2019 and distributed as follows:

1. Employees' profit sharing bonus

Explanation:

- (1) 2018 employees' total profit sharing bonus is estimated NT\$74,991,406, and a new share issue through capitalization of earnings employee' profit sharing bonus. The total number of employee' profit sharing bonus stocks to be issued shall be determined by the closing price of NT\$ 725 of the day (March 8) before the Board of Directors meeting, and employee' profit sharing bonus stocks of the NT\$ 74,991,406 (103,436 shares), and the remaining NT\$ 306 that is less than 1 share shall be distributed in cash.
- (2) The shareholder rights and obligations of the new shares are the same as those of existing shares.
- (3) After the submit of the competent authority, the new shares will be distributed on a record date determined by the chairman that the Board of Directors authorized.
- (4) It is proposed that the chairman be authorized to take any action that may be required in connection with the capital increase plan as a result of any amendment to applicable laws or regulations or as required by the competent authorities.
- (5) The employee' profit sharing bonus estimate for 2018 was consistent with the actual amount distributed.

2. Directors' compensation

Explanation:

- (1) 2018 directors' compensation is estimated at NT\$9,373,926, and the full shall be distributed in cash.
- (2) The directors' compensation estimate for 2018 was consistent with the actual amount distributed.

Attachment 4

English Translation of a Report Originally Issued in Chinese

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, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as of December 31, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the 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 financial statements for the year ended December 31, 2018. 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.

Key audit matters for the Company's consolidated financial statements for the year ended December 31, 2018 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, 2018, the Group recognized revenue of NT\$2,153,519 thousand, which increased by 14% compared with that of last year, refer to Note 23 for related information. Due to the increasing demand for remote server management system, the Group released certain sales orders by

temporarily increasing the credit line. As such, this gives the rise of the potential risk of overstating sales. We therefore considered that testing the existence and occurrence of sales is a key audit matter of the current period.

Our audit procedures performed included, but not limited to, the following:

1. We evaluated the appropriateness of the Group's accounting policies relating to revenue recognition.
2. We understood the internal controls over the approval of sales order and shipping and tested the effectiveness of those internal controls.
3. We sampled the sales records to inspect sales documents, including related transaction documents and cash collections in the audited period and the subsequent period.
4. We verified if any deviant occurred in those parties when the sales were recorded and cash was received;

Goodwill impairment test

To create synergy that benefits the Group's existing products in response to the global growth of server remote management system, ASPEED Technology Inc. acquired Emulex Corporation's Pilot Business, 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, 2018, goodwill was NT\$369,040 thousand, accounting for 13% of the total assets, and it was significant to the financial statements. According to IAS36, the goodwill impairment assessment test should be conducted annually. When assessing whether 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 book value of 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), Note 5 and Note 14 to the financial statements for the information on the accounting policies, accounting estimates and assumptions of the impairment assessments.

We will perform the following major auditing procedures (but not limited to the following) to assess the significant estimates and the rationality 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 understand the process and basis for the management's estimated sales growth rate and profit margin for the future operating outlook.
2. We examine whether the estimates of the future operating cash flows are consistent with the future operating plans approved by the board of directors or not. The future sales growth rates and profit margins adopted, whether to consider the recent operating results, historical trends and industry profiles, etc., are updated as appropriate.
3. We adopt the financial advisors of the firm to assist in assessing the recoverable amount calculated by the management based on the value-of-use model, using the weighted average cost of capital, including the risk-free rate, volatility and risk premium assumptions, whether or not to comply with the industry situation, re-calculate and check.

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, 2018 and 2017 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, 2018 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 audit resulting in this independent auditors' report are Ming Hui Chen and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2019

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..

