



Stock Code: 6277

ATEN International Co., LTD

Handbook for the 2020 Annual Meeting of Shareholders

【Translation】

Meeting Time: June 16, 2020

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

(This document is prepared in accordance with the Chinese version and is for reference only. In the event of any inconsistency between the English version and the Chinese version, the Chinese version shall prevail.)



Table of Contents

I. Meeting Procedure.....	P2
II. Meeting Agenda.....	P3
III. Report Items.....	P4
IV. Adoption Matters.....	P19
V. Discussion.....	P30
VI. Election.....	P34
VII. Discussion.....	P38
VIII. Questions and Motions.....	P40
 Appendix : Current Shareholding of Directors and Supervisors	 P41



ATEN International Co., LTD

Procedure for the 2020 Annual Meeting of Shareholders

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



ATEN International Company, Ltd.
Year 2020
Agenda of Annual Meeting of Shareholders

Time: June 16, 2020 (Tuesday) 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).2019 Business Report
- (2).2019 Supervisor's Review Report
- (3).2019 Employees' Compensation and Directors' and Supervisors' Remuneration Report
- (4).2019 Distribution of Cash Dividends from Profits Report

2. Adoption Matters

- (1).Adoption of the Fiscal 2019 Business Report and Financial Statements
- (2).Adoption of the Proposal for Distribution of 2019 Profits

3. Discussion

- (1).Amendments to Articles of Incorporation
- (2).Amendments to Rules of Procedure for Shareholders' Meetings
- (3).Amendments to Rules of Directors' and Supervisors' Election
- (4).Amendments to Procedures of Acquisition or Disposal of Assets
- (5).Amendments to the Operational Procedures for Loaning of Company Funds
- (6).Amendments to the Operational Procedures for Endorsements and Guarantees

4. Election of Directors

To elect directors

5. Discussion Matters

- (7).To Release the Prohibition on Directors from Participation in Competitive Business

6. Questions and Motions

7. Adjournment

Report Items

Item No. 1

2019 Business Reports

Explanation:

The 2019 Business Report is attached as page 5-6

ATEN International Co., LTD

2019 Business Report

Due to the impact of the US-China trade dispute and other aspects of the international geopolitical and business environment, ATEN's consolidated net sales revenue in FY2019 fell to NT\$5,033 million, down 2.7% on the previous year, and slightly below our target for the year. However, ATEN maintained a steady performance in terms of gross profit, with consolidated gross profit of NT\$3,038 million, and a consolidated gross profit margin of 60.4%. Consolidated earnings after tax came to NT\$727 million, representing after-tax earnings per share (EPS) of NT\$6.05.

As regards product development, in the Professional Audio/Video (Pro-AV) Solutions segment, ATEN expanded the scope of its product line-up in order to meet demand for multi-view videoconferencing control and respond to current trends in the development of AV over IP technology; ATEN integrated its Pro-AV networking systems to provide high-quality videoconferencing solutions and roll out a new centralized management platform. There has also been a comprehensive upgrading of the ATEN Control System, to facilitate easy, convenient deployment across a wide variety of complex medium-sized and large commercial and educational environments while supporting multi-tasking, providing even more powerful control and management functions to meet users' needs. In addition, ATEN has expanded its product development from "backstage" products to also include "front-of-house" devices, bringing us into direct contact with the consumer. In this way, we are able to obtain a clearer picture of the market's response to our products, which in turn will help us to further enhance the competitiveness of ATEN products. In the IT Infrastructure Access Management Solution, ATEN has responded to the comprehensive shift over to IP technology in the broadcasting sector, and to the intensification of edge computing utilization, by continuing to strengthen over-IP operation management and the 4K ultra-HD operation experience in ATEN's broadcasting solutions. Furthermore, in order to meet the application requirements of air traffic control centers, ATEN has launched new, high-end, zero-error solutions that support unusual resolution requirements and provide back-up systems and an authorization locking mechanism. The ATEN RCM (Remote Control and Monitoring) solution provides remote, centralized management and priority setting functions, and is also equipped with an automated application program interface to effectively meet the challenges presented by Industry 4.0. ATEN is also working actively to develop the industrial controller market, and is planning the introduction of new high-end Serial over-IP products that will constitute a new growth driver. In the green energy management solutions segment, ATEN is focusing on the small and medium-sized server room management, Internet data center (IDC) and semiconductor production facility customer segments. Responding to demand for both basic and "smart" power distribution units (PDUs), ATEN provides customers with solutions that enhance their electric power usage monitoring capabilities and power use efficiency, facilitating the achieving of energy-saving goals. In the consumer products segment, ATEN has worked to identify the types of value that customers really need, and is using a strategy based on differentiation to develop new market opportunities. Focusing on usage scenarios and user applications, ATEN is creating individualized tools that combine practical functionality with aesthetically-pleasing design to appeal to consumers.

Regarding sales strategy, ATEN has adopted an approach that is oriented towards meeting the needs of customers in target industries and application markets. ATEN has built up a first-class sales team and has integrated its marketing resources to generate synergy, while working to strengthen localized management and regional sales development, and establishing a symbiotic relationship with system integrators to generate high-value sales and realize sales excellence. In this way, ATEN is

developing more wide-ranging market competitiveness that will facilitate the gaining of greater market share in the high-end market. ATEN has also achieved impressive results in its R&D and brand development. The awards that the company has won include the following: Good Design Award; Taiwan Excellence Award; inclusion in the Interbrand Top 35 Best Taiwan Global Brands; COMPUTEX Best Choice Award. ATEN has won the COMPUTEX Best Choice Award for three years in a row, reflecting not only ATEN's long-standing focus on the user experience and commitment to developing human-centric, innovative new products, but also the company's unceasing striving for excellence over the past four decades.

