



Stock Code: 5274

ASPEED Technology Inc.

2020 ANNUAL SHAREHOLDERS' MEETING

MEETING AGENDA (TRANSLATION)

May 19, 2020

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 2020 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 2020
Agenda of Annual Meeting of Shareholders

1. Time : 9:00 a.m. on May 19, 2020
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 2019
 - (2) Audit Committee's review report on the 2019 financial statements
 - (3) Report on the actual handling situation of 2016 resolution on private placement of common shares
 - (4) Report on 2019 employees' profit sharing bonus and directors' compensation
 - (5) Report on the distribution of 2019 profits
5. Acknowledgements
Adoption of the 2019 Business Report and Financial Statements
6. Proposed Resolutions
 - (1) Amendment to "Article of Incorporation"
 - (2) Amendment to "Rules of Procedure for Shareholders Meetings"
 - (3) Amendment to "Operating Procedures of Outward Loans to Others"
 - (4) Amendment to "Operating Procedures of Endorsement/Guarantee"
7. Extemporaneous Motions
8. Meeting Adjourned

1. Report Items

(1) : To report the business of 2019. (Proposed by the Board of Directors)

Explanation : Please refer to page 5~7 Attachment 1.

(2) : Audit Committee's review report on the 2019 financial statements.
(Proposed by the Board of Directors)

Explanation : Please refer to page 8 Attachment 2.

(3) : Report on the actual handling situation of 2016 resolution on private placement of common shares. (Proposed by the Board of Directors)

Explanation : Please refer to page 9~11 Attachment 3.

(4) : Report on 2019 employees' profit sharing bonus and directors' compensation. (Proposed by the Board of Directors)

Explanation : Please refer to page 12 Attachment 4.

(5) : Report on distribution of 2019 profits. (Proposed by the Board of Directors)

Explanation : Please refer to page 13 Attachment 5.

2. Acknowledgements

Subject : Adoption of the 2019 Business Report and Financial Statements.
(Proposed by the Board of Directors)

Explanation : The 2019 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 14~33 Attachment 6 and 7.

Resolution :

3. Proposed Resolutions

(1) : Amendment to "Article 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 "Article of Incorporation".
2. Please refer to the Chinese version of the Handbook for details.

- Resolution :
 (2) : Amendment to “Rules of Procedure for Shareholders Meetings”.
 (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 “ Rules
 of Procedure for Shareholders Meetings ”.
 2. Please refer to the Chinese version of the Handbook for details.
- Resolution :
 (3) : Amendment to “Operating Procedures of Outward Loans to
 Others”. (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 “
 Operating Procedures of Outward Loans to Others ”.
 2. Please refer to the Chinese version of the Handbook for details.
- Resolution :
 (4) : Amendment to “Operating Procedures of
 Endorsement/Guarantee”. (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 “
 Operating Procedures of Endorsement/Guarantee”.
 2. Please refer to the Chinese version of the Handbook for details.
- Resolution :

4. Extemporaneous Motions

5. Meeting Adjourned

Attachment
Attachment 1

ASPEED Technology Inc.
2019 Business Report

Dear shareholders:

The year of 2019 is a brilliant year. This year we celebrate the 15th anniversary of ASPEED Technology, which is also an important milestone for us. We sincerely thank you for all your long-term support for us. For 15 years, ASPEED Technology still maintains a high profitable performance every year. Having such a fruitful result is a concerted effort for all employees and partners. In 2019, our revenue set a record high of NT\$2.48 billion with YoY growth reaching 15.36%, and we continued our excellent performance of achieving revenue and profit growth every year since the Company was founded in 2004. Now ASPEED is still the worldwide No. 1 BMC chip provider, and this year we successfully announced the 7th generation BMC SoC AST2600, which is the first 28nm BMC SoC. Also, under the solid R&D foundation and precise market planning, the PC/AV extension SoC and Cupola360 multi-image stitching SoC have both developed steadily and successfully. We are confident that all these two product lines will achieve excellent business performance for shareholders.

Financial Performance

ASPEED Technology's 2019 operating revenue was 2.48 billion and net profit after tax was 0.83 billion, 15.36% and 21.18% above 2.15 billion and 0.69 billion in 2018, respectively, and EPS was 24.39. ASPEED Technology's gross profit margin was 63.24% in 2019 and 59.89% the previous year. The increase in gross profit margin was due to its BMC product portfolio. Its operating profit margin was 40.59% in 2019.