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 1,093,346	39	\$ 853,936	32	Short-term borrowings (Note 17)	\$ -	-	\$ 50,000	2
Financial assets at fair value through profit or loss - current (Note 7)	89,030	3	-	-	Trade payables (Note 18)	35,497	1	68,760	3
Available-for-sale financial assets - current (Note 9)	-	-	277,531	11	Payables to related parties (Note 32)	17,915	1	8,492	-
Financial assets at amortized cost - current (Note 8)	80,000	3	-	-	Accrued employees' compensation and remuneration of directors (Note 24)	84,365	3	67,832	3
Trade receivable, net (Note 10)	398,741	14	360,932	14	Other payables (Note 19)	42,177	1	92,959	3
Receivables from related parties (Notes 10 and 32)	2,249	-	2,520	-	Current tax liabilities (Note 25)	113,794	4	91,742	3
Other receivables	1,463	-	6,758	-	Provisions - current (Note 20)	21,670	1	127,695	5
Inventories (Note 11)	138,841	5	90,506	3	Other current liabilities (Note 19)	108,864	4	3,180	-
Other current assets (Note 16)	15,646	-	7,277	-					
					Total current liabilities	424,282	15	510,660	19
Total current assets	1,819,316	64	1,599,460	60	NON-CURRENT LIABILITIES				
NON-CURRENT ASSETS					Deferred tax liabilities (Note 25)	77,844	3	73,967	3
Property, plant and equipment (Note 13)	84,841	3	53,213	2	Other non-current liabilities (Note 19)	1,609	-	789	-
Goodwill (Notes 5 and 14)	369,040	13	369,040	14					
Other Intangible assets (Note 15)	472,803	17	569,545	22	Total liabilities	503,735	18	585,416	22
Deferred tax assets (Note 25)	35,700	1	31,699	1	SHAREHOLDERS' EQUITY (Note 22)				
Refundable deposits (Note 16)	7,232	-	5,885	-	Capital				
Other non-current assets (Note 16)	43,743	2	34,521	1	Capital stock	340,656	12	339,378	13
					Capital surplus	1,056,831	37	960,462	36
Total non-current assets	1,013,359	36	1,063,903	40	Retained earnings				
					Legal reserve	218,148	8	165,011	6
					Special reserve	10,166	-	13,085	-
					Unappropriated earnings	734,639	26	610,179	23
					Total retained earnings	962,953	34	788,275	29
					Other equity	(31,500)	(1)	(10,168)	-
					Total equity	2,328,940	82	2,077,947	78
TOTAL	\$ 2,832,675	100	\$ 2,663,363	100	TOTAL	\$ 2,832,675	100	\$ 2,663,363	100

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23, 32 and 36)				
Sale	\$ 2,152,754	100	\$ 1,893,008	100
Other operating revenue	<u>765</u>	<u>-</u>	<u>1,186</u>	<u>-</u>
Total operating revenue	2,153,519	100	1,894,194	100
OPERATING COSTS (Notes 11, 24 and 32)	<u>863,688</u>	<u>40</u>	<u>797,353</u>	<u>42</u>
GROSS PROFIT	<u>1,289,831</u>	<u>60</u>	<u>1,096,841</u>	<u>58</u>
OPERATING EXPENSES (Note 24)				
Marketing expenses	67,817	3	55,266	3
General and administrative expenses	95,143	5	103,382	6
Research and development expenses	<u>326,983</u>	<u>15</u>	<u>290,622</u>	<u>15</u>
Total operating expenses	<u>489,943</u>	<u>23</u>	<u>449,270</u>	<u>24</u>
INCOME FROM OPERATIONS	<u>799,888</u>	<u>37</u>	<u>647,571</u>	<u>34</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 24)	34,589	2	22,607	1
Other gains and losses (Note 24)	20,276	1	(38,601)	(2)
Finance costs (Note 24)	<u>(723)</u>	<u>-</u>	<u>(2,484)</u>	<u>-</u>
Total non-operating income and expenses, net	<u>54,142</u>	<u>3</u>	<u>(18,478)</u>	<u>(1)</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	854,030	40	629,093	33
INCOME TAX EXPENSE (Notes 25)	<u>168,108</u>	<u>8</u>	<u>97,727</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>685,922</u>	<u>32</u>	<u>531,366</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(152)	-	(2,097)	-
Unrealized gain (loss) on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(4,056)</u>	<u>-</u>
Total other comprehensive income	<u>(152)</u>	<u>-</u>	<u>(6,153)</u>	<u>-</u>

(Continued)