Besides constantly demonstrating its "hard power" in various aspects of business performance such as branding, R&D and profitability, ATEN has for many years now also to use the integration of the company's core values with corporate social responsibility (CSR) to gradually incorporate proactive, ethical "soft power" into ATEN's corporate culture. It is anticipated that ATEN's sincere implementation of CSR will create an even more positive impression on employees, shareholders, customers, suppliers, members of disadvantaged groups, social welfare organizations and other stakeholders, and will make a positive contribution to the environment, society, and the global community as a whole. Over the past year, ATEN has sought to achieve further improvement in the four key areas of corporate governance, corporate commitments, social engagement and environmental sustainability. In August 2019, ATEN placed third in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizen Awards, marking the eleventh time that ATEN has won this award, which represents valued external recognition of ATEN's CSR efforts. In the future, ATEN will maintain its commitment to the principles of sustainable corporate development and of realizing a mutually-beneficial relationship with stakeholders. While developing its core business areas to achieve outstanding operational performance, ATEN will also continue to implement CSR measures so as to bring about the ongoing extension of this "virtuous cycle," and to help build a better future.

ATEN attaches great importance to its C2B (Customer to Business) business model, taking the customer value proposition as the starting point for its operations. ATEN's customer-centric philosophy has been the company's most important asset over the past 40 years. Last year, ATEN was a recipient of the Best Companies to Work for in Asia 2019 Awards, which constituted recognition of ATEN's long-standing awareness of how a commitment to the company's employees has a key role to play in realizing sustainable corporate development; this award will also act as a driver spurring us to realize ongoing improvement in the future. Looking ahead to the coming year, 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 sustainable 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 2019 Financial Statements

Explanation:

- (1). The 2019 Supervisor's Review Report is attached as page 8.
- (2). CPA Audit Report is attached as page 9-16.

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 Po-Shu Huang, 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 10, 2020

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. ("Company"), which comprise the balance sheet as of December 31, 2019 and 2018, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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, 2019 and 2018, and its financial performance and its cash flows for the years ended December 31, 2019 and 2018 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit of the financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No.1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the financial statements as of and for the year ended December 31, 2018 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 for the year end 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.

1. Revenue recognition

Please refer to note 4(n), and 6(g) 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. The accuracy of the timing and amount of revenue recognized has significant impact on the financial statements, for which assumptions and judgment of revenue recognition relying on subjective judgment of management. 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 key judgments and assumptions of revenue recognition are 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(f) 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 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 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 Po-Shu Huang and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)
March 10, 2020

Notes to Readers

The accompanying parent company only financial statements are intended only to present the 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 parent company only financial statements are those generally accepted and applied in the Republic of China.

The independent auditors' report and the accompanying parent company only 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 parent company only 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, which comprise the consolidated balance sheet as of December 31, 2019 and 2018, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2019 and 2018, 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries as at December 31, 2019 and 2018, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2019 and 2018 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 of the Consolidated financial statements as of and for the year ended December 31, 2019 in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants, Rule No. 1090360805 issued by the Financial Supervisory Commission, and the auditing standards generally accepted in the Republic of China. Furthermore, we conducted our audit of the consolidated financial statements as of and for the year ended December 31, 2018 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 for the year end 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.

1. Revenue recognition

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

Description of key audit matter:

Revenue is the key indicator used by investors and management while evaluating ATEN INTERNATIONAL CO., LTD. and its subsidiaries' financial or operating performance. The accuracy of the timing and amount of revenue recognized have significant impact on the financial statements, for which the assumptions and judgments of revenue recognition rely on subjective judgment of the management. Hence, we consider it as the 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 key judgments and assumptions of revenue recognition are 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(f) 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, 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 Regulations Governing the Preparation of Financial Reports by Securities Issuers and IFRSs, IASs, IFRIC, 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries' 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries or to cease operations, or has no realistic alternative but to do so.

Those charged with governance (including the supervisors) are responsible for overseeing ATEN INTERNATIONAL CO., LTD. and its subsidiaries' 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 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries' 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries' 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries 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 appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the group financial statements. We are responsible for the direction, supervision and performance of the group audit.

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 auditors' report are Po-Shu Huang and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

March 10, 2020

Notes to Readers

The accompanying consolidated financial statements are intended only to present the consolidated 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**2019 Employees' Compensation and Directors and Supervisors' Remuneration Report****Explanation:**

- (1). According to Article 24 of the Article of Incorporation, the Company's net income before tax before deducting remuneration to employees, directors and supervisors and after making up for aggregated losses should be applied to pay remuneration to employees for an amount of 10-16% of the balance, and to directors and supervisors for an amount not more than 2% of the balance.
- (2). Board of directors resolved to approve 2019 employees' compensation totaling NT\$ 139,497,799 and directors and supervisors' remuneration totaling NT\$ 12,399,804. The amount is both distributed in cash.

Item No. 4

Distribution of Cash Dividends from Profits in 2019

Explanation:

- (1). The Board has adopted a Proposal for Distribution of 2019 Profits on March 10th, 2020 in accordance with Article 24 of the Articles of Incorporation.
- (2). Cash dividend amounting to NT\$633,197,180 were distributed to shareholders at NT\$5.3 per share. 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. The total amount paid to each shareholder shall be in whole NT dollars and any fractional amount less than one NT dollar shall be rounded-down full NT dollar. The resulting difference shall be recognized as the Company income. It is proposed that the Board of Directors be authorized to resolve the ex-dividend date and pay date. In the event that the proposed profit distribution is affected by a buyback of shares or transferring treasury shares etc., it is proposed that the Chairman of Board of Directors be authorized to adjust the cash and stock to be distributed to each share based on the number of actual shares outstanding on the record date for distribution.

Adoption Matters

1.

Proposed by the Board

Proposal:

Adoption of the 2019 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, Po-Shu Huang and Yong-Sheng Wang of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board on March 10, 2020.
- (2). The 2019 Business Report, independent auditors' audit report, and the above-mentioned Financial Statements are attached as page 5-6, page 9-16 and page 20-27, respectively.

Resolution:

(English Translation of Parent Company Only Financial Statements and Report Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD.