Market Development

In 2018, the overall server market was affected by US-China trade war, corporate investment tended to be conservative, and also the growth rate of data centers that previously played a driving role in market growth also converged from double-digit to about 5% growth. However in 2019, due to several factors including the slow down of U.S.-China Trade War, the increase in demand from North American data center operators, the coming of 5G era to stimulate the growth of cloud service demand, all in all the overall server market shipments are expected to continue to grow steadily.

In addition to the BMC SoC product line, we have developed the Cupola360 multi-image stitching processing SoC since 2017, and has gradually started a cooperative development phase with customers. In 2019, ASPEED Technology focuses on the enhancement of Cupola360's core technology - Hyper-Stitching Technology and applies to different applications including: Video

Conference, Automotive (Dash Cam), Surveillance Camera, and 360-degree Consumer Camera applications, and there's no doubt Cupola360 series products will definitely gain great success.

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, in 2019 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.

Future Outlook

As part of the outlooks for 2020, ASPEED Technology's BMCs will continue to generate considerable revenue for the Company on the existing foundation as large data centers are constructed. PC/AV extension product line began to contribute to revenue steadily, and the overall revenue increased by 14% compared with last year. As for Cupola360 multi-image stitching processing SoC, this year we have completed the overall product segmentation and positioning for 4 major applications; also with the continuous development of APPs, we believe it will bring more significant growth to ASPEED Technology.

ASPEED Technology has always been striving to stand firm every step of the way. At the same time, it has not succeeded in complacency, and has been brave enough to take the next step, and has therefore been able to enjoy the strong returns. 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 past 15 years. 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 2019 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

ASPEED Technology Inc. Private Placement Securities in Year 2016

Item	Private Placement in Year 2016 Date of Issuance: February 14, 2017
Securities under private placement	Common Stock
Date of resolution and approved quantity	Date of approval by shareholders: December 23, 2016 Date of approval by board of directors: December 23, 2016 Approved quantity: 2,022,000 shares
Basis and rationale for price setting	The reference price shall be the higher of the following two calculations: - The simple average closing price of the common shares of the Company for either 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. - The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. Pursuant to the resolution of the special meeting of shareholders held on December 23, 2016, the actual/issue price of privately placed common shares shall be set by no less than 55% of the reference price. On May 12, 2016, the Company entered into an Asset Purchase Agreement to acquire Broadcom's Pilot™ business and related assets ("Acquisition"). This private placement plan is made in connection with the Acquisition. Hence, the actual/issue price for this private placement was determined using the average closing price of the common stock of the Company for the 15 business days prior to the execution date of the Asset Purchase Agreement. The actual/issue price was no less than 55% of the reference price.
Selection method of specified parties	Avago IP is an intellectual property holding and licensing subsidiary of Broadcom. The Company is projected to benefit by inviting Avago IP as the Company's strategic investor. The projected benefits are to enhance products development, strengthen the Company's competitiveness and enhance operational efficiency.
Reasons for private placement	The Company is considered the effectiveness, feasibility and introduction of strategic investors in connection with the acquisition of

	Broadcom's Pilot™ business and related assets. The Company raised capital through private placement.				
Date of payment and completion	December 30, 2016				
Information on contributing parties	Target	Eligibility	Quantity Purchased	Relationship with the Company	Participation in Company Operations
	Avago Technologies General IP (Singapore) Pte.Ltd.	The parties should meet the requirements in the Article 43-6 of Securities and Exchange Act	2,022,000 shares	Board of Director of the Company	Serve as Board of Director of the Company
Actual purchase (or conversion) price	NTD297.60 per share				
Difference between the actual purchase (or conversion) price and the reference price	The reference price shall be the higher of the following two calculations: - The simple average closing price of the common shares of the Company for either 1, 3, or 5 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends or capital reduction. - The simple average closing price of the common shares of the Company for the 30 business days before the price determination date, after adjustment for any distribution of stock dividends, cash dividends, or capital reduction. Pursuant to the resolution of the special meeting of shareholders held on December 23, 2016, the actual/issue price of privately placed common shares shall be set by no less than 55% of the reference price. On May 12, 2016, the Company entered into an Asset Purchase Agreement to acquire Broadcom's Pilot™ business and related assets ("Acquisition"). This private placement plan is made in connection with the Acquisition. Hence, the actual/issue price for this private placement was determined using the average closing price of the common stock of the Company for the 15 business days prior to the execution date of the Asset Purchase Agreement. The actual/issue price was no less than 55% of the reference price.				
Impact of private placement on shareholders' equity (ex. causing an increase in accumulated losses)	This private placement shall provide the benefits to enhance products development of the Company, strengthen the Company's competitiveness, enhance operational efficiency which provide a positive impact on shareholders' rights and interests.				

