



Stock Code: 6277

**ATEN International Co., LTD**

**Handbook for the 2018 Annual Meeting of  
Shareholders**

**【Translation】**

**Meeting Time: June 14, 2018**

Place: ATEN Headquarter Museum (4F., No.125, Sec. 2,  
Datong Rd. Sijhih District., New Taipei City, Taiwan )



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**ATEN International Co., LTD**

## **Procedure for the 2018 Annual Meeting of Shareholders**

1. Call the Meeting to Order
2. Chairman Remarks
3. Report Items
4. Adoption Matters
5. Questions and Motions
6. Adjournment



ATEN International Company, Ltd.  
Year 2018  
Agenda of Annual Meeting of Shareholders

**Time:** June 14, 2018 (Thursday) at 9 a.m.

**Place:** ATEN Headquarter Museum (4F., No.125, Sec. 2, Datong Rd. Sijhih District., New Taipei City, Taiwan)

**1. Report Items**

- (1).2017 Business Report
- (2).Supervisor's Review Report on the 2017 Financial Statements
- (3).2017 Employees' Compensation and Directors and Supervisors' Remuneration Report
- (4).Amendment to Rules and Procedures of the Meeting of Board of Directors

**2. Adoption Matters**

- (1).Adoption of the Fiscal 2017 Business Report and Financial Statements
- (2).Adoption of the Proposal for Distribution of 2017 Profits

**3. Questions and Motions**

**4. Adjournment**

# Report Items

## **Item No. 1**

2017 Business Reports

### **Explanation:**

The 2017 Business Report is attached as page 5-7.

# **ATEN International Co., LTD**

## **2017 Business Report**

In FY2017, ATEN faced a challenging market environment. Nevertheless, thanks to the tireless efforts of the company's employees, ATEN succeeded in achieving consolidated net sales revenue for the full year of NT\$4,947 million, representing year-on-year growth of 0.2%. Gross profit was affected by exchange rate fluctuations and by product mix factors; ATEN posted a consolidated operating margin of NT\$2,925 million, down 1.3% year-on-year, with a gross profit margin of 59.1%. Consolidated earnings after tax came to NT\$738 million, representing after-tax earnings per share (EPS) of NT\$6.08.

As regards product development, the trend for business enterprises to implement continued digitalization and smart technology adoption has stimulated demand for increased connectivity and higher bandwidth. ATEN has been able to leverage its strengths in Professional Audio/Video (Pro AV) technology and IT Infrastructure Access Management technology to launch new “AV meets IT” integrated solutions. These include ATEN’s latest 4K KVM over IP Matrix System, which incorporates native 4K video wall functionality that facilitates effective decision-making, and which supports centralized management and control that can be adjusted flexibly to meet the individual user’s needs, thereby offering a substantial improvement in management efficiency. Next, ATEN’s 4K HDMI over IP digital signage solutions provide uncomplicated A/V network management with limitless flexibility and scalability, convenient, streamlined settings and an intuitive, easy-to-use graphical user interface (GUI), while ATEN’s Modular Matrix solutions support ATEN’s unique Seamless Switch™ technology, making these solutions for large scale A/V applications even more effective at grabbing the attention of passers-by. Finally, ATEN’s smart conference room applications feature environmental control systems with optimized functionality, while also strengthening the integration of the individual items of equipment and their ability to communicate with one another; for example, video cameras can be made to automatically focus on the speaker, the temperature in the room can be controlled precisely, etc. Pre-programmed instructions can be used to automatically implement a series of commands, making the solution as a whole smarter and more effective for any high-end meeting room environment.

As regards marketing and R&D development, ATEN actively launches potential emerging markets. In 2016, ATEN established a new subsidiary in Turkey, followed in 2017 by the establishment of a representative office in India and a subsidiary in Poland. ATEN has also been opening new Demo Room in overseas and local sales site to integrate ATEN important product line including IT infrastructure access management solution, Pro AV solution, and green energy to product application to boost sales. ATEN's has a strong R&D team, and in the future ATEN will continue to allocate resources

to the development of new products that will help ATEN to grow its market share. Last year, ATEN launched several industry-leading new products, including the USB DVI Dual View HDBaseT™ 2.0 KVM Extender, the 4K Dual-View Thunderbolt™ 2 Sharing Switch, the USB 3.0 4K DisplayPort Dual Display KVMP™ Switch, and the world's smallest portable Laptop USB KVM Console Crash Cart Adapter, and more. ATEN is able to provide a wide range of high-speed solutions that can enhance users' working efficiency. At Computex Taipei in 2017, ATEN showcased its cutting-edge technologies, including 4K HDMI over IP extenders with lossless compression technology, and new ATEN solutions with built-in video wall display functionality, seamless switching, intuitive graphic user interface (GUI), and EDID emulation, etc. These new technologies attracted a great deal of interest.

While continuing to strengthen its core business areas in order to achieve first-class operational performance, ATEN also remains committed to fulfilling its corporate social responsibility (CSR) obligations, and to realizing its vision of corporate sustainable development. In 2017, ATEN placed second in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizenship Award; marking the ninth time that ATEN has won this award, which represents valued external recognition of ATEN's CSR efforts. Over the past few years, ATEN's board of directors has approved a number of CSR-related rules and policies, including the "Corporate Social Responsibility Practical Implementation Rules," "Ethical Management Operational Procedures and Behavioral Guidelines," and "Corporate Social Responsibility Policy Statement, Framework and Management System." All of these measures reflect ATEN's conviction that corporate social responsibility and corporate management are two sides of the same coin, as well as embodying the ATEN management team's determination to use systematic processes to implement CSR more effectively. Through continued implementation of the positive message of "working for the common benefit of the enterprise and its stakeholders," environmental sustainability and sustainable corporate operation can become realities, enabling us to adopt a more forward-looking vision that reflects the United Nation's 17 Sustainable Development Goals (SDGs), while recognizing the responsibility that all of us have for the wellbeing of humanity as a whole, so that we can work together to build a global village characterized by fairness, happiness and harmony.