Balance Sheets

December 31, 2019 and 2018

(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2019</u>		<u>December 31, 2018</u>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 348,292	6	208,754	3	2100	Short-term borrowings (note 6(j))	\$ 232,979	4	316,231	5
1110	Financial assets at fair value through profit or loss—current (note 6(b))	1,441,849	26	886,226	15	2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	511	-	1,889	-
1120	Financial assets at fair value through other comprehensive income—current (note 6(c))	5,375	-	4,642	-	2150	Notes payable	475	-	195	-
1150	Notes receivable, net (note 6(d))	-	-	133	-	2170	Accounts payable	191,450	3	211,137	3
1170	Accounts receivable, net (note 6(d))	164,209	3	198,750	3	2180	Accounts payable—related parties (note 7)	104,184	2	74,622	1
1180	Accounts receivable—related parties, net (notes 6(d) and 7)	587,179	10	504,342	8	2200	Other payables (notes 6(m) and (r))	377,271	7	463,773	8
1200	Other receivables (notes 6(e) and (g))	559	-	90,710	1	2220	Other payables—related parties (note 7)	191,778	3	191,833	3
130x	Inventories (note 6(f))	469,915	8	450,413	8	2230	Current tax liabilities	137,683	3	62,584	1
1410	Prepayments	5,874	-	5,515	-	2250	Provisions—current (note 6(k))	24,790	-	22,660	-
1470	Other current assets	23,355	-	14,739	-	2280	Current lease liabilities (note 6(l))	1,724	-	-	-
	Total current assets	<u>3,046,607</u>	<u>53</u>	<u>2,364,224</u>	<u>38</u>	2399	Other current liabilities	9,970	-	6,322	-
15xx	Non-current assets:						Total current liabilities	<u>1,272,815</u>	<u>22</u>	<u>1,351,246</u>	<u>21</u>
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	21,780	-	21,780	-	25xx	Non-Current liabilities:				
1550	Investments accounted for under equity method (note 6(g))	805,473	14	1,894,856	32	2570	Deferred income tax liabilities (note 6(n))	115,263	2	168,506	3
1600	Property, plant and equipment (notes 6(h) and (g))	1,606,811	28	1,589,054	26	2580	Non-current lease liabilities (note 6(l))	2,872	-	-	-
1755	Right-of-use assets (note 6(i))	4,569	-	-	-	2640	Net defined benefit liabilities (note 6(m))	94,122	2	96,972	2
1840	Deferred income tax assets (note 6(n))	132,407	3	129,917	2	2645	Deposits received	1,115	-	1,237	-
1915	Prepayments for equipment	4,294	-	-	-	2670	Other non-current liabilities	4,007	-	2,565	-
1920	Refundable deposits	569	-	3,574	-		Total non-current liabilities	<u>217,379</u>	<u>4</u>	<u>269,280</u>	<u>5</u>
1980	Other financial assets—non-current (notes 8 and 9)	114,572	2	114,004	2	2xxx	Total liabilities	<u>1,490,194</u>	<u>26</u>	<u>1,620,526</u>	<u>26</u>
	Total non-current assets	<u>2,690,475</u>	<u>47</u>	<u>3,753,185</u>	<u>62</u>	3110	Equity (note 6(m) and (o)):	<u>1,194,711</u>	<u>21</u>	<u>1,194,711</u>	<u>20</u>
1xxx	Total assets	<u>\$ 5,737,082</u>	<u>100</u>	<u>6,117,409</u>	<u>100</u>		Common stock				
							Capital surplus:				
						3210	Additional paid-in capital	316,913	6	316,913	5
						3250	Donated assets received	50	-	50	-
						3260	Changes in equity of associates accounted for using equity method	28,671	-	26,186	-
								<u>345,634</u>	<u>6</u>	<u>343,149</u>	<u>5</u>
							Retained earnings:				
						3310	Legal reserve	1,271,617	22	1,114,004	18
						3320	Special reserve	107,295	2	94,045	2
						3350	Unappropriated retained earnings	1,454,776	25	1,858,269	30
								<u>2,833,688</u>	<u>49</u>	<u>3,066,318</u>	<u>50</u>
							Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(110,346)	(2)	(89,763)	(1)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(16,799)	-	(17,532)	-
								<u>(127,145)</u>	<u>(2)</u>	<u>(107,295)</u>	<u>(1)</u>
						3xxx	Total equity	<u>4,246,888</u>	<u>74</u>	<u>4,496,883</u>	<u>74</u>
						2-3xxx	Total liabilities and equity	<u>\$ 5,737,082</u>	<u>100</u>	<u>6,117,409</u>	<u>100</u>

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 3,478,432	100	3,589,610	100
5000	Operating costs (notes 6(f), (h), (i), (k), (l), (m), (r) and 7)	1,560,274	44	1,680,720	47
5900	Gross profit from operations	1,918,158	56	1,908,890	53
5910	Less: unrealized profit (loss) from sales	(13,461)	-	65,191	2
5900	Gross profit	1,931,619	56	1,843,699	51
6000	Operating expenses (notes 6(h), (i), (l), (m), (r) and 7):				
6100	Selling expenses	421,131	12	401,607	11
6200	Administrative expenses	331,756	10	334,304	9
6300	Research and development expenses	452,263	13	471,035	13
	Total operating expenses	1,205,150	35	1,206,946	33
6900	Operating profit	726,469	21	636,753	18
7000	Non-operating income and expenses (notes 6(g), (l), (s) and 7):				
7010	Other income	139,854	4	54,206	1
7020	Other gains and losses	3,864	-	18,017	1
7050	Finance costs	(4,586)	-	(5,034)	-
7375	Share of profit of subsidiaries and associates accounted for under equity method	15,818	-	1,027,122	28
	Total non-operating income and expenses	154,950	4	1,094,311	30
7900	Profit from continuing operations before tax	881,419	25	1,731,064	48
7950	Less: Income tax expenses (note 6(n))	158,286	4	154,932	4
	Net income	723,133	21	1,576,132	44
8300	Other comprehensive income (notes 6(g), (m), (n) and (o)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	148	-	664	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	733	-	268	-
8330	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	-	-	(65)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2)	-	101	-
		883	-	766	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(20,550)	(1)	3,170	-
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	(177)	-	(38)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(20,727)	(1)	3,132	-
8300	Other comprehensive income	(19,844)	(1)	3,898	-
8500	Total comprehensive income	\$ 703,289	20	1,580,030	44
9750	Basic earnings per share (in New Taiwan dollars) (note 6(p))	\$ 6.05		13.19	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(p))	\$ 5.95		12.92	