Use of funds from private placement and progress of proposed plans	The Company closed the private placement in Q1 2017. Proceeds will be used to strengthen its working capital position.
Effectiveness of private placement	The contributing party submits orders to the Company.

Attachment 4

ASPEED Technology Inc. Report 2019 employees' profit sharing bonus and directors' compensation

The Board of Directors in the 6th Board Meeting of the 11th session approved 2019 employees' profit sharing bonus and directors' compensation on March 2, 2020 and distributed as follows:

1. Employees' profit sharing bonus

Explanation:

- (1) 2019 employees' total profit sharing bonus is estimated NT\$ 92,361,000, 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\$ 946 of the day (February 27) before the Board of Directors meeting, and employee' profit sharing bonus stocks of the NT\$ 92,361,000 (97,633 shares), and the remaining NT\$ 182 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 2019 was consistent with the actual amount distributed.

2. Directors' compensation

Explanation:

- (1) 2019 directors' compensation is estimated at NT\$ 11,140,167, and the full shall be distributed in cash.
- (2) The directors' compensation estimate for 2019 was consistent with the actual amount distributed.

Attachment 5

ASPEED Technology Inc. 2019 Earnings Distribution

Unit: NT\$

Item	Amount	Note
Undistributed retained earnings of previous years	31,661,797	
Impact of amendments to IFRS 16	0	
Adjustment of undistributed retained earnings of previous years	31,661,797	
Plus: Net income of 2019	831,184,844	
Minus: 10% Legal reserve	(83,118,484)	
Minus: Special reserve	(3,093,074)	
Earnings available for distribution	776,635,083	
Distribution items:		
Dividends to common shareholders – Cash	(752,945,622)	NT\$22.0 per share
Unappropriated retained earnings	23,689,461	

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

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

Attachment 6

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, 2019 and 2018, 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 (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, 2019 and 2018, 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, 2019. 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.

Key audit matters for the Group's consolidated financial statements for the year ended December 31, 2019 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, 2019, the Group recognized revenue of NT\$2,484,295 thousand, which increased by 15% compared with that of last year, refer to Note 22 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, 2019. For customers whose sales growth rates were significant, we 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: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We understood the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and sampled the sales documents to inspect sales details, including cash collections in the audited period and the subsequent period. Moreover, 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, 2019, goodwill was NT\$369,040 thousand, accounting for 11% of the total assets, and it was significant to the consolidated 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 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 examined 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., were updated as appropriate.
3. We adopted 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-calculated and checked.

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, 2019 and 2018 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 the 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, 2019 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 2, 2020