In order to further reinforce the competitiveness of the ATEN brand and expand the company's market presence, in the future ATEN will continue to expand its global network of business locations, implementing a management philosophy that builds on the strengths of being a Taiwanese brand while realizing effectively-localized management, so that ATEN can continue to create even more value for shareholders, employees, society as a whole, and the global environment.

ATEN International Co., LTD

Chairman : Sun-Chung Chen

President : Sun-Chung Chen

Chief Accountant : Jian-Nan Chen

**Item No. 2**

Supervisor's Review Report on the 2017 Financial Statements

**Explanation:**

- (1). The 2017 Supervisor's Review Report is attached as page 9.
- (2). CPA Audit Report is attached as page 10-17.

## ATEN International Co., LTD

### Supervisors Review Report

The Board of Directors has prepared the Company's Financial Statements. ATEN International Financial Statements have been audited and certified by Lin Wu, CPA, and Yong-Sheng Wang, CPA, of KPMG and an audit report relating to the Financial Statements has been issued. The Business Report, Financial Statements and Earnings Distribution Proposal have been reviewed and considered to be complied with relevant rules by the undersigned, the supervisor of ATEN International. According to Article 219 of the Company act, I hereby submit this report.

ATEN International Co., LTD

Supervisor : Se-Se Chen

Shiu-Ta Liao

Chen- Lin Kuo

March 13, 2018

## Independent Auditors' Report

To the Board of Directors of ATEN INTERNATIONAL CO., LTD.:

### Opinion

We have audited the financial statements of ATEN INTERNATIONAL CO., LTD. ("the Company"), which comprise the balance sheet as of December 31, 2017 and 2016, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and 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 at December 31, 2017 and 2016, and its financial performance and its cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

#### 1. Revenue recognition

Please refer to note 4(n) and note 6(o) for disclosure related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating the Company's financial or operating performance. Therefore, the accuracy of the timing and amount of revenue recognized has significant impact on the financial statements. Hence, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed included testing the effectiveness of the design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contract to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying them with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

## 2. Inventory measurement

Please refer to note 4(g), note 5, and note 6(e) for disclosure related to inventory measurement.

Description of key audit matter:

The inventory is measured at the lower of cost and net realizable value. Due to the update of technology, the inventory might be out of date or no longer meets the requirement of the market, which may result in a decline on the price of the product resulting in the cost of the inventory to be higher than the net realizable value. The measurement of inventory depends on the evaluation of the management based on several evidences. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand the management's accounting policy of inventory measurement and determine whether it is reasonable and is being implement. The procedures include inspecting the method of inventory valuation assumption is consistently and evaluating whether the assumption is needed to be adjusted due to the operating and economic condition change. Obtaining the inventory valuation table, understanding the net realizable values by management and the variation of the prices, in the period after the reporting date, to ensure the appropriateness of the valuation price. Reviewing the reason and verifying the accuracy on past three years and current year's allowance of inventory. Assessing whether the disclosure of provision for inventory valuation is appropriate.

## **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 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 supervisors) 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 auditor's 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 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 auditor's 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 auditor's 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 investment in other entities accounted for using the equity method 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit partners issuing this independent auditor's report are Lin Wu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)  
March 13, 2018

**Note to Readers**

The accompanying consolidated financial statements are intended only to present the consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language auditors' report and consolidated financial statements, the Chinese version shall prevail.

## Independent Auditors' Report

To the Board of Directors of ATEN INTERNATIONAL CO., LTD.:

### Opinion

We have audited the consolidated financial statements of ATEN INTERNATIONAL CO., LTD. and its subsidiaries ("Group"), which comprise the consolidated balance sheet as of December 31, 2017 and 2016, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2017 and 2016, and 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 Group as at December 31, 2017 and 2016, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2017 and 2016 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and with the International Financial Reporting Standards ("IFRSs"), International Accounting Standards ("IASs"), interpretation developed by the International Financial Reporting Interpretations Committee ("IFRIC") or the former Standing Interpretations Committee ("SIC") endorsed and issued into effect by the Financial Supervisory Commission of the Republic of China.

### Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the 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 Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of 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 of the current period. 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.

### **1. Revenue recognition**

Please refer to note 4(n) and note 6(o) for disclosure related to revenue recognition.

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating Group's financial or operating performance. Therefore, the accuracy of the timing and amount of revenue recognized has significant impact on the financial statements. Hence, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed included testing the effectiveness of the design and implementing the internal control (both manual and system control) of sales and collecting cycle; reviewing significant sales contract to determine whether the accounting treatment is reasonable; analyzing the changes in top 10 customers from the most recent period and last year, and the changes in the price and quantity of each category of product line to determine whether if there are any significant misstatements; selecting sales transactions from a period of time before and after the balance sheet date, and verifying them with the vouchers to determine the accuracy of the timing and amounts of revenue recognized; understanding whether if there is a significant subsequent sales return or discount; and reviewing whether the disclosure of revenue made by the management is appropriate.

### **2. Inventory measurement**

Please refer to note 4(h), note 5, and note 6(e) for disclosure related to inventory measurement.

Description of key audit matter:

The inventory is measured at the lower of cost and net realizable value. Due to the update of technology, the inventory might be out of date or no longer meets the requirement of the market, which may result in a decline on the price of the product resulting in the cost of the inventory to be higher than the net realizable value. The measurement of inventory depends on the evaluation of the management based on several evidences. Therefore, we consider it as a key audit matter.