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		Total other equity interest									
		Share capital		Retained earnings				Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Total equity
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total				
Balance at January 1, 2018	A1 \$	1,194,711	387,157	1,041,329	65,332	1,039,903	2,146,564	(92,885)	(17,660)	(110,545)	3,617,887
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	B1	-	-	72,675	-	(72,675)	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	28,713	(28,713)	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(657,091)	(657,091)	-	-	-	(657,091)
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	(44,008)	-	-	65	65	-	-	-	(43,943)
Net income	D1	-	-	-	-	1,576,132	1,576,132	-	-	-	1,576,132
Other comprehensive income	D3	-	-	-	-	573	573	3,122	203	3,325	3,898
Total comprehensive income	D5	-	-	-	-	1,576,705	1,576,705	3,122	203	3,325	1,580,030
Disposal of investments in equity instruments designated at fair value through other comprehensive income	Q1	-	-	-	-	75	75	-	(75)	(75)	-
Balance at December 31, 2018	Z1	1,194,711	343,149	1,114,004	94,045	1,858,269	3,066,318	(89,763)	(17,532)	(107,295)	4,496,883
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	B1	-	-	157,613	-	(157,613)	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	13,250	(13,250)	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(955,769)	(955,769)	-	-	-	(955,769)
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	2,485	-	-	-	-	-	-	-	2,485
Net income	D1	-	-	-	-	723,133	723,133	-	-	-	723,133
Other comprehensive income	D3	-	-	-	-	6	6	(20,583)	733	(19,850)	(19,844)
Total comprehensive income	D5	-	-	-	-	723,139	723,139	(20,583)	733	(19,850)	703,289
Balance at December 31, 2019	Z1 \$	1,194,711	345,634	1,271,617	107,295	1,454,776	2,833,688	(110,346)	(16,799)	(127,145)	4,246,888

(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, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		<u>2019</u>	<u>2018</u>
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$ 881,419	1,731,064
A20000	Adjustments:		
A20010	Adjustments to reconcile profit and loss		
A20100	Depreciation expense	41,635	40,391
A20900	Interest expenses	4,586	5,034
A21200	Interest income	(1,021)	(601)
A21300	Dividend income	(158)	(201)
A22400	Share of profit of associates accounted for under equity method	(15,818)	(1,027,122)
A22500	Losses (gains) on disposal of property, plant and equipment	(179)	194
A22600	Property, plant and equipment transferred to expenses	310	773
A23900	Unrealized profit (loss) from sales	(13,461)	65,191
A20010	Total adjustments to reconcile profit and loss	15,894	(916,341)
A30000	Changes in assets / liabilities relating to operating activities:		
A31000	Net changes in operating assets:		
A31115	Financial assets at fair value through profit or loss	(555,623)	66,070
A31130	Notes receivable	133	(114)
A31150	Accounts receivable	34,541	(64,910)
A31160	Accounts receivable—related parties	(82,837)	(131,126)
A31180	Other receivable	90,309	(90,096)
A31200	Inventories	(19,502)	(100,289)
A31230	Prepayments	(359)	(1,317)
A31240	Other current assets	(8,616)	(6,960)
A31000	Total changes in operating assets, net	(541,954)	(328,742)
A32000	Net changes in operating liabilities:		
A32110	Financial liabilities held for trading	(1,378)	246
A32130	Notes payable	280	44
A32150	Accounts payable	(19,687)	(16,026)
A32160	Accounts payable—related parties	29,562	22,107
A32180	Other payable	(86,502)	130,676
A32190	Other payable—related parties	(55)	(38)
A32200	Provisions	2,130	2,826
A32230	Other current liabilities	3,648	6,137
A32240	Net defined benefit liabilities	(2,702)	(7,473)
A32990	Other non-current liabilities	1,442	364
A32000	Total changes in operating liabilities, net	(73,262)	138,863
A30000	Total changes in operating assets / liabilities, net	(615,216)	(189,879)
A20000	Total adjustments	(599,322)	(1,106,220)
A33000	Cash provided by operating activities	282,097	624,844
A33200	Dividends received	1,106,259	66,423
A33500	Payment of income tax	(138,918)	(192,015)
AAAA	Net cash provided by operating activities	1,249,438	499,252
BBBB	Cash flows from investing activities:		
B00020	Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,287
B01800	Acquisition of investments accounted for using equity method	(5,839)	(1,876)
B02700	Acquisition of property, plant and equipment	(57,980)	(31,361)
B02800	Proceeds from disposal of property, plant and equipment	333	290
B03700	Decrease (increase) in refundable deposits	3,005	(3,045)
B06500	Increase in other financial assets—non-current	(568)	(1,297)
B07100	Increase in prepayments for equipment	(4,294)	-
B07500	Interest received	1,021	601
BBBB	Net cash used in investing activities	(64,322)	(32,401)
CCCC	Cash flows from financing activities:		
C00100	Decrease in short-term borrowings	(83,252)	(9,224)
C03000	Decrease in deposits received	(122)	-
C04020	Payment of lease liabilities	(1,849)	-
C04500	Cash dividends paid	(955,769)	(657,091)
C05600	Interest paid	(4,586)	(5,034)
CCCC	Net cash used in financing activities	(1,045,578)	(671,349)
EEEE	Net increase (decrease) in cash and cash equivalents	139,538	(204,498)
E00100	Cash and cash equivalents at beginning of period	208,754	413,252
E00200	Cash and cash equivalents at end of period	\$ 348,292	208,754