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
ASPED TECHNOLOGY INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018		LIABILITIES AND EQUITY	2019		2018	
	Amount	%	Amount	%		Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES				
Cash and cash equivalents (Note 6)	\$ 1,421,959	42	\$ 1,093,346	38	Trade payables (Note 17)	\$ 140,791	4	\$ 35,497	1
Financial assets at fair value through profit or loss - current (Note 7)	162,941	5	89,030	3	Payables to related parties (Note 30)	14,990	1	17,915	1
Financial assets at amortized cost - current (Note 8)	-	-	80,000	3	Accrued employees' compensation and remuneration of directors (Note 23)	103,501	3	84,365	3
Trade receivable, net (Note 9)	627,829	18	398,741	14	Other payables (Note 18)	43,397	1	42,177	1
Receivables from related parties, net (Notes 9 and 30)	1,018	-	2,249	-	Current tax liabilities (Note 24)	141,092	4	113,794	4
Inventories (Note 10)	82,078	2	138,841	5	Provisions - current (Note 19)	26,571	1	21,670	1
Prepayments and other current assets (Note 16)	20,409	1	17,109	1	Lease liabilities - current (Notes 3 and 13)	23,886	1	-	-
Total current assets	2,316,234	68	1,819,316	64	Other current liabilities (Note 18)	142,037	4	108,864	4
NON-CURRENT ASSETS					Total current liabilities	636,265	19	424,282	15
Property, plant and equipment (Note 12)	123,198	4	84,841	3	NON-CURRENT LIABILITIES				
Right-of-use assets (Notes 3 and 13)	110,675	3	-	-	Deferred tax liabilities (Note 24)	62,135	2	77,844	3
Goodwill (Notes 5 and 14)	369,040	11	369,040	13	Lease liabilities - non-current (Notes 3 and 13)	86,090	2	-	-
Other Intangible assets, net (Note 15)	442,045	13	472,803	17	Other non-current liabilities (Note 18)	108	-	1,609	-
Deferred tax assets (Note 24)	42,919	1	35,700	1	Provisions - non-current (Note 19)	910	-	-	-
Refundable deposits (Note 16)	11,938	-	7,232	-	Total liabilities	785,508	23	503,735	18
Other non-current assets (Note 16)	2,845	-	43,743	2	SHAREHOLDERS' EQUITY (Note 21)				
Total non-current assets	1,102,660	32	1,013,359	36	Capital				
					Capital stock	341,848	10	340,656	12
					Capital surplus	1,145,044	33	1,056,831	37
					Retained earnings				
					Legal reserve	286,740	9	218,148	8
					Special reserve	31,499	1	10,166	-
					Unappropriated earnings	862,848	25	734,639	26
					Total retained earnings	1,181,087	35	962,953	34
					Other equity	(34,593)	(1)	(31,500)	(1)
					Total equity	2,633,386	77	2,328,940	82
TOTAL	\$ 3,418,894	100	\$ 2,832,675	100	TOTAL	\$ 3,418,894	100	\$ 2,832,675	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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22, 30 and 34)				
Sale	\$2,483,373	100	\$2,152,754	100
Other operating revenue	<u>922</u>	<u>-</u>	<u>765</u>	<u>-</u>
Total operating revenue	2,484,295	100	2,153,519	100
OPERATING COSTS (Notes 10, 23 and 30)	<u>913,248</u>	<u>37</u>	<u>863,688</u>	<u>40</u>
GROSS PROFIT	<u>1,571,047</u>	<u>63</u>	<u>1,289,831</u>	<u>60</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	62,227	3	67,817	3
General and administrative expenses	117,580	5	95,143	5
Research and development expenses	<u>382,851</u>	<u>15</u>	<u>326,983</u>	<u>15</u>
Total operating expenses	<u>562,658</u>	<u>23</u>	<u>489,943</u>	<u>23</u>
INCOME FROM OPERATIONS	<u>1,008,389</u>	<u>40</u>	<u>799,888</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Note 23)	16,950	1	34,589	2
Other gains and losses (Note 23)	(12,908)	(1)	20,276	1
Finance costs (Note 23)	<u>(1,864)</u>	<u>-</u>	<u>(723)</u>	<u>-</u>
Total non-operating income and expenses, net	<u>2,178</u>	<u>-</u>	<u>54,142</u>	<u>3</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,010,567	40	854,030	40
INCOME TAX EXPENSE (Note 24)	<u>179,382</u>	<u>7</u>	<u>168,108</u>	<u>8</u>
NET INCOME FOR THE YEAR	<u>831,185</u>	<u>33</u>	<u>685,922</u>	<u>32</u>
OTHER COMPREHENSIVE INCOME (LOSS)				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating financial statements of foreign operations	<u>(1,097)</u>	<u>-</u>	<u>(152)</u>	<u>-</u>
Total other comprehensive income (loss)	<u>(1,097)</u>	<u>-</u>	<u>(152)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 830,088</u>	<u>33</u>	<u>\$ 685,770</u>	<u>32</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, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
NET INCOME ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 831,185</u>	<u>33</u>	<u>\$ 685,922</u>	<u>32</u>
TOTAL COMPREHENSIVE INCOME				
ATTRIBUTABLE TO:				
Owners of the Company	<u>\$ 830,088</u>	<u>33</u>	<u>\$ 685,770</u>	<u>32</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 24.39</u>		<u>\$ 20.20</u>	
Diluted	<u>\$ 24.28</u>		<u>\$ 20.10</u>	

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

(Concluded)

**English Translation of a Report Originally Issued in Chinese
ASPECT TECHNOLOGY INC. AND SUBSIDIARIES**

CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except For Share Data)