How the matter was addressed in our audit:

The key audit procedures performed is to understand the management's accounting policy of inventory measurement and determine whether it is reasonable and is being implement. The procedures include inspecting the method of inventory valuation assumption is consistently and evaluating whether the assumption is needed to be adjusted due to the operating and economic condition change. Obtaining the inventory valuation table, understanding the net realizable values by management and the variation of the prices, in the period after the reporting date, to ensure the appropriateness of the valuation price. Reviewing the reason and verifying the accuracy on past three years and current year's allowance of inventory. Assessing whether the disclosure of provision for inventory valuation is appropriate.

## **Other Matter**

ATEN INTERNATIONAL CO., LTD. has prepared its parent company only financial statements as of and for the years ended December 31, 2017 and 2016, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRC, 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 supervisors) 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 auditor's 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 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 auditor's 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 auditor's 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 of the current period and are therefore the key audit matters. We describe these matters in our auditor's 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 audit partners issuing this independent auditor's report are Lin Wu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

March 13, 2018

**Note to Readers**

The accompanying consolidated financial statements are intended only to present the Consolidated statement of financial position, financial performance and its cash flows in accordance with the 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 accepted and applied in the Republic of China.

The independent auditors' report and the accompanying consolidated financial statements are the English translation of the Chinese version prepared and used in the Republic of China. If there is any conflict between, or any difference in the interpretation of the English and Chinese language independent auditors' report and consolidated financial statements, the Chinese version shall prevail.

### **Item No. 3**

#### 2017 Employees' Compensation and Directors and Supervisors' Remuneration Report

#### **Explanation:**

- (1). According to Article 24 of the Article of Incorporation. After deducting employee compensation and directors and supervisors' remuneration, the Company shall set aside between 10% to 16% of its before tax profit to employee compensation and no more than 2% to directors and supervisors' remuneration, respectively, however, this Company shall have reserved a sufficient amount to offset its accumulated losses first before distributing in the percentage as stated above.
- (2). BOD resolved to approve 2017 employees' compensation totaling NT\$ 133,461,047 and directors and supervisors' remuneration totaling NT\$ 11,292,858. The amount is both distributed in cash.

**Item No. 4**

Amendment to Rules and Procedures of the Meeting of Board of Directors

**Explanation:**

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

# Adoption Matters

**1.**

**Proposed by the Board**

**Proposal:**

Adoption of the 2017 Business Report and Financial Statements

**Explanation:**

- ( 1 ) The Company's Financial Statements, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by independent auditors, Lin Wu and Yong-Sheng Wang of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board on March 13, 2018.
- ( 2 ) The 2017 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as page 5-7, page 10-17 and page 21-28, respectively.

**Resolution:**

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD.**  
**Balance Sheets**  
**December 31, 2017 and 2016**  
(Expressed in Thousands of New Taiwan Dollars)

	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%
<b>Assets</b>				
<b>Current assets:</b>				
Cash and cash equivalents	\$ 413,252	8	214,767	4
Financial assets at fair value through profit or loss – current	952,296	19	895,389	17
Available-for-sale financial assets – current	8,661	-	7,138	-
Notes receivable, net	19	-	599	-
Accounts receivable, net	133,840	3	137,280	3
Accounts receivable – related parties, net	373,216	7	450,999	9
Other receivables	413	-	929	-
Inventories	350,124	7	343,387	7
Prepayments	4,198	-	4,673	-
Other current assets	7,779	-	10,426	-
<b>Total current assets</b>	<b>2,243,798</b>	<b>44</b>	<b>2,065,587</b>	<b>40</b>
<b>Non-current assets:</b>				
Financial assets carried at cost – non-current	21,780	-	21,780	-
Investments accounted for under equity method	1,038,347	20	1,229,722	24
Property, plant and equipment	1,599,341	31	1,607,673	31
Deferred income tax assets	110,870	3	119,651	2
Refundable deposits	529	-	250	-
Other financial assets – non-current	112,707	2	127,771	3
<b>Total non-current assets</b>	<b>2,883,574</b>	<b>56</b>	<b>3,106,847</b>	<b>60</b>
<b>Total assets</b>	<b>\$ 5,127,372</b>	<b>100</b>	<b>5,172,434</b>	<b>100</b>

**Liabilities and Equity**

**Current liabilities:**

Short-term borrowings	\$ 319,782	6	387,590	8
Financial liabilities at fair value through profit or loss – current	1,643	-	1,571	-
Notes payable	151	-	365	-
Accounts payable	227,163	5	166,789	3
Accounts payable – related parties	52,515	1	96,988	2
Other payables	333,097	7	346,692	7
Other payables – related parties	191,871	4	191,887	4
Current tax liabilities	114,647	2	74,048	1
Provisions – current	19,834	-	18,406	-
Other current liabilities	5,858	-	7,542	-

**Total current liabilities**

**Non-Current liabilities:**

Deferred income tax liabilities	134,378	3	165,648	3
Accrued pension liabilities	105,108	2	98,956	2
Deposits received	1,237	-	837	-
Other non-current liabilities	2,201	-	2,173	-

**Total non-current liabilities**

**Total liabilities**

**Equity attributable to shareholders of the company:**

Common stock	1,194,711	23	1,194,711	23
Capital surplus:				
Additional paid-in capital	316,913	6	316,913	6
Donated assets received	50	-	50	-
Changes in equity of associates accounted for using equity method	70,194	2	66,063	1
	387,157	8	383,026	7

**Retained earnings:**

Legal reserve	1,041,329	20	962,497	19
Special reserve	65,332	1	876	-
Unappropriated retained earnings	1,023,403	20	1,137,164	22
	2,130,064	41	2,100,537	41