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2018		2017	
	Amount	%	Amount	%
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 685,770</u>	<u>32</u>	<u>\$ 525,213</u>	<u>28</u>
NET INCOME ATTRIBUTABLE TO: Owners of the Company	<u>\$ 685,922</u>	<u>32</u>	<u>\$ 531,366</u>	<u>28</u>
TOTAL COMPREHENSIVE INCOME ATTRIBUTABLE TO: Owners of the Company	<u>\$ 685,770</u>	<u>32</u>	<u>\$ 525,213</u>	<u>28</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 20.20</u>		<u>\$ 15.70</u>	<u>-</u>
Diluted	<u>\$ 20.10</u>		<u>\$ 15.64</u>	<u>-</u>

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Capital Stock - Common Stock			Retained Earnings			Others Equity		Unrealized Gain (loss) from	Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange Differences on Translating Foreign Operations	Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2017	33,839	\$ 338,401	\$ 912,860	\$ 120,419	\$ -	\$ 542,571	\$ (16,629)	\$ 1,124	\$ 2,419	\$ 1,901,165
Appropriations of prior year's earnings										
Legal reserve	-	-	-	44,592	-	(44,592)	-	-	-	-
Special reserve	-	-	-	-	13,085	(13,085)	-	-	-	-
Cash dividends to shareholders - NT\$12.00 per share	-	-	-	-	-	(406,081)	-	-	-	(406,081)
Employee Stock Bonus	106	1,057	50,278	-	-	-	-	-	-	51,335
Write-off of restricted stock on May 26 and November 3, 2017	(8)	(80)	(2,676)	-	-	-	2,756	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	531,366	-	-	-	531,366
Other comprehensive income after tax	-	-	-	-	-	-	-	(2,097)	(4,056)	(6,153)
Comprehensive income for the year ended December 31, 2017	-	-	-	-	-	531,366	-	(2,097)	(4,056)	525,213
Compensation cost of restricted stock for employees	-	-	-	-	-	-	6,315	-	-	6,315
BALANCE AT DECEMBER 31, 2017	33,937	339,378	960,462	165,011	13,085	610,179	(7,558)	(973)	(1,637)	2,077,947
Effect of retrospective application	-	-	-	-	-	(1,637)	-	-	1,637	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	33,937	339,378	960,462	165,011	13,085	608,542	(7,558)	(973)	-	2,077,947
Appropriations of prior year's earnings										
Legal reserve	-	-	-	53,137	-	(53,137)	-	-	-	-
Special reserve	-	-	-	-	(2,919)	2,919	-	-	-	-
Cash dividends to shareholders - NT\$15.00 per share	-	-	-	-	-	(509,607)	-	-	-	(509,607)
Employee stock bonus	71	708	60,198	-	-	-	-	-	-	60,906
Issuance of restricted stock under employees share options on February 5 and November 12, 2018	57	570	36,171	-	-	-	(36,741)	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	-	-	685,922
Other comprehensive income after tax	-	-	-	-	-	-	-	(152)	-	(152)
Comprehensive income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	(152)	-	685,770
Compensation cost of restricted stock for employees	-	-	-	-	-	-	13,924	-	-	13,924
BALANCE AT DECEMBER 31, 2018	34,065	\$ 340,656	\$ 1,056,831	\$ 218,148	\$ 10,166	\$ 734,639	\$ (30,375)	\$ (1,125)	\$ -	\$ 2,328,940

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 854,030	\$ 629,093
Adjustments for:		
Depreciation expense	30,964	25,458
Amortization expense	107,218	102,059
Finance costs	723	2,484
Interest income	(13,676)	(7,426)
Compensation cost of employee restricted shares	13,924	6,315
Gain (loss) on disposal of available-for-sale financial assets	8,075	(3,338)
Write-down of inventories	5,329	1,107
Recognition of provisions	4,688	122,364
Net loss (gain) on foreign currency exchange	(25,186)	19,492
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,640)	-
Changes in operating assets and liabilities:		
Trade receivables (include related parties)	(35,899)	(80,368)
Other receivables	5,317	38,352
Inventories	(53,664)	(10,722)
Other current assets	(3,569)	(799)
Trade payables (include related parties)	(24,191)	41,368
Other payables	(11,900)	33,651
Other current liabilities	(4,301)	2,088
Provisions	(3,674)	(23,583)
Payables for employees' compensation and director's remuneration	77,439	61,821
Other non-current liabilities	820	-
Cash generated from operations	930,827	959,416
Interest paid	(751)	(2,576)
Income taxes paid	(150,972)	(136,485)
Net cash generated from operating activities	779,104	820,355
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at measured at cost	(80,000)	-
Purchase of financial assets at fair value through profit or loss	(89,894)	-
Proceeds from financial assets at fair value through profit or loss	271,960	-
Purchase of available-for-sale financial assets	-	(312,532)
Proceeds from sale of available-for-sale financial assets	-	160,658
Interest received	13,654	7,222
Payments for property, plant and equipment	(75,413)	(39,893)
Payments for intangible assets	(46,105)	(28,257)
Increase in refundable deposits	(1,347)	(2,036)
Net cash used in investing activities	(7,145)	(214,838)