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2019</u>		<u>December 31, 2018</u>				<u>December 31, 2019</u>		<u>December 31, 2018</u>	
		<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>			<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Assets						Liabilities and Equity					
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 741,720	11	692,377	10	2100	Short-term borrowings (notes 6(j) and 8)	\$ 706,466	11	756,907	11
1110	Financial assets at fair value through profit or loss — current (note 6(b))	1,591,007	24	1,417,936	20	2322	Current portion of long-term borrowings (notes 6(j) and 8)	8,822	-	10,200	-
1120	Financial assets at fair value through other comprehensive income — current (note 6(c))	5,375	-	4,642	-	2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	1,369	-	2,247	-
1150	Notes receivable, net (note 6(d))	8,467	-	7,933	-	2150	Notes payable	3,948	-	4,363	-
1170	Accounts receivable, net (note 6(d))	619,952	9	721,109	10	2170	Accounts payable (note 7)	377,411	6	470,081	7
1200	Other receivables (notes 6(e) and 7)	3,125	-	653,669	9	2219	Other payable (notes 6 (m) and (r))	504,050	8	603,288	9
130x	Inventories(note 6(f))	985,248	16	1,058,080	15	2230	Current tax liabilities	150,369	2	142,356	2
1410	Prepayments	65,405	1	52,399	1	2250	Provisions — current (note 6(k))	24,790	-	22,660	-
1470	Other current assets	32,548	-	30,077	1	2280	Current lease liabilities (note 6(l))	55,285	1	-	-
	Total current assets	<u>4,052,847</u>	<u>61</u>	<u>4,638,222</u>	<u>66</u>	2399	Other current liabilities	<u>64,498</u>	<u>1</u>	<u>62,754</u>	<u>1</u>
15xx	Non-current assets:						Total current liabilities	<u>1,897,008</u>	<u>29</u>	<u>2,074,856</u>	<u>30</u>
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	21,780	-	21,780	-	25xx	Non-Current liabilities:				
1550	Investments accounted for under equity method (note 6(g))	84,809	1	75,559	1	2540	Long-term borrowings (notes 6(j) and 8)	26,625	-	25,983	-
1600	Property, plant and equipment (notes 6(h) and 8)	2,000,424	30	1,994,459	28	2570	Deferred income tax liabilities (note 6(n))	174,917	3	220,132	3
1755	Right-of-use assets (note 6(i))	143,751	3	-	-	2580	Non-current lease liabilities (note 6(l))	91,742	1	-	-
1805	Goodwill	2,756	-	2,756	-	2640	Net defined benefit liabilities (note 6(m))	96,369	1	98,977	1
1840	Deferred income tax assets (note 6(n))	207,177	3	175,348	3	2645	Deposits received	1,115	-	1,595	-
1915	Prepayments for equipment	6,906	-	-	-	2670	Other non-current liabilities	<u>38,044</u>	<u>1</u>	<u>37,102</u>	<u>1</u>
1920	Refundable deposits	17,800	-	20,251	-		Total non-current liabilities	<u>428,812</u>	<u>6</u>	<u>383,789</u>	<u>5</u>
1980	Other financial assets — non-current (notes 8 and 9)	117,166	2	116,689	2	2xxx	Total liabilities	<u>2,325,820</u>	<u>35</u>	<u>2,458,645</u>	<u>35</u>
1990	Other non-current assets	549	-	-	-		Equity attributable to shareholders of the company (notes 6(m) and (o)):				
	Total non-current assets	<u>2,603,118</u>	<u>39</u>	<u>2,406,842</u>	<u>34</u>	3110	Common stock	<u>1,194,711</u>	<u>18</u>	<u>1,194,711</u>	<u>17</u>
							Capital surplus:				
						3210	Additional paid-in capital	316,913	5	316,913	4
						3250	Donated assets received	50	-	50	-
						3260	Changes in equity of associates accounted for using equity method	<u>28,671</u>	<u>-</u>	<u>26,186</u>	<u>-</u>
								<u>345,634</u>	<u>5</u>	<u>343,149</u>	<u>4</u>
							Retained earnings:				
						3310	Legal reserve	1,271,617	19	1,114,004	16
						3320	Special reserve	107,295	2	94,045	1
						3350	Unappropriated retained earnings	<u>1,454,776</u>	<u>22</u>	<u>1,858,269</u>	<u>27</u>
								<u>2,833,688</u>	<u>43</u>	<u>3,066,318</u>	<u>44</u>
							Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(110,346)	(2)	(89,763)	(1)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	<u>(16,799)</u>	<u>-</u>	<u>(17,532)</u>	<u>-</u>
								<u>(127,145)</u>	<u>(2)</u>	<u>(107,295)</u>	<u>(1)</u>
							Total equity attributable to shareholders of the company	<u>4,246,888</u>	<u>64</u>	<u>4,496,883</u>	<u>64</u>
1xxx	Total assets	<u>\$ 6,655,965</u>	<u>100</u>	<u>7,045,064</u>	<u>100</u>	36xx	Non-controlling interests	<u>83,257</u>	<u>1</u>	<u>89,536</u>	<u>1</u>
						3xxx	Total equity	<u>4,330,145</u>	<u>65</u>	<u>4,586,419</u>	<u>65</u>
						2-3xxx	Total liabilities and equity	<u>\$ 6,655,965</u>	<u>100</u>	<u>7,045,064</u>	<u>100</u>

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Comprehensive Income
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2019		2018	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(q) and 7)	\$ 5,032,719	100	5,173,010	100
5000	Operating costs (notes 6(f), (h), (i), (l), (m), (r) and 7)	1,994,258	40	2,129,330	41
5900	Gross profit	3,038,461	60	3,043,680	59
6000	Operating expenses (notes 6(d), (h), (i), (m), (r) and 7):				
6100	Selling expenses	1,238,596	25	1,171,119	23
6200	Administrative expenses	546,764	11	548,523	10
6300	Research and development expenses	475,938	9	491,571	10
6450	Expected credit loss for bad debt expense	829	-	2,353	-
	Total operating expenses	2,262,127	45	2,213,566	43
6900	Operating profit	776,334	15	830,114	16
7000	Non-operating income and expenses (notes 6(g), (k) and (s)):				
7010	Other income	120,632	2	30,171	-
7020	Other gains and losses	5,412	-	958,929	19
7050	Finance costs	(30,220)	(1)	(18,369)	-
7060	Share of profit of associates accounted for under equity method	25,586	1	56,125	1
	Total non-operating income and expenses	121,410	2	1,026,856	20
7900	Profit from continuing operations before tax	897,744	17	1,856,970	36
7950	Less: Income tax expenses (note 6(n))	171,124	3	269,219	5
	Net income	726,620	14	1,587,751	31
8300	Other comprehensive income:				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	49	-	681	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	733	-	268	-
8320	Share of other comprehensive income of associates accounted for using equity method	-	-	(65)	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	(2)	-	101	-
	Components of other comprehensive income that will not be reclassified to profit or loss	784	-	783	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	(22,539)	-	2,736	-
8370	Share of other comprehensive income of associates accounted for using equity method	(177)	-	(48)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	-	-	-	-
	Components of other comprehensive income that will be reclassified to profit or loss	(22,716)	-	2,688	-
8300	Other comprehensive income	(21,932)	-	3,471	-
8500	Total comprehensive income	\$ 704,688	14	1,591,222	31
8600	Net income attributable to:				
8610	Shareholders of the parent	\$ 723,133	14	1,576,132	31
8620	Non-controlling interests	3,487	-	11,619	-
		\$ 726,620	14	1,587,751	31
8700	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 703,289	14	1,580,030	31
8720	Non-controlling interests	1,399	-	11,192	-
		\$ 704,688	14	1,591,222	31
	Basic earnings per share (in New Taiwan dollars) (note 6(p))				
9750	Basic earnings per share	\$ 6.05		13.19	
9850	Diluted earnings per share	\$ 5.95		12.92	