**Other equity interest:**

Financial statements translation differences for foreign operations	(92,885)	(2)	(62,784)	(1)
Unrealized gain (loss) on available-for-sale financial assets	(1,160)	-	(2,548)	-
	(94,045)	(2)	(65,332)	(1)

**Total equity**

**Total liabilities and equity**

	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%
	\$ 319,782	6	387,590	8
	1,643	-	1,571	-
	151	-	365	-
	227,163	5	166,789	3
	52,515	1	96,988	2
	333,097	7	346,692	7
	191,871	4	191,887	4
	114,647	2	74,048	1
	19,834	-	18,406	-
	5,858	-	7,542	-
<b>Total current liabilities</b>	<b>1,266,561</b>	<b>25</b>	<b>1,291,878</b>	<b>25</b>
	134,378	3	165,648	3
	105,108	2	98,956	2
	1,237	-	837	-
	2,201	-	2,173	-
<b>Total non-current liabilities</b>	<b>242,924</b>	<b>5</b>	<b>267,614</b>	<b>5</b>
<b>Total liabilities</b>	<b>1,509,485</b>	<b>30</b>	<b>1,559,492</b>	<b>30</b>
	1,194,711	23	1,194,711	23
	316,913	6	316,913	6
	50	-	50	-
	70,194	2	66,063	1
	387,157	8	383,026	7
	1,041,329	20	962,497	19
	65,332	1	876	-
	1,023,403	20	1,137,164	22
	2,130,064	41	2,100,537	41
	(92,885)	(2)	(62,784)	(1)
	(1,160)	-	(2,548)	-
	(94,045)	(2)	(65,332)	(1)
<b>Total equity</b>	<b>3,617,887</b>	<b>70</b>	<b>3,612,942</b>	<b>70</b>
<b>Total liabilities and equity</b>	<b>\$ 5,127,372</b>	<b>100</b>	<b>5,172,434</b>	<b>100</b>

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD.**  
**Statements of Comprehensive Income**  
**For the years ended December 31, 2017 and 2016**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	<b>2017</b>		<b>2016</b>	
	<b>Amount</b>	<b>%</b>	<b>Amount</b>	<b>%</b>
<b>Operating revenue</b>	\$ 3,365,672	100	3,255,671	100
<b>Operating costs</b>	1,566,424	47	1,526,422	47
<b>Gross profit (loss) from operations</b>	1,799,248	53	1,729,249	53
Less: Unrealized profit (loss) from sales	24,360	1	(12,326)	-
<b>Gross profit</b>	1,774,888	52	1,741,575	53
<b>Operating expenses:</b>				
Selling expenses	357,420	10	319,874	10
Administrative expenses	324,435	10	351,004	10
Research and development expenses	405,483	12	386,012	12
<b>Total operating expenses</b>	1,087,338	32	1,056,890	32
<b>Operating profit</b>	687,550	20	684,685	21
<b>Non-operating income and expenses:</b>				
Other income	48,046	2	42,021	1
Other gains and losses	3,480	-	(1,300)	-
Finance costs	(4,634)	-	(3,177)	-
Share of profit of associates accounted for under equity method	147,427	4	208,848	6
<b>Total non-operating income and expenses</b>	194,319	6	246,392	7
<b>Net income before tax</b>	881,869	26	931,077	28
<b>Less: income tax expenses</b>	155,121	4	142,757	4
<b>Net income</b>	726,748	22	788,320	24
<b>Other comprehensive income:</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of the defined benefit plans	(4,976)	-	6,799	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	859	-	(1,153)	-
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	(4,117)	-	5,646	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Financial statements translation differences for foreign operations	(30,021)	(1)	(65,519)	(2)
Unrealized gain on valuation of available-for-sale financial assets	1,523	-	770	-
Share of other comprehensive income of subsidiaries accounted for under equity method	(386)	-	137	-
Income tax expense relating to components of other comprehensive income (loss)	-	-	-	-
<b>Total Items that may be reclassified subsequently to profit or loss</b>	(28,884)	(1)	(64,612)	(2)
<b>Other comprehensive income (loss), net of tax</b>	(33,001)	(1)	(58,966)	(2)
<b>Total comprehensive income</b>	<b>\$ 693,747</b>	<b>21</b>	<b>729,354</b>	<b>22</b>
<b>Basic earnings per share (in New Taiwan dollars)</b>	<b>\$ 6.08</b>		<b>6.60</b>	
<b>Diluted earnings per share (in New Taiwan dollars)</b>	<b>\$ 5.99</b>		<b>6.48</b>	

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD.**  
**Statements of Changes in Equity**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Common stock	Capital surplus	Retained earnings			Total	Other equity adjustments		Total	Total
			Legal reserve	Special reserve	Unappropriated earnings		Financial statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets		
<b>Balance at January 1, 2016</b>	\$ 1,194,711	336,527	892,026	-	1,035,952	1,927,978	2,641	(3,518)	(877)	3,458,339
Appropriations and distributions										
Legal reserve	-	-	70,471	-	(70,471)	-	-	-	-	-
Special reserve	-	-	-	876	(876)	-	-	-	-	-
Cash dividends	-	-	-	-	(621,250)	(621,250)	-	-	-	(621,250)
Changes in equity of associates accounted for under equity method	-	46,499	-	-	-	-	-	-	-	46,499
Net income	-	-	-	-	788,320	788,320	-	-	-	788,320
Other comprehensive income (loss)	-	-	-	-	5,489	5,489	(65,425)	970	(64,455)	(58,966)
Total comprehensive income (loss)	-	-	-	-	793,809	793,809	(65,425)	970	(64,455)	729,354
<b>Balance at December 31, 2016</b>	1,194,711	383,026	962,497	876	1,137,164	2,100,537	(62,784)	(2,548)	(65,332)	3,612,942
Appropriations and distributions										
Legal reserve	-	-	78,832	-	(78,832)	-	-	-	-	-
Special reserve	-	-	-	64,456	(64,456)	-	-	-	-	-
Cash dividends	-	-	-	-	(692,933)	(692,933)	-	-	-	(692,933)
Changes in equity of associates accounted for under equity method	-	4,131	-	-	-	-	-	-	-	4,131
Net income	-	-	-	-	726,748	726,748	-	-	-	726,748
Other comprehensive income (loss)	-	-	-	-	(4,288)	(4,288)	(30,101)	1,388	(28,713)	(33,001)
Total comprehensive income (loss)	-	-	-	-	722,460	722,460	(30,101)	1,388	(28,713)	693,747
<b>Balance at December 31, 2017</b>	<b>\$ 1,194,711</b>	<b>387,157</b>	<b>1,041,329</b>	<b>65,332</b>	<b>1,023,403</b>	<b>2,130,064</b>	<b>(92,885)</b>	<b>(1,160)</b>	<b>(94,045)</b>	<b>3,617,887</b>