	Capital Stock - Common Stock		Retained Earnings				Other Equity			Total Equity
	Shares (In Thousands)	Amount	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Reserve (Accumulated Deficit)	Employee Unearned Compensation	Differences on Exchange Rate Translating Foreign Operations	Unrealized Gain (Loss) from Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2018	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	-	-	-	53,137	-	(53,137)	-	-	-	-
Legal reserve	-	-	-	-	(2,919)	(59,607)	-	-	-	-
Special reserve	-	-	-	-	-	(509,607)	-	-	-	(509,607)
Cash dividend to shareholders - NT\$15.00 per share	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	-	-	685,922
Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(152)	-	(152)
Comprehensive income (loss) for the year ended December 31, 2018	-	-	-	-	-	685,922	-	(152)	-	685,770
Employee stock bonus - Record date: August 7, 2018	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)	-	-	-
Compensation cost of restricted shares 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)	-	2,338,940
Appropriations of prior year's earnings	-	-	-	68,592	-	(68,592)	-	-	-	-
Legal reserve	-	-	-	-	21,333	(21,333)	-	-	-	-
Special reserve	-	-	-	-	-	(613,051)	-	-	-	(613,051)
Cash dividend to shareholders - NT\$18.00 per share	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	831,185	-	-	-	831,185
Other comprehensive income (loss) after tax	-	-	-	-	-	-	-	(1,092)	-	(1,092)
Comprehensive income (loss) for the year ended December 31, 2019	-	-	-	-	-	831,185	-	(1,092)	-	830,093
Employee stock bonus - Record date: August 2, 2019	103	1,034	73,957	-	-	-	-	-	-	74,991
Issuance of restricted stock under employees share options on September 10, 2019	28	280	21,867	-	-	-	(22,147)	-	-	-
Cancellation of restricted stock 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	\$ (32,271)	\$ (2,222)	\$ -	\$ 2,633,386

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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,010,567	\$ 854,030
Adjustments for:		
Depreciation expense	48,879	30,964
Amortization expense	105,393	107,218
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(2,692)	(1,640)
Finance costs	1,864	723
Interest income	(14,296)	(13,676)
Compensation cost of employee restricted shares	12,418	13,924
Loss on disposal of Property, plant and equipment	1,643	-
(Gain) loss on disposal of financial assets	(6,282)	8,075
(Reversal of) write-down of inventories	(1,928)	5,329
Net gain on foreign currency exchange	(37,877)	(25,186)
Recognition of provisions	4,901	4,688
Changes in operating assets and liabilities:		
Trade receivables (include related parties)	(239,469)	(35,899)
Inventories	58,691	(53,664)
Other current assets	(3,384)	1,748
Trade payables (include related parties)	104,906	(24,191)
Other payables	7,147	(11,900)
Provisions	-	(3,674)
Other current liabilities	35,176	(4,301)
Payables for employees' compensation and remuneration of directors	94,127	77,439
Other non-current liabilities	(1,501)	820
Cash generated from operations	1,178,283	930,827
Interest paid	(1,864)	(751)
Income taxes paid	(175,142)	(150,972)
Net cash generated from operating activities	<u>1,001,277</u>	<u>779,104</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(80,000)
Proceeds from of financial assets at amortized cost	80,000	-
Purchase of financial assets at fair value through profit or loss	(180,112)	(89,894)
Proceeds from sale of financial assets at fair value through profit or loss	115,175	271,960
Payments for Property, plant and equipment	(81,619)	(75,413)
Increase in refundable deposits	(4,706)	(1,347)
Payments for intangible assets	(36,697)	(46,105)
Increase in prepayments for equipment	(2,845)	-
Interest received	<u>14,227</u>	<u>13,654</u>
Net cash used in investing activities	<u>(96,577)</u>	<u>(7,145)</u>

(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, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(50,000)
Repayments of the principal portion of lease liabilities	(7,042)	-
Cash dividends	<u>(613,051)</u>	<u>(509,607)</u>
Net cash used in financing activities	<u>(620,093)</u>	<u>(559,607)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>44,006</u>	<u>27,058</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	328,613	239,410
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,093,346</u>	<u>853,936</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,421,959</u>	<u>\$ 1,093,346</u>

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

(Concluded)

Attachment 7

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, 2019 and 2018, 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, 2019 and 2018, 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, 2019. 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 financial statements for the year ended December 31, 2019 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, 2019, the Company recognized revenue of NT\$2,484,295 thousand, which increased by 15% compared with that of last year, refer to Note 22 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, 2019. For customers whose sales growth rates were significant, we 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: We evaluated the appropriateness of the Company's accounting policies relating to revenue recognition. We understood the internal controls over the approval of sales order and shipping. We tested the effectiveness of those internal controls and sampled the sales documents to inspect sales details, including cash collections in the audited period and the subsequent period. Moreover, 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, 2019, goodwill was NT\$369,040 thousand, accounting for 11% 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 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 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 examined 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., were updated as appropriate.
3. We adopted 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-calculated and checked.