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Changes in Equity
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent												
							Total other equity interest			Total equity			
							Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total				
		Share capital	Retained earnings							attributable to owners of parent	Non-controlling interests	Total equity	
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total							
Balance at January 1, 2018	A1	\$ 1,194,711	387,157	1,041,329	65,332	1,039,903	2,146,564	(92,885)	(17,660)	(110,545)	3,617,887	101,111	3,718,998
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	B1	-	-	72,675	-	(72,675)	-	-	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	28,713	(28,713)	-	-	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(657,091)	(657,091)	-	-	-	(657,091)	(7,193)	(664,284)
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	(43,140)	-	-	65	65	-	-	-	(43,075)	-	(43,075)
Net income	D1	-	-	-	-	1,576,132	1,576,132	-	-	-	1,576,132	11,619	1,587,751
Other comprehensive income	D3	-	-	-	-	573	573	3,122	203	3,325	3,898	(427)	3,471
Total comprehensive income	D5	-	-	-	-	1,576,705	1,576,705	3,122	203	3,325	1,580,030	11,192	1,591,222
Changes in non-controlling interests	O1	-	(868)	-	-	-	-	-	-	-	(868)	(15,574)	(16,442)
Disposal of investments in equity instruments designated at fair value through other comprehensive income	Q1	-	-	-	-	75	75	-	(75)	(75)	-	-	-
Balance at December 31, 2018	Z1	1,194,711	343,149	1,114,004	94,045	1,858,269	3,066,318	(89,763)	(17,532)	(107,295)	4,496,883	89,536	4,586,419
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	B1	-	-	157,613	-	(157,613)	-	-	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	13,250	(13,250)	-	-	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(955,769)	(955,769)	-	-	-	(955,769)	(7,678)	(963,447)
Changes in equity of associates and joint ventures accounted for using equity method	C7	-	2,485	-	-	-	-	-	-	-	2,485	-	2,485
Net income	D1	-	-	-	-	723,133	723,133	-	-	-	723,133	3,487	726,620
Other comprehensive income	D3	-	-	-	-	6	6	(20,583)	733	(19,850)	(19,844)	(2,088)	(21,932)
Total comprehensive income	D5	-	-	-	-	723,139	723,139	(20,583)	733	(19,850)	703,289	1,399	704,688
Balance at December 31, 2019	Z1	\$ 1,194,711	345,634	1,271,617	107,295	1,454,776	2,833,688	(110,346)	(16,799)	(127,145)	4,246,888	83,257	4,330,145

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Statements of Cash Flows
For the years ended December 31, 2019 and 2018
(Expressed in Thousands of New Taiwan Dollars)

	2019	2018
AAAA Cash flows from operating activities:		
A10000 Net income before tax	\$ 897,744	1,856,970
A20000 Adjustments:		
A20010 Adjustments to reconcile profit and loss		
A20100 Depreciation expense	149,781	88,719
A20300 Expected credit loss for bad debt expense	829	2,353
A20900 Interest expenses	30,220	18,369
A21200 Interest income	(5,139)	(2,910)
A21300 Dividend income	(158)	(201)
A22300 Share of profit of associates accounted for under equity method	(25,586)	(56,125)
A22500 Losses on disposal of property, plant and equipment	114	203
A22600 Property, plant and equipment transferred to expenses	353	773
A23200 Gains on disposal of investments accounted for using equity method	-	(945,838)
A20010 Total adjustments to reconcile profit and loss	150,414	(894,657)
A30000 Changes in assets / liabilities relating to operating activities:		
A31000 Net changes in operating assets:		
A31115 Financial assets at fair value through profit or loss	(173,071)	(437,188)
A31130 Notes receivable	(534)	647
A31140 Notes receivable — related parties	-	7,586
A31150 Accounts receivable	100,425	(21,930)
A31180 Other receivable	89,566	(90,150)
A31200 Inventories	73,773	(242,771)
A31230 Prepayments	(13,006)	1,169
A31240 Other current assets	(2,318)	(221)
A31000 Total changes in operating assets, net	74,835	(782,858)
A32000 Net changes in operating liabilities:		
A32110 Financial liabilities held for trading	(878)	(200)
A32130 Notes payable	(415)	278
A32150 Accounts payable	(92,670)	5,008
A32180 Other payable	(99,238)	115,184
A32200 Provisions	2,130	2,826
A32230 Other current liabilities	1,744	33,394
A32240 Net defined benefit liabilities	(2,701)	(7,574)
A32990 Other non-current liabilities	942	3,776
A32000 Total changes in operating liabilities, net	(191,086)	152,692
A30000 Total changes in operating assets / liabilities, net	(116,251)	(630,166)
A20000 Total adjustments	34,163	(1,524,823)
A33000 Cash provided by operating activities	931,907	332,147
A33200 Dividends received	18,946	42,047
A33500 Payment of income tax	(240,430)	(228,368)
AAAA Net cash provided by operating activities	710,423	145,826
BBBB Cash flows from investing activities:		
B00020 Proceeds from disposal of financial assets at fair value through other comprehensive income	-	4,287
B01900 Proceeds from disposal of investments accounted for under equity method	560,978	460,509
B02700 Acquisition of property, plant and equipment	(102,231)	(56,391)
B02800 Proceeds from disposal of property, plant and equipment	1,166	828
B03700 Increase in refundable deposits	2,451	(4,991)
B06500 Increase in other financial assets — non-current	(477)	(3,982)
B06700 Decrease (increase) in other non-current assets	(549)	3
B07100 Decrease (increase) in prepayments for equipment	(6,906)	8
B07500 Interest received	5,139	2,910
BBBB Net cash provided by (used in) investing activities	459,571	403,181
CCCC Cash flows from financing activities:		
C00200 Increase (decrease) in short-term loans	(50,441)	22,212
C01600 Proceeds from long-term debt	10,433	-
C01700 Repayment of long-term borrowings	(9,941)	(13,790)
C03000 Decrease in deposits received	(480)	(100)
C04020 Payment of lease liabilities	(59,933)	-
C04500 Cash dividends paid	(963,447)	(664,284)
C05600 Interest paid	(30,220)	(18,369)
C05800 Changes in non-controlling interests	-	(16,442)
CCCC Net cash used in financing activities	(1,104,029)	(690,773)
DDDD Effect of exchange rate changes on cash and cash equivalents	(16,622)	(6,261)
EEEE Increase (decrease) in cash and cash equivalents for the period	49,343	(148,027)
E00100 Cash and cash equivalents at beginning of period	692,377	840,404
E00200 Cash and cash equivalents at end of period	\$ 741,720	692,377