Note: For the years 2017 and 2016 the estimated amount of directors' remuneration were \$11,293 thousand and \$10,826 thousand, respectively, and the estimated amounts of employees' bonuses were amounting to \$133,461 thousand and \$140,744 thousand, respectively, were recorded as operating cost or operating expenses in the respective periods.

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)

**ATEN INTERNATIONAL CO., LTD.**

**Statements of Cash Flows**

**For the years ended December 31, 2017 and 2016**

**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the year months ended December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
<b>Net income before tax</b>	\$ 881,869	931,077
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss</b>		
Depreciation expense	37,417	39,717
Interest expenses	4,634	3,177
Interest income	(437)	(791)
Dividend income	(407)	(256)
Share of profit of associates accounted for under equity method	(147,427)	(208,848)
Losses (gains) on disposal of property, plant and equipment	(322)	80
Property, plant and equipment transferred to expenses	187	-
Impairment loss on financial assets	-	7,800
Unrealized profit (loss) from sales	24,360	(12,326)
Total adjustments to reconcile profit and loss	(81,995)	(171,447)
Changes in assets / liabilities relating to operating activities:		
<b>Net changes in operating assets:</b>		
Financial assets held for trading	(56,907)	(463,287)
Notes receivable	580	(599)
Accounts receivable	3,440	(28,899)
Accounts receivable—related parties	77,783	24,295
Other receivable	516	(165)
Inventories	(6,737)	3,166
Prepayments	475	(1,146)
Other current assets	2,647	(1,469)
Total changes in operating assets, net	21,797	(468,104)
<b>Net changes in operating liabilities:</b>		
Financial liabilities held for trading	72	133
Notes payable	(214)	(299)
Accounts payable	60,374	(52,561)
Accounts payable—related parties	(44,473)	14,376
Other payable	(13,595)	46,899
Other payable—related parties	(16)	(149)
Provisions	1,428	1,396
Other current liabilities	(1,684)	(3,558)
Accrued pension liabilities	1,176	(6,774)
Other non-current liabilities	28	535
Total changes in operating liabilities, net	3,096	(2)
Total changes in operating assets / liabilities, net	24,893	(468,106)
Total adjustments	(57,102)	(639,553)
Cash provided by operating activities	824,767	291,524
Dividends received	308,504	136,479
Payment of income tax	(136,152)	(97,610)
<b>Net cash provided by operating activities</b>	997,119	330,393
<b>Cash flows from investing activities:</b>		
Acquisition of investments accounted for using equity method	(19,931)	(31,950)
Acquisition of property, plant and equipment	(29,663)	(41,294)
Proceeds from disposal of property, plant and equipment	713	1,696
Increase in refundable deposits	(279)	(19)
Decrease (increase) in other financial assets—non-current	15,064	(49)
Interest received	437	791
<b>Net cash used in investing activities</b>	(33,659)	(70,825)
<b>Cash flows from financing activities:</b>		
Increase (decrease) in short-term borrowings	(67,808)	131,801
Increase (decrease) in guarantee deposits received	400	(199)
Cash dividends paid	(692,933)	(621,250)
Interest paid	(4,634)	(3,177)
<b>Net cash used in financing activities</b>	(764,975)	(492,825)
<b>Increase (decrease) in cash and cash equivalents for the period</b>	198,485	(233,257)
<b>Cash and cash equivalents at beginning of period</b>	214,767	448,024
<b>Cash and cash equivalents at end of period</b>	<b>\$ 413,252</b>	<b>214,767</b>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Balance Sheets**  
**December 31, 2017 and 2016**  
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2017		December 31, 2016		Liabilities and Equity	December 31, 2017		December 31, 2016	
	Amount	%	Amount	%		Amount	%	Amount	%
<b>Current assets:</b>					<b>Current liabilities:</b>				
Cash and cash equivalents (note 6(a))	\$ 840,404	14	794,504	14	Short-term borrowings (notes 6(i) and 8)	\$ 734,695	12	652,330	11
Financial assets at fair value through profit or loss—current (note 6(b))	980,748	16	950,760	17	Current portion of long-term borrowings (notes 6(i) and 8)	13,661	-	16,853	-
Available-for-sale financial assets—current (note 6(c))	8,661	-	7,138	-	Financial liabilities at fair value through profit or loss—current (note 6(b))	2,447	-	1,580	-
Notes receivable, net (note 6(d))	8,580	-	11,455	-	Notes payable	4,085	-	5,052	-
Receivables from related parties, net (notes 6 (d) and 7)	7,586	-	6,827	-	Accounts payable (note 7)	465,073	8	370,692	7
Accounts receivable, net (notes 6(d) and 7)	696,512	12	591,910	10	Other payable (notes 6 (k) and (p))	488,104	8	469,129	8
Other receivables (note 6(d))	2,541	-	2,231	-	Current tax liabilities	125,371	2	90,547	2
Inventories (note 6(e))	816,614	14	771,819	14	Provisions—current (note 6(j))	19,834	-	18,406	-
Prepayments	53,568	1	52,885	1	Other current liabilities	29,360	1	22,882	-
Other current assets	29,856	1	17,141	-	<b>Total current liabilities</b>	<b>1,882,630</b>	<b>31</b>	<b>1,647,471</b>	<b>28</b>
<b>Total current assets</b>	<b>3,445,070</b>	<b>58</b>	<b>3,206,670</b>	<b>56</b>	<b>Non-Current liabilities:</b>				
<b>Non-current assets:</b>					Long-term borrowings (notes 6(i) and 8)	36,169	1	48,477	1