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, 2019 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 2, 2020

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
ASPED TECHNOLOGY INC.

BALANCE SHEETS
DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

ASSETS	2019		2018		LIABILITIES AND EQUITY		2019		2018	
	Amount	%	Amount	%			Amount	%	Amount	%
CURRENT ASSETS					CURRENT LIABILITIES					
Cash and cash equivalents (Note 6)	\$ 1,390,725	41	\$ 1,070,739	38	Trade payables (Note 17)		\$ 140,791	4	\$ 35,497	1
Financial assets at fair value through profit or loss - current (Note 7)	162,941	5	89,030	3	Payables to related parties (Note 30)		14,990	1	17,915	1
Financial assets at amortized cost-current (Note 8)	-	-	80,000	3	Accrued employees' compensation and remuneration of directors (Note 23)		103,501	3	84,365	3
Trade receivables, net (Note 9)	627,829	19	398,741	14	Other payables (Note 18)		26,918	1	27,195	1
Receivables from related parties, net (Notes 9 and 30)	1,018	-	2,249	-	Other payables to related parties (Note 30)		8,703	-	9,102	-
Inventories (Note 10)	82,078	2	138,841	5	Current tax liabilities (Note 24)		141,092	4	113,794	4
Prepayments and other current assets (Note 16)	15,251	-	9,217	-	Provisions - current (Note 19)		26,571	1	21,670	1
					Lease liabilities - current (Notes 3 and 13)		20,820	1	-	-
Total current assets	2,279,842	67	1,788,817	63	Other current liabilities (Note 18)		142,034	4	108,864	4
					Total current liabilities		625,420	19	418,402	15
NON-CURRENT ASSETS					NON-CURRENT LIABILITIES					
Investment accounted for using equity method (Notes 11 and 33)	42,372	1	38,055	1	Deferred tax liabilities (Note 24)		62,135	2	77,844	3
Property, plant and equipment (Note 12)	122,691	4	84,277	3	Lease liabilities - non-current (Notes 3 and 13)		77,121	2	-	-
Right-of-use assets (Notes 3 and 13)	98,690	3	-	-	Provisions - non-current (Note 19)		910	-	-	-
Goodwill (Notes 5 and 14)	369,040	11	369,040	13						
Other intangible assets, net (Note 15)	435,235	13	463,897	17	Total non-current liabilities		140,166	4	77,844	3
Deferred tax assets (Note 24)	37,572	1	31,902	1	Total liabilities		765,586	23	496,246	18
Refundable deposits (Note 16)	10,685	-	5,455	-						
Other non-current assets (Note 16)	2,845	-	43,743	2	EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY (Note 21)					
Total non-current assets	1,119,130	33	1,036,369	37	Share capital		341,848	10	340,656	12
					Ordinary shares		1,145,044	33	1,056,831	37
					Capital surplus					
					Retained earnings		286,740	9	218,148	8
					Legal reserve					
					Special reserve		31,499	1	10,166	-
					Unappropriated earnings		862,848	25	734,639	26
					Total retained earnings		1,181,087	35	962,953	34
					Other equity		(34,593)	(1)	(31,500)	(1)
					Total equity		2,633,386	77	2,328,940	82
TOTAL	\$ 3,398,972	100	\$ 2,825,186	100	TOTAL		\$ 3,398,972	100	\$ 2,825,186	100