(Continued)

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	\$ (50,000)	\$ (345,000)
Dividends paid to owners of the company	<u>(509,607)</u>	<u>(406,081)</u>
Net cash used in financing activities	<u>(559,607)</u>	<u>(751,081)</u>
EFFECTS OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>27,058</u>	<u>(19,866)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	239,410	(165,430)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>853,936</u>	<u>1,019,366</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,093,346</u>	<u>\$ 853,936</u>

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

(Concluded)

Attachment 5

English Translation of a Report Originally Issued in Chinese **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, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2018 and 2017, 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, 2018. 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.

Key audit matters for the Company's parent company only financial statements for the year ended December 31, 2018 are stated as follows:

Recognition of revenue

The Company operates principally as a supplier of multimedia integrated circuits (ICs) and computer peripherals oriented ICs. For the year ended December 31, 2018, the Company recognized revenue of NT\$2,153,519 thousand, which increased by 14% compared with that of last year, refer to Note 23 for related information. Due to the increasing demand for remote server management system, the Company released certain sales orders by temporarily increasing the credit line. As such, this gives the rise of the potential risk of overstating sales. We therefore considered that testing the existence and occurrence of sales is a key audit matter of the current period.

Our audit procedures performed included, but not limited to, the following:

1. We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition.

2. We understood the internal controls over the approval of sales order and shipping and test the effectiveness of those internal controls.
3. We sampled the sales records to inspect sales documents, including related transaction documents and cash collections in the audited period and the subsequent period.
4. We verified if any deviant occurred in those parties when the sales were recorded and cash was received.

Goodwill impairment test

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 Business, which was under Broadcom Group, at the price of NT\$926,937 thousand (or US\$28,658 thousand), and it also recognized intangible assets including client relationship, know-how, licenses, trademark, and goodwill. As of December 31, 2018, goodwill was NT\$369,040 thousand, accounting for 13% of the total assets, and it was significant for the financial statements. According to IAS36, the goodwill impairment assessment test should be conducted annually. When assessing whether 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 book value of 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), Note 5 and Note 14 to the financial statements for the information on the accounting policies, accounting estimates and assumptions of the impairment assessments.

We will perform the following major auditing procedures (but not limited to the following) to assess the significant estimates and the rationality 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 understand the process and basis for the management's estimated sales growth rate and profit margin for the future operating outlook.
2. We examine whether the estimates of the future operating cash flows are consistent with the future operating plans approved by the board of directors or not. The future sales growth rates and profit margins adopted, whether to consider the recent operating results, historical trends and industry profiles, etc., are updated as appropriate.
3. We adopt the financial advisors of the firm to assist in assessing the recoverable amount calculated by the management based on the value-of-use model, using the weighted average cost of capital, including the risk-free rate, volatility and risk premium assumptions, whether or not comply with the industry situation, re-calculate and check.

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 the 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, 2018 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 audit resulting in this independent auditors' report are Ming Hui Chen and Yi Shin Kao.

Deloitte & Touche
Taipei, Taiwan
Republic of China

March 11, 2019

Notice to Readers

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.