Financial assets carried at cost—non-current (note 6(f))	21,780	-	21,780	1	Deferred income tax liabilities (note 6(l))	172,298	3	212,429	3
Investments accounted for under equity method (note 6(g))	180,117	3	166,323	3	Accrued pension liabilities (note 6(k))	107,131	2	100,692	2
Property, plant and equipment (notes 6(h) and 8)	2,024,879	34	2,026,920	35	Deposits received	1,695	-	1,766	-
Goodwill	2,756	-	2,756	-	Other non-current liabilities	33,326	1	29,470	1
Deferred income tax assets (note 6(l))	149,667	3	182,502	3	<b>Total non-current liabilities</b>	<b>350,619</b>	<b>7</b>	<b>392,834</b>	<b>7</b>
Prepayments for equipment	8	-	5,919	-	<b>Total liabilities</b>	<b>2,233,249</b>	<b>38</b>	<b>2,040,305</b>	<b>35</b>
Refundable deposits	15,260	-	8,940	-	<b>Equity attributable to shareholders of the company (notes 6(k), (i), (m) and (r)):</b>				
Other financial assets—non-current (notes 8 and 9)	112,707	2	127,771	2	Common stock	1,194,711	20	1,194,711	21
Other non-current assets	3	-	1,089	-	Capital surplus:				
<b>Total non-current assets</b>	<b>2,507,177</b>	<b>42</b>	<b>2,544,000</b>	<b>44</b>	Additional paid-in capital	316,913	5	316,913	6
					Donated assets received	50	-	50	-
					Changes in equity of associates accounted for using equity method	70,194	1	66,063	1
						<b>387,157</b>	<b>6</b>	<b>383,026</b>	<b>7</b>
					Retained earnings:				
					Legal reserve	1,041,329	17	962,497	16
					Special reserve	65,332	1	876	-
					Unappropriated retained earnings	1,023,403	17	1,137,164	20
						<b>2,130,064</b>	<b>35</b>	<b>2,100,537</b>	<b>36</b>
					Other equity interest:				
					Financial statements translation differences for foreign operations	(92,885)	(1)	(62,784)	(1)
					Unrealized gain (loss) on available-for-sale financial assets	(1,160)	-	(2,548)	-
						<b>(94,045)</b>	<b>(1)</b>	<b>(65,332)</b>	<b>(1)</b>
					<b>Total equity attributable to shareholders of the company</b>	<b>3,617,887</b>	<b>60</b>	<b>3,612,942</b>	<b>63</b>
					<b>Non-controlling interests</b>	<b>101,111</b>	<b>2</b>	<b>97,423</b>	<b>2</b>
					<b>Total equity</b>	<b>3,718,998</b>	<b>62</b>	<b>3,710,365</b>	<b>65</b>
<b>Total assets</b>	<b>\$ 5,952,247</b>	<b>100</b>	<b>5,750,670</b>	<b>100</b>	<b>Total liabilities and equity</b>	<b>\$ 5,952,247</b>	<b>100</b>	<b>\$ 5,750,670</b>	<b>100</b>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Comprehensive Income**  
**For the years ended December 31, 2017 and 2016**  
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2017		2016	
	Amount	%	Amount	%
<b>Operating revenue (notes 6(o) and 7)</b>	\$ 4,947,321	100	4,935,747	100
<b>Operating costs (notes 6(e), (h), (j), (k), (p) and 7)</b>	2,022,661	41	1,973,171	40
<b>Gross profit</b>	2,924,660	59	2,962,576	60
<b>Operating expenses (notes 6(d), (h), (k), (p), and 7):</b>				
Selling expenses	1,079,970	21	1,049,067	21
Administrative expenses	532,573	11	569,287	12
Research and development expenses	425,934	9	404,310	8
<b>Total operating expenses</b>	2,038,477	41	2,022,664	41
<b>Operating profit</b>	886,183	18	939,912	19
<b>Non-operating income and expenses (notes 6(f), (g) and (q)):</b>				
Other income	19,475	-	15,525	-
Other gains and losses	12,432	-	25,838	-
Finance costs	(14,467)	-	(12,445)	-
Share of profit of associates accounted for under equity method	43,358	1	39,388	1
<b>Total non-operating income and expenses</b>	60,798	1	68,306	1
<b>Net income before tax</b>	946,981	19	1,008,218	20
<b>Less: income tax expenses (note 6(l))</b>	208,787	4	212,685	4
<b>Net income</b>	738,194	15	795,533	16
<b>Other comprehensive income (notes 6(g), (k), (l) and (m)):</b>				
<b>Items that will not be reclassified subsequently to profit or loss</b>				
Remeasurements of the defined benefit plans	(5,263)	-	6,535	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	859	-	(1,153)	-
<b>Total Items that will not be reclassified subsequently to profit or loss</b>	(4,404)	-	5,382	-
<b>Items that may be reclassified subsequently to profit or loss</b>				
Financial statements translation differences for foreign operations	(29,721)	(1)	(69,061)	(1)
Unrealized gain on valuation of available-for-sale financial assets	1,523	-	770	-
Share of other comprehensive income of subsidiaries accounted for under equity method	(215)	-	294	-
Income tax expense relating to components of other comprehensive income (loss)	-	-	-	-
<b>Total Items that may be reclassified subsequently to profit or loss</b>	(28,413)	(1)	(67,997)	(1)
<b>Other comprehensive income (loss), net of tax</b>	(32,817)	(1)	(62,615)	(1)
<b>Total comprehensive income</b>	<b>\$ 705,377</b>	<b>14</b>	<b>732,918</b>	<b>15</b>
<b>Net income attributable to:</b>				
Shareholders of the parent	\$ 726,748	15	788,320	16
Non-controlling interests	11,446	-	7,213	-
	<b>\$ 738,194</b>	<b>15</b>	<b>795,533</b>	<b>16</b>
<b>Total comprehensive income attributable to:</b>				
Shareholders of the parent	\$ 693,747	14	729,354	15
Non-controlling interests	11,630	-	3,564	-
	<b>\$ 705,377</b>	<b>14</b>	<b>732,918</b>	<b>15</b>
<b>Basic earnings per share (in New Taiwan dollars) (note 6(n))</b>	<b>\$ 6.08</b>		<b>6.60</b>	
<b>Diluted earnings per share (in New Taiwan dollars) (note 6(n))</b>	<b>\$ 5.99</b>		<b>6.48</b>	