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2019 Profits

Explanation:

- (1). The Board has adopted a Proposal for Distribution of 2019 Profits in accordance with the Articles of Incorporation. Beginning retained earnings is NT\$ 731,635,831. After adding net profit after tax of NT\$ 723,133,436, setting aside the legal reserve of NT\$ 72,313,344 and the special reserve of NT\$ 19,850,011, and then adding other adjustment items of NT\$ 5,607, the distributable net profit is NT\$ 1,362,611,519 and the proposed dividend to shareholders is NT\$ 633,197,180.
- (2). Profit Distribution Table is attached as page 29.

Resolution:

ATEN International Company, Ltd.

PROFIT DISTRIBUTION TABLE

Year 2019

(Unit: NTD \$)

Items	Amount
Beginning retained earnings	731,635,831
Add : 2019 net profit after tax	723,133,436
Less : 10% legal reserve	72,313,344
Less : Special earnings reserves on reductions to shareholders' equity	19,850,011
Add : Adjustments to actuarial loss	150,019
Less : Share of other comprehensive income accounted for under equity method	144,412
Distributable net profit	1,362,611,519
Distributable items :	
Cash Dividends - Retained Earnings in 2019 Available for Distribution	630,975,688
Cash Dividends – Retained Earnings in 2018 Available for Distribution	2,221,492
Total distributable items (NT\$5.3 per share)	633,197,180
Unappropriated retained earnings	729,414,339

Discussion

1. **Proposed by the Board**

Discussion:

Amendments to Articles of Incorporation. Please proceed to discuss.

Explanation:

- (1). In response to setting up an audit committee and conforming to the needs of commercial practice, the company hereby proposes to amend the Articles of Incorporation.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

2. **Proposed by the Board**

Discussion:

Amendments to Rules of Procedure for Shareholders' Meetings. Please proceed to discuss.

Explanation:

- (1). In order to conform to the rule No. 1080024221 issued by the Taiwan Stock Exchange Corporation on January 2, 2020 and in response to setting up an audit committee, the company hereby proposes to amend Rules of Procedure for Shareholders' Meetings. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

3.

Proposed by the Board

Discussion:

Amendments to Rules of Directors' and Supervisors' Election. Please proceed to discuss.

Explanation:

- (1). In order to conform to the rule No. 10703452331 and No. 1030051379 issued by the Financial Supervisory Commission Bureau on December 19, 2018 and January 27, 2015 for setting up an audit committee and needs of operational development respectively, the company hereby proposes to amend the Rules of Directors' and Supervisors' Election and change the method name to Rules of Directors' Election. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

4.

Proposed by the Board

Discussion:

Amendments to Procedures of Acquisition or Disposal of Assets. Please proceed to discuss.

Explanation:

- (1). In response to setting up an audit committee and needs of operational development, the company hereby proposes to amend the Procedures of Acquisition or Disposal of Assets. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

5.

Proposed by the Board

Discussion:

Amendments to the Operational Procedures for Loaning of Company Funds.
Please proceed to discuss.

Explanation:

- (1). In response to setting up an audit committee and needs of operational development, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

6.

Proposed by the Board

Discussion:

Amendments to the Operational Procedures for Endorsements and Guarantees.
Please proceed to discuss.

Explanation:

- (1). In response to setting up an audit committee and needs of operational development, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees.
- (2). According to Article 12, paragraph 3 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, the aggregate amount of endorsements/guarantees set by the company and its subsidiaries can reach 50% or more of the net worth of the company to respond to the needs of future operational development and applying for bank credit.
- (3). According to Article 12 of the Regulations Governing Loaning of Funds and Making of Endorsements/Guarantees by Public Companies, an explanation of the necessity and reasonableness thereof shall be given at the shareholders meeting. The explanation is as follows.

Please proceed to discuss.

- I. Necessity: The Company actively strives to develop local markets and facilitate future growth for direct or indirect priority subsidiaries or subsidiaries in initial stages of development. The Company or existing subsidiaries with adequate credit can provide endorsement for the aforementioned subsidiaries, allowing them to lower financing costs and enhance competitiveness.
 - II. Reasonableness: The Company hopes to use its credit to aid subsidiaries in utilizing local and multinational resources and building channels to the domestic and foreign markets, thus generating higher investment profits for all shareholders.
- (4). Please refer to the Chinese version of the Handbook for details.