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC.
PARENT COMPANY ONLY BALANCE SHEETS
DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

ASSETS	2018		2017		LIABILITIES AND EQUITY	2018		2017	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 1,070,739	38	\$ 829,546	31	Short-term borrowings (Note 17)	\$ -	-	\$ 50,000	2
Financial assets at fair value through profit or loss - current (Note 7)	89,030	3	-	-	Trade payables (Note 18)	35,497	1	68,760	3
Available-for-sale financial assets - current (Note 9)	-	-	277,531	11	Payables to related parties (Note 32)	17,915	1	8,492	-
Financial assets at amortized cost-current (Note 8)	80,000	3	-	-	Accrued employees' compensation and remuneration of directors (Note 24)	84,365	3	67,832	3
Trade receivables, net (Note 10)	398,741	14	360,932	14	Other payables (Note 19)	27,195	1	66,586	2
Receivables from related parties, net (Notes 10 and 32)	2,249	-	2,520	-	Other payables to related parties (Note 32)	9,102	-	13,933	-
Other receivables	340	-	3,554	-	Current tax liabilities (Note 25)	113,794	4	87,665	3
Inventories (Note 11)	138,841	5	90,506	3	Provisions - current (Note 20)	21,670	1	127,695	5
Other current assets (Note 16)	8,877	-	5,549	-	Other current liabilities (Note 19)	108,864	4	3,180	-
Total current assets	1,788,817	63	1,570,138	59	Total current liabilities	418,402	15	494,143	18
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES				
Investment accounted for using equity method (Notes 12 and 35)	38,055	1	19,085	1	Deferred tax liabilities (Note 25)	77,844	3	73,967	3
Property, plant and equipment (Note 13)	84,277	3	52,442	2					
Goodwill (Notes 5 and 14)	369,040	13	369,040	14	Total liabilities	496,246	18	568,110	21
Other intangible assets, net (Note 15)	463,897	17	569,545	22	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 22)				
Deferred tax assets (Note 25)	31,902	1	27,211	1	Share capital				
Refundable deposits (Note 16)	5,455	-	4,075	-	Ordinary shares	340,656	12	339,378	13
Other non-current assets (Note 16)	43,743	2	34,521	1	Capital surplus	1,056,831	37	960,462	36
					Retained earnings				
Total non-current assets	1,036,369	37	1,075,919	41	Legal reserve	218,148	8	165,011	6
					Special reserve	10,166	-	13,085	1
					Unappropriated earnings	734,639	26	610,179	23
					Total retained earnings	962,953	34	788,275	30
					Other equity	(31,500)	(1)	(10,168)	-
					Total equity	2,328,940	82	2,077,947	79
TOTAL	\$ 2,825,186	100	\$ 2,646,057	100	TOTAL	\$ 2,825,186	100	\$ 2,646,057	100

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

English Translation of a Report Originally Issued in Chinese**ASPEED TECHNOLOGY INC.****PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME****FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017****(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)**

	2018		2017	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 23 and 32)				
Sale	\$ 2,152,754	100	\$ 1,893,008	100
Other operating revenue	<u>765</u>	<u>-</u>	<u>1,186</u>	<u>-</u>
Total operating revenues	2,153,519	100	1,894,194	100
OPERATING COSTS (Notes 11 and 24)				
Cost of goods sold	<u>863,688</u>	<u>40</u>	<u>797,353</u>	<u>42</u>
GROSS PROFIT	<u>1,289,831</u>	<u>60</u>	<u>1,096,841</u>	<u>58</u>
OPERATING EXPENSES (Note 24)				
Marketing expenses	67,817	3	55,266	3
General and administrative expenses	68,866	3	64,634	4
Research and development expenses	<u>358,329</u>	<u>17</u>	<u>310,285</u>	<u>16</u>
Total operating expenses	<u>495,012</u>	<u>23</u>	<u>430,185</u>	<u>23</u>
INCOME FROM OPERATIONS	<u>794,819</u>	<u>37</u>	<u>666,656</u>	<u>35</u>
NON-OPERATING INCOME AND EXPENSES				
Other gains and losses (Note 24)	20,296	1	(38,391)	(2)
Other income (Notes 24 and 28)	34,513	2	22,559	1
Finance costs (Note 24)	(723)	-	(2,484)	-
Share of loss of subsidiaries	<u>4,122</u>	<u>-</u>	<u>(23,503)</u>	<u>(1)</u>
Total non-operating income and expenses, net	<u>58,208</u>	<u>3</u>	<u>(41,819)</u>	<u>(2)</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	853,027	40	624,837	33
INCOME TAX EXPENSE (Notes 4 and 25)	<u>167,105</u>	<u>8</u>	<u>93,471</u>	<u>5</u>
NET INCOME FOR THE YEAR	<u>685,922</u>	<u>32</u>	<u>531,366</u>	<u>28</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating foreign operations	(152)	-	(2,097)	-
Unrealized gain (loss) on available-for-sale financial assets	<u>-</u>	<u>-</u>	<u>(4,056)</u>	<u>-</u>