**ATEN INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Changes in Equity**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	Equity attributable to shareholders of the parent						Other equity adjustments			Total equity attributable to shareholders of the parent	Non-controlling interests	Total
	Common stock	Capital surplus	Retained earnings			Total	Financial statements translation differences for foreign operations	Unrealized gain (loss) on valuation of available-for-sale financial assets	Total			
			Legal reserve	Special reserve	Unappropriated earnings							
<b>Balance at January 1, 2016</b>	\$ 1,194,711	336,527	892,026	-	1,035,952	1,927,978	2,641	(3,518)	(877)	3,458,339	91,686	3,550,025
Appropriations and distributions												
Legal reserve	-	-	70,471	-	(70,471)	-	-	-	-	-	-	-
Special reserve	-	-	-	876	(876)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(621,250)	(621,250)	-	-	-	(621,250)	(12,527)	(633,777)
Changes in equity of associates accounted for under equity method	-	46,499	-	-	-	-	-	-	-	46,499	-	46,499
Net income	-	-	-	-	788,320	788,320	-	-	-	788,320	7,213	795,533
Other comprehensive income (loss)	-	-	-	-	5,489	5,489	(65,425)	970	(64,455)	(58,966)	(3,649)	(62,615)
Total comprehensive income (loss)	-	-	-	-	793,809	793,809	(65,425)	970	(64,455)	729,354	3,564	732,918
Increase in noncontrolling interests	-	-	-	-	-	-	-	-	-	-	14,700	14,700
<b>Balance at December 31, 2016</b>	<b>1,194,711</b>	<b>383,026</b>	<b>962,497</b>	<b>876</b>	<b>1,137,164</b>	<b>2,100,537</b>	<b>(62,784)</b>	<b>(2,548)</b>	<b>(65,332)</b>	<b>3,612,942</b>	<b>97,423</b>	<b>3,710,365</b>
Appropriations and distributions												
Legal reserve	-	-	78,832	-	(78,832)	-	-	-	-	-	-	-
Special reserve	-	-	-	64,456	(64,456)	-	-	-	-	-	-	-
Cash dividends	-	-	-	-	(692,933)	(692,933)	-	-	-	(692,933)	(7,942)	(700,875)
Changes in equity of associates accounted for under equity method	-	4,131	-	-	-	-	-	-	-	4,131	-	4,131
Net income	-	-	-	-	726,748	726,748	-	-	-	726,748	11,446	738,194
Other comprehensive income (loss)	-	-	-	-	(4,288)	(4,288)	(30,101)	1,388	(28,713)	(33,001)	184	(32,817)
Total comprehensive income (loss)	-	-	-	-	722,460	722,460	(30,101)	1,388	(28,713)	693,747	11,630	705,377
<b>Balance at December 31, 2017</b>	<b>\$ 1,194,711</b>	<b>387,157</b>	<b>1,041,329</b>	<b>65,332</b>	<b>1,023,403</b>	<b>2,130,064</b>	<b>(92,885)</b>	<b>(1,160)</b>	<b>(94,045)</b>	<b>3,617,887</b>	<b>101,111</b>	<b>3,718,998</b>

(English Translation of Consolidated Financial Statements and Report Originally Issued in Chinese)  
**ATEN INTERNATIONAL CO., LTD. AND ITS SUBSIDIARIES**  
**Consolidated Statements of Cash Flows**  
**For the years ended December 31, 2017 and 2016**  
**(Expressed in Thousands of New Taiwan Dollars)**