Resolution:

Election

Proposed by the Board

Proposal:

Director election

Explanation:

1. The tenure of all ATEN directors and supervisors expired on June 14, 2020. The company proposes to duly elect new Board members at this year's Annual General Shareholders' Meeting in accordance with Article 195 of the Company Act.
2. The Board of Directors resolved that 10 directors (including 3 independent directors) will be elected at this Annual General Shareholders' Meeting with a term of three years in accordance with Article 14 of the Articles of Incorporation. The tenure of newly elected directors shall commence on June 16, 2020 and expire on June 15, 2023. The company will set up an audit committee to replace the supervisors, and the audit committee will be composed of all independent directors.
3. The election of directors is conducted under the "candidate nomination system" in accordance with the Company Act. The roster of the nominated directors has been reviewed by the Board meeting on May 5, 2020. The directors shall be elected from the nominated candidates. Personal information of the nominee is as follows:

Type	Name	Shareholding	Education, Present position and Experience	Whether or not he/she has served as an independent director for three consecutive terms.
Director	Sun-Chung Chen	4,049,087	<ul style="list-style-type: none">• EMBA, Business Administration, National Taiwan University• Electronic Engineer Department, Vanung University• Factory Director, ATEN International• R&D Manager, ATEN International	N/A

Type	Name	Shareholding	Education, Present position and Experience	Whether or not he/she has served as an independent director for three consecutive terms.
Director	Shang-Jen Chen	6,789,342	<ul style="list-style-type: none"> • Bachelor, Computer Science Department, National Chiao Tung University • Director and President, ATECH Peripherals INC. 	N/A
Director	Yung-Da Lin	0	<ul style="list-style-type: none"> • EMBA, International Business Management, National Taiwan University • Master, Electronic Engineering Department, National Taiwan University • Bachelor, Electronic Engineering Department, National Taiwan University • Product Director , Aver Media • R&D Director, Aver media 	N/A
Director	Shiu-Ta Liao	1,807,897	<ul style="list-style-type: none"> • Bachelor, Business Administration Department, Feng Chia University • Consultant of Tatungchinaware Co., Ltd. 	N/A
Director	Se-Se Chen	1,261,416	<ul style="list-style-type: none"> • Kai Ping Senior High School 	N/A
Director	Chen-Lin Kuo	0	<ul style="list-style-type: none"> • Bachelor, Business Department, National Taiwan University • Master, Business Management Department, New Mexico Highlands University • Specialist, Tax Reform Committee, Executive Yuan • Deputy Director, Fiscal Information Agency, Ministry of Finance • Associate Professor, Management Sciences Department, Tamkang University 	N/A

Type	Name	Shareholding	Education, Present position and Experience	Whether or not he/she has served as an independent director for three consecutive terms.
Director	Kun-Yu Chao	1,440,561	<ul style="list-style-type: none"> • Bachelor, Department of Medicine, National Yang-Ming University • Master, Department of Public Health, National Taiwan University • Deputy Director, Health Promotion Administration, Ministry of Health and Welfare • Department director, Department of Public Health, Taoyuan County • General Practitioner, Family Physician 	N/A
Independent Director	Chung-Jen Chen	0	<ul style="list-style-type: none"> • PhD, Rensselaer Polytechnic Institute • Associate Professor, Business Administration Department, National Taiwan University • Associate Dean of R&D, R&D Division, National Taiwan University • Associate Professor, Business Administration Department, National Cheng Kung University • Assistant Professor, Business Administration Department, National Cheng Kung University • Vice Engineer, CTCI 	N/A
Independent Director	Chun-Chung Chen	0	<ul style="list-style-type: none"> • PhD, International Business Administration, University of Texas at Dallas • Associate Professor, International Business Department, National Taiwan University • Associate Professor, International Business Department, Yuan Ze University • Assistant Professor, International Business Department, National Chi 	N/A

Type	Name	Shareholding	Education, Present position and Experience	Whether or not he/she has served as an independent director for three consecutive terms.
			Nan University	
Independent Director	Wei-Jen Chu	0	<ul style="list-style-type: none"> • Master, Accounting Department, National Chengchi University • PhD, Management of Jinan University in Guangzhou • Commissioner, Practice Committee, National Federation of CPA Association of the R.O.C. • Executive Director, National Federation of CPA Association of the R.O.C. • Senior Partner of Candor Taiwan CPAs • Executive Director, Taipei CPA Association • Executive Supervisor, Taipei CPA Association • Commissioner, Discipline Committee, Taiwan Provincial CPA Association • Adjunct Instructor, Fu Jen Catholic University • Adjunct Instructor, Chinese Culture University 	Nominee has served as an independent director for three consecutive terms. Taking into consideration of the nominee's financial and accounting profession and corporate governance expertise, the Company believes the nominee's independence and fair judgment and the nominee has obvious benefits to the Company. Therefore, the Company will nominate Mr. Wei-Jen Chu as independent director nominee.

Voting Results

Discussion

7.

Proposed by the Board

Discussion:

Proposal to release the Prohibition on Directors from Participation in Competitive Business. Please proceed to discuss.

Explanation:

- (1). According to the Company Act article 209, a director who acts for himself or on behalf of another person that is within the scope of the company's business, shall clarify the essential content of his act to the meeting of shareholders and secure annual shareholders' meeting's approval.
- (2). For the newly elected board of directors, it is proposed to request to release the prohibition on directors from participation in competitive business.
- (3). The details of director (including independent director) candidates holding other company positions are as follows:

Serial number	Account numbers	Name	Concurrent Positions Held at Other Companies
1	7	Sun-Chung Chen	Chairman, Xiufeng Elementary School Education Foundation Chairman, Aten US Holdings Inc. Chairman and President, Aten Technology Inc. Chairman and President, Aten New Jersey Inc. Chairman and President, Aten Research Inc. Chairman, Aten Infotech N.V. Chairman, Aten Korea Co., Ltd. Chairman, Aten Computer Products Co., Ltd. Director, Vision Factory Co., LTD Director, RCM Fully Automation Co.,

Serial number	Account numbers	Name	Concurrent Positions Held at Other Companies
			LTD.
2	6	Shang-Jen Chen	Chairman and President, Vision Factory Co., LTD
3	*	Yung-Da Lin	Chairman, RCM Fully Automation Co., LTD.
8	*	Chung-Jen Chen	Independent Director, USUN Technology Co., LTD Independent Director, Solteam Incorporation
9	*	Chun-Chung Chen	Independent Director, Alcor Micro Co., LTD
10	*	Wei-Jen Chu	Independent Director, International Games System Co., Ltd.

Resolution:

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 18, 2020, the shareholding of directors and supervisors is below:

Record date: April 18, 2020

Title	Name	Current Shareholding	Percentage
Chairman	Sun-Chung Chen	4,049,087	3.39%
Vice Chairman	Shang-Jen Chen	6,789,342	5.68%
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		10,904,089	9.13%
The combined shareholding of all supervisors on the book closure date		3,069,313	2.57%