(Continued)

English Translation of a Report Originally Issued in Chinese

ASPEED TECHNOLOGY INC.

PARENT COMPANY ONLY STATEMENTS OF COMPREHENSIVE INCOME

FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017

(In Thousands of New Taiwan Dollars, Except Earnings (Loss) Per Share)

	2018		2017	
	Amount	%	Amount	%
Other comprehensive income (loss) for the year, net of income tax	\$ (152)	-	\$ (6,153)	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 685,770</u>	<u>32</u>	<u>\$ 525,213</u>	<u>28</u>
EARNINGS PER SHARE (Note 26)				
Basic	<u>\$ 20.20</u>		<u>\$ 15.70</u>	
Diluted	<u>\$ 20.10</u>		<u>\$ 15.64</u>	

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	Share Capital			Retained Earning			Other Equity			Total Equity
	Shares (Thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Unrealized Gain (loss) from Available-for-sale Financial Assets	Exchange Differences on Translating Foreign Operations	
BALANCE AT JANUARY 1, 2017	33,839	\$ 338,401	\$ 912,860	\$ 120,419	\$ -	\$ 542,571	\$ (16,629)	\$ 1,124	\$ 2,419	\$ 1,901,165
Appropriation of prior year's earnings										
Legal reserve	-	-	-	44,592	-	(44,592)	-	-	-	-
Special reserve	-	-	-	-	13,085	(13,085)	-	-	-	-
Cash dividends to shareholders - NT\$12.00 per share	-	-	-	-	-	(406,081)	-	-	-	(406,081)
Employee Stock Bonus	106	1,057	50,278	-	-	-	-	-	-	51,335
Write-off of restricted stock on May 26 and November 3, 2017	(8)	(80)	(2,676)	-	-	-	2,756	-	-	-
Net income for the year ended December 31, 2017	-	-	-	-	-	531,366	-	-	-	531,366
Other comprehensive income after tax	-	-	-	-	-	-	-	(2,097)	(4,056)	(6,153)
Comprehensive income for the year ended December 31, 2017	-	-	-	-	-	531,366	-	(2,097)	(4,056)	525,213
Compensation cost of restricted shares for employees	-	-	-	-	-	-	6,315	-	-	6,315
BALANCE AT DECEMBER 31, 2017	33,937	339,378	960,462	165,011	13,085	610,179	(7,558)	(973)	(1,637)	2,077,947
Effect of retrospective application	-	-	-	-	-	(1,637)	-	-	1,637	-
BALANCE AT JANUARY 1, 2018 AS RESTATED	33,937	339,378	960,462	165,011	13,085	608,542	(7,558)	(973)	-	2,077,947
Appropriation of prior year's earnings										
Legal reserve	-	-	-	53,137	-	(53,137)	-	-	-	-
Special reserve	-	-	-	-	(2,919)	2,919	-	-	-	-
Cash dividends to shareholders - NT\$15.00 per share	-	-	-	-	-	(509,607)	-	-	-	(509,607)
Employee stock bonus	71	708	60,198	-	-	-	-	-	-	60,906
Issuance of restricted stock under employees share options on February 5 and November 12, 2018	57	570	36,171	-	-	-	(36,741)	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	-	-	685,922
Other comprehensive income after tax	-	-	-	-	-	-	-	(152)	-	(152)
Comprehensive income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	(152)	-	685,770
Compensation cost of restricted shares for employees	-	-	-	-	-	-	13,924	-	-	13,924
BALANCE AT DECEMBER 31, 2018	<u>34,065</u>	<u>\$ 340,656</u>	<u>\$ 1,056,831</u>	<u>\$ 218,148</u>	<u>\$ 10,166</u>	<u>\$ 734,639</u>	<u>\$ (30,375)</u>	<u>\$ (1,125)</u>	<u>\$ -</u>	<u>\$ 2,328,940</u>