	<b>For the year months ended December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Cash flows from operating activities:</b>		
<b>Net income before tax</b>	\$ 946,981	1,008,218
<b>Adjustments:</b>		
<b>Adjustments to reconcile profit and loss</b>		
Depreciation expense	89,811	80,597
Provision for (reversal of allowance) bad debt expense	(1,766)	234
Interest expenses	14,467	12,445
Interest income	(4,119)	(2,544)
Dividend income	(407)	(256)
Share of profit of associates accounted for under equity method	(43,358)	(39,388)
Losses (gains) on disposal of property, plant and equipment	360	(2,363)
Property, plant and equipment transferred to expenses	187	-
Impairment loss on financial assets	-	7,800
Total adjustments to reconcile profit and loss	<u>55,175</u>	<u>56,525</u>
Changes in assets / liabilities relating to operating activities:		
<b>Net changes in operating assets:</b>		
Financial assets held for trading	(29,988)	(476,294)
Notes receivable	2,875	9,604
Notes receivable — related parties	(759)	(6,827)
Accounts receivable	(102,348)	(45,418)
Other receivable	(310)	(2,480)
Inventories	(43,001)	63,217
Prepayments	(683)	7,022
Other current assets	(12,715)	1,614
Total changes in operating assets, net	<u>(186,929)</u>	<u>(449,562)</u>
<b>Net changes in operating liabilities:</b>		
Financial liabilities held for trading	867	9
Notes payable	(967)	(4,661)
Accounts payable	94,381	(58,704)
Other payable	18,975	24,380
Provisions	1,428	1,396
Other current liabilities	6,478	2,044
Accrued pension liabilities	2,035	(6,869)
Other non-current liabilities	3,856	1,210
Total changes in operating liabilities, net	<u>127,053</u>	<u>(41,195)</u>
Total changes in operating assets / liabilities, net	<u>(59,876)</u>	<u>(490,757)</u>
Total adjustments	<u>(4,701)</u>	<u>(434,232)</u>
Cash provided by operating activities	942,280	573,986
Dividends received	33,887	22,575
Payment of income tax	(154,837)	(184,586)
<b>Net cash provided by operating activities</b>	<u>821,330</u>	<u>411,975</u>
<b>Cash flows from investing activities:</b>		
Acquisition of property, plant and equipment	(80,900)	(65,823)
Proceeds from disposal of property, plant and equipment	1,143	5,195
Decrease (increase) in refundable deposits	(6,320)	351
Decrease (increase) in other financial assets — non-current	15,064	(49)
Decrease in other non-current assets	1,086	560
Decrease (increase) in prepayments for equipment	101	(5,871)
Interest received	4,119	2,544
<b>Net cash used in investing activities</b>	<u>(65,707)</u>	<u>(63,093)</u>
<b>Cash flows from financing activities:</b>		
Increase in short-term borrowings	82,365	55,576
Repayment of long-term borrowings	(17,268)	(16,853)
Increase in deposits received	(71)	(289)
Cash dividends paid	(700,875)	(633,777)
Interest paid	(14,467)	(12,445)
Changes in non-controlling interests	-	14,700
<b>Net cash used in financing activities</b>	<u>(650,316)</u>	<u>(593,088)</u>
<b>Effect of exchange rate changes on cash and cash equivalents</b>	(59,407)	(47,391)
<b>Increase (decrease) in cash and cash equivalents for the period</b>	45,900	(291,597)
<b>Cash and cash equivalents at beginning of period</b>	794,504	1,086,101
<b>Cash and cash equivalents at end of period</b>	<u>\$ 840,404</u>	<u>794,504</u>

**2.**

**Proposed by the Board**

**Proposal:**

Adoption of the Proposal for Distribution of 2017 Profits

**Explanation:**

(1) The Board has adopted a Proposal for Distribution of 2017 Profits in accordance with Articles of Incorporation.

I. The proposed cash dividend to shareholders is NT\$ 657,091,413 (NT\$5.5 per share) based on the number of actual shares outstanding on the record date for distribution.

II. The cash dividend is distributed in accordance with the number of issued and outstanding shares registered on the Common Stockholders' Roster on the record date. Upon the approval of the Annual Meeting of Shareholders, it is proposed that the Board of Directors be authorized to resolve the ex-dividend date and pay date.

(2) Profit Distribution Table is attached as page 30.

**Resolution:**

**ATEN International Company, Ltd.**

**PROFIT DISTRIBUTION TABLE**

**Year 2017**

(Unit: NTD \$)

<b>Items</b>	<b>Amount</b>
Beginning retained earnings	300,942,523
Add : 2017 net profit after tax	726,748,656
Less : 10% legal reserve	72,674,866
Less: Special earnings reserves on reductions to shareholders' equity	28,712,614
Less : Adjustments to actuarial loss	4,117,742
Less : Adjustments to other comprehensive income (loss) for changes in investees' equity	171,224
<b>Distributable net profit</b>	<b>922,014,733</b>
Distributable items :	
Cash Dividend to shareholders(NT\$5.5 per share)	657,091,413
<b>Unappropriated retained earnings</b>	<b>264,923,320</b>

# **Questions and Motions**

## **Adjournment**

## Appendix : Current Shareholding of Directors and Supervisors

### ATEN International Co, LTD

#### The (minimum required) combined Shareholding of Directors and Supervisors

1. The minimum required combined shareholding of all directors and supervisors by law is as follows :

Total issued shares: 119,471,166 shares.

The minimum required combined shareholding of all directors by law: 8,000,000 shares.

The minimum required combined shareholding of all supervisors by law: 800,000 shares.

2. As of the record date April 16, 2018, the shareholding of directors and supervisors is below:

Record date: April 16, 2018

Title	Name	Current Shareholding	Percentage
Chairman	Sun-Chung Chen	4,049,087	3.39%
Vice Chairman	Shang-Jen Chen	6,779,342	5.67%
Director	CDIB Capital Management Co.	65,660	0.05%
Director	Yung-Da Lin	0	0.00%
Independent Director	Wei-Jen Chu	0	0.00%
Independent Director	Chung-Jen Chen	0	0.00%
Independent Director	Chun-Chung Chen	0	0.00%
Supervisor	Se-Se Chen	1,261,416	1.06%
Supervisor	Shiu-Ta Liao	1,807,897	1.51%
Supervisor	Chen-Lin Kuo	0	0.00%
The combined shareholding of all directors(without independent directors) on the book closure date		10,894,089	9.12%
The combined shareholding of all supervisors on the book closure date		3,069,313	2.57%