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

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
OPERATING REVENUE (Notes 22 and 30)				
Sale	\$ 2,483,373	100	\$ 2,152,754	100
Other operating revenue	<u>922</u>	<u>-</u>	<u>765</u>	<u>-</u>
Total operating revenue	2,484,295	100	2,153,519	100
OPERATING COSTS (Notes 10, 23 and 30)				
Cost of goods sold	<u>913,248</u>	<u>37</u>	<u>863,688</u>	<u>40</u>
GROSS PROFIT	<u>1,571,047</u>	<u>63</u>	<u>1,289,831</u>	<u>60</u>
OPERATING EXPENSES (Note 23)				
Selling and marketing expenses	62,227	3	67,817	3
General and administrative expenses	81,683	3	68,866	3
Research and development expenses	<u>424,389</u>	<u>17</u>	<u>358,329</u>	<u>17</u>
Total operating expenses	<u>568,299</u>	<u>23</u>	<u>495,012</u>	<u>23</u>
INCOME FROM OPERATIONS	<u>1,002,748</u>	<u>40</u>	<u>794,819</u>	<u>37</u>
NON-OPERATING INCOME AND EXPENSES				
Other income (Notes 23, 27 and 30)	16,875	1	34,513	2
Other gains and losses (Note 23)	(12,722)	(1)	20,296	1
Finance costs (Note 23)	(1,799)	-	(723)	-
Share of profit or loss of subsidiaries	<u>5,414</u>	<u>-</u>	<u>4,122</u>	<u>-</u>
Total non-operating income and expenses, net	<u>7,768</u>	<u>-</u>	<u>58,208</u>	<u>3</u>
INCOME BEFORE INCOME TAX FROM CONTINUING OPERATIONS	1,010,516	40	853,027	40
INCOME TAX EXPENSE (Note 24)	<u>179,331</u>	<u>7</u>	<u>167,105</u>	<u>8</u>
NET INCOME FOR THE YEAR	<u>831,185</u>	<u>33</u>	<u>685,922</u>	<u>32</u>
OTHER COMPREHENSIVE LOSS				
Items that may be reclassified subsequently to profit or loss:				
Exchange differences on translating financial statements of foreign operations	<u>(1,097)</u>	<u>-</u>	<u>(152)</u>	<u>-</u>

(Continued)

English Translation of a Report Originally Issued in Chinese
ASPEED TECHNOLOGY INC.

STATEMENTS OF COMPREHENSIVE INCOME
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	2019		2018	
	Amount	%	Amount	%
Other comprehensive loss for the year, net of income tax	<u>(1,097)</u>	<u>-</u>	<u>(152)</u>	<u>-</u>
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	<u>\$ 830,088</u>	<u>33</u>	<u>\$ 685,770</u>	<u>32</u>
EARNINGS PER SHARE (Note 25)				
Basic	<u>\$ 24.39</u>		<u>\$ 20.20</u>	
Diluted	<u>\$ 24.28</u>		<u>\$ 20.10</u>	

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

(Concluded)

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ASPEED TECHNOLOGY INC.

STATEMENTS OF CHANGES IN EQUITY
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars, Except Earnings Per Share)

	Share Capital		Retained Earning				Other Equity			Total Equity
	Shares (In thousands)	Ordinary Shares	Capital Surplus	Legal Reserve	Special Reserve	Unappropriated Earnings (Accumulated Deficit)	Employee Unearned Compensation	Exchange on Disposition of Foreign Operations	Unrealized Gain (loss) from Available-for-sale Financial Assets	
BALANCE AT JANUARY 1, 2018	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	-	-	-	53,137	-	(53,137)	-	-	-	-
Legal reserve	-	-	-	-	(2,919)	2,919	-	-	-	-
Special reserve	-	-	-	-	-	(509,607)	-	-	-	(509,607)
Cash dividends to shareholders - NTS\$15.00 per share	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	-	-	685,922
Other comprehensive income after tax	-	-	-	-	-	-	-	(132)	-	(132)
Comprehensive income for the year ended December 31, 2018	-	-	-	-	-	685,922	-	(132)	-	685,770
Employee Stock Bonus - Record date: August 7, 2018	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)	-	-	-
Compensation cost of restricted shares for employees	-	-	-	-	-	-	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
Appropriation of prior year's earnings	-	-	-	68,592	-	(68,592)	-	-	-	-
Legal reserve	-	-	-	-	21,333	(21,333)	-	-	-	-
Special reserve	-	-	-	-	-	(613,051)	-	-	-	(613,051)
Cash dividends to shareholders - NTS\$18.00 per share	-	-	-	-	-	-	-	-	-	-
Net income for the year ended December 31, 2019	-	-	-	-	-	831,185	-	-	-	831,185
Other comprehensive income after tax	-	-	-	-	-	-	-	(1,097)	-	(1,097)
Comprehensive income for the year ended December 31, 2019	-	-	-	-	-	831,185	-	(1,097)	-	830,088
Employee Stock Bonus - Record date: August 2, 2019	103	1,034	73,957	-	-	-	-	-	-	74,991
Issuance of restricted stock under employees share options on September 10, 2019	28	280	21,867	-	-	-	(22,147)	-	-	-
Cancellation of restricted stock 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