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 853,027	\$ 624,837
Adjustments for:		
Depreciation expense	30,722	25,196
Amortization expense	105,648	102,059
Finance costs	723	2,484
Interest income	(13,600)	(7,379)
Compensation cost of employee restricted shares	13,924	6,315
Share of (gain) loss of subsidiaries and associates	(4,122)	23,503
Write-down of inventories	5,329	1,107
Net loss (gain) on foreign currency exchange	(25,178)	19,492
Recognition of provisions	4,688	122,364
Gain (loss) on disposal of available-for-sale financial assets	8,075	(3,338)
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(1,640)	-
Changes in operating assets and liabilities		
Trade receivables (include related parties)	(35,899)	(80,368)
Other receivables (include related parties)	3,236	41,556
Inventories	(53,664)	(10,722)
Other current assets	(3,328)	360
Trade payables (include related parties)	(24,191)	41,368
Other payables (include related parties)	(5,340)	21,281
Other current liabilities	(4,301)	2,088
Provisions	(3,674)	(23,583)
Payables for employees' compensation and director's remuneration	77,439	61,821
Cash generated from operations	927,874	970,441
Interest paid	(751)	(2,576)
Income tax paid	(141,790)	(131,818)
Net cash generated from operating activities	785,333	836,047
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets measured at cost	(80,000)	-
Acquisition of investment accounted for using equity method	(15,000)	-
Purchase of financial assets at fair value through profit or loss	(89,894)	-
Proceeds from financial assets at fair value through profit or loss	271,960	-
Purchase of available-for-sale financial assets	-	(312,532)
Proceeds from sale of available-for-sale financial assets	-	160,658
Payments for property, plant and equipment	(75,391)	(39,847)
Increase in refundable deposits	(1,380)	(2,124)
Payments for intangible assets	(35,629)	(28,257)
Interest received	13,578	7,175
Net cash used in investing activities	(11,756)	(214,927)

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ASPEED TECHNOLOGY INC.
PARENT COMPANY ONLY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2018 AND 2017
(In Thousands of New Taiwan Dollars)

	2018	2017
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	(50,000)	(345,000)
Dividends paid to owners of the company	<u>(509,607)</u>	<u>(406,081)</u>
Net cash used in financing activities	<u>(559,607)</u>	<u>(751,081)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>27,223</u>	<u>(17,840)</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	241,193	(147,801)
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>829,546</u>	<u>977,347</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,070,739</u>	<u>\$ 829,546</u>

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

Appendix
Appendix 1

Shareholding of all Directors

1. The shareholdings of the Company's Directors and percentage of shareholdings required by law are listed below:

The Company's total outstanding shares:	34,058,365 股
Total shareholdings of all Directors required by law:	3,600,000 股
As of March 31, 2019, total shareholdings of all Directors (except Independent Directors)	9,822,995 股

2. As of March 31, 2019, the cut-off date of this Shareholders' Meeting, the individual Directors and their aggregate shareholdings are listed below:

Title	Name	Date Elected	Shareholding on the record date	
			Number of shares	%
Chairman	Feng Hua Investment Limited Corporate Representative – Chris Lin	May 30, 2018	4,775,524	14.02%
Director	Xian Hua Investment Co., Ltd. Corporate Representative – Arnold Yu	May 30, 2018	538,644	1.58%
Director	ATEN Technology Co., Ltd. Corporate Representative – Nicholas Lin	May 30, 2018	1,043,770	3.06%
Director	Avago Technologies International Sales PTE. Limited Corporate Representative – Nick Chen	May 30, 2018	2,022,000	5.94%
Director	Sheng Hua Investment Limited Corporate Representative – Luke Chen	May 30, 2018	1,074,884	3.16%
Director	Ted Tsai	May 30, 2018	368,173	1.08%
Independent Director	Chyan Yang	May 30, 2018	—	—
Independent Director	Dyi-Chung Hu	May 30, 2018	—	—
Independent Director	Robert Lo	May 30, 2018	—	—
Holding of all Directors			9,822,995	28.84%