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

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ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Income before income tax	\$ 1,010,516	\$ 853,027
Adjustments for:		
Depreciation expense	47,728	30,722
Amortization expense	103,297	105,648
Net gain on fair value changes of financial assets designated as at fair value through profit or loss	(2,692)	(1,640)
Finance costs	1,799	723
Interest income	(14,209)	(13,600)
Compensation cost of employee restricted shares	12,418	13,924
Share of gain of subsidiaries	(5,414)	(4,122)
(Reversal of) write-down of inventories	(1,928)	5,329
Net gain on foreign currency exchange	(38,151)	(25,178)
Recognition of provisions	4,901	4,688
Loss on disposal of property, plant and equipment	1,643	-
(Gain) loss on disposal of financial assets	(6,282)	8,075
Changes in operating assets and liabilities		
Trade receivables (include related parties)	(239,469)	(35,899)
Inventories	58,691	(53,664)
Other current assets	(5,974)	(92)
Trade payables (include related parties)	104,906	(24,191)
Other payables (include related parties)	4,973	(5,340)
Provisions	-	(3,674)
Other current liabilities	35,173	(4,301)
Payables for employees' compensation and remuneration of directors	94,127	77,439
Cash generated from operations	1,166,053	927,874
Interest paid	(1,799)	(751)
Income tax paid	(173,412)	(141,790)
Net cash generated from operating activities	990,842	785,333
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of financial assets at amortized cost	-	(80,000)
Proceeds from of financial assets at amortized cost	80,000	-
Acquisition of investment accounted for using equity method	-	(15,000)
Purchase of financial assets at fair value through profit or loss	(180,112)	(89,894)
Proceeds from sale of financial assets at fair value through profit or loss	115,175	271,960
Payments for property, plant and equipment	(81,053)	(75,391)
Increase in refundable deposits	(5,230)	(1,380)
Payments for intangible assets	(36,697)	(35,629)
Increase in prepayments for equipment	(2,845)	-
Interest received	14,140	13,578
Net cash used in investing activities	(96,622)	(11,756)

(Continued)

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ASPEED TECHNOLOGY INC.

STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED DECEMBER 31, 2019 AND 2018
(In Thousands of New Taiwan Dollars)

	2019	2018
CASH FLOWS FROM FINANCING ACTIVITIES		
Repayments of short-term borrowings	-	(50,000)
Repayments of the principal portion of lease liabilities	(6,293)	-
Cash dividends	<u>(613,051)</u>	<u>(509,607)</u>
Net cash used in financing activities	<u>(619,344)</u>	<u>(559,607)</u>
EFFECT OF EXCHANGE RATE CHANGES ON THE BALANCE OF CASH AND CASH EQUIVALENTS HELD IN FOREIGN CURRENCIES	<u>45,110</u>	<u>27,223</u>
NET INCREASE IN CASH AND CASH EQUIVALENTS	319,986	241,193
CASH AND CASH EQUIVALENTS AT THE BEGINNING OF THE YEAR	<u>1,070,739</u>	<u>829,546</u>
CASH AND CASH EQUIVALENTS AT THE END OF THE YEAR	<u>\$ 1,390,725</u>	<u>\$ 1,070,739</u>

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

(Concluded)

Appendix
Appendix 1

ASPEED Technology Inc.
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:	34,224,801
Total shareholdings of all Directors required by law:	3,600,000
As of March 21, 2020, total shareholdings of all Directors (except Independent Directors)	9,681,995

2. As of March 21, 2020, 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	30-May-18	4,775,524	13.95%
Director	Xian Hua Investment Co., Ltd. Corporate Representative – Arnold Yu	30-May-18	538,644	1.57%
Director	ATEN Technology Co., Ltd. Corporate Representative – Nicholas Lin (Note)	30-May-18	902,770	2.64%
Director	Avago Technologies International Sales PTE. Limited Corporate Representative – Nick Chen	30-May-18	2,022,000	5.91%
Director	Sheng Hua Investment Limited Corporate Representative – Luke Chen	30-May-18	1,074,884	3.14%
Director	Ted Tsai	30-May-18	368,173	1.08%
Independent Director	Chyan Yang	30-May-18	—	—
Independent Director	Dyi-Chung Hu	30-May-18	—	—
Independent Director	Robert Lo	30-May-18	—	—
Holding of all Directors			9,681,995	28.29%

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