



Stock Code: 6277

ATEN International Co., LTD

Handbook for the 2021 Annual Meeting of Shareholders

【Translation】

Meeting Time: June 17, 2021

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.)



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ATEN International Co., LTD

Procedure for the 2021 Annual Meeting of Shareholders

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



ATEN International Co., Ltd.
Year 2021
Agenda of Annual Meeting of Shareholders

Time: June 17, 2021 (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).2020 Business Report
- (2).2020 Audit Committee's Review Report
- (3).2020 Employees' Compensation and Directors' and Supervisors' Remuneration Report
- (4).2020 Distribution of Cash Dividends from Profits Report

2. Adoption Matters

- (1).Adoption of the Fiscal 2020 Business Report and Financial Statements
- (2).Adoption of the Proposal for Distribution of 2020 Profits

3. Discussion

- (1).Amendments to Rules of Procedure for Shareholders' Meetings
- (2).Amendments to Procedures of Acquisition or Disposal of Assets

4. Questions and Motions

5. Adjournment

Report Items

Item No. 1

2020 Business Reports

Explanation:

The 2020 Business Report is attached as page 5-7

ATEN International Co., LTD

2020 Business Report

Due to the impact of the COVID-19 epidemic on the global economy, ATEN's consolidated net sales revenue in FY2020 fell to NT\$4,824 million, down 4% on the previous year. Despite the effect that the epidemic had on sales, ATEN maintained a steady performance in terms of gross profit, with consolidated gross profit of NT\$2,839 million, and a consolidated gross profit margin of 59%. Overall earnings benefited from non-operating income from the disposal of long-term investments, and as a result earnings after tax came to NT\$1,502 million, representing after-tax earnings per share (EPS) of NT\$12.55.

As regards ATEN's product and R&D strategy, we have responded to the transformations and challenges resulting from the COVID-19 epidemic by introducing three major remote solutions: BYOD High-efficiency Collaborative Meetings, Learning Using Live-streamed Educational Content, and Enterprise Remote Offices. These solutions meet consumers' needs, while also safeguarding information security, in the areas of collaboration, interaction and switching with respect to employees' own devices, and digital video and USB virtual media signals etc. for online learning and accessing company computers or workstations while working at home. With these solutions, ATEN has been able to take advantage of the business opportunities presented by disease prevention efforts to boost overall sales performance for the ATEN Group as a whole. In the IT Infrastructure Access Management segment, ATEN has integrated the latest trends in AI to develop smart manufacturing solutions that provide remote monitoring, online data collection and machine vision functionality which can help firms to establish highly-efficient production lines. ATEN's remote computer management solutions use advanced security mechanisms combined with effective separation of internal and external networks to help customers build effective protective mechanisms that guard against hackers and prevent data leaks. In the Professional Video and Audio Products segment, ATEN has rolled out innovative products that feature highly extensible Video over IP and Power over Ethernet capability, and which help to simplify the process of network setup and reduce costs. ATEN's matrix-type presentation switch series products enhance meeting efficiency and meet demand for remote collaboration. Our comprehensive control signal transmission solutions can effectively enhance tele-medicine service capabilities. In the Green Energy Management Solutions segment, ATEN is focusing on data center control room power management, introducing a three-phase power distribution unit (PDU) which improves energy efficiency for devices with high power consumption, while also meeting capacity needs. ATEN has also developed flexible, customizable PDUs to enhance power supply usage efficiency. In the Consumer Products segment, ATEN has an in-depth understanding of the real value that customers need. Focusing on usage scenarios and usage applications, we have developed stylish hi-tech products that are fast, fashionable, reasonably-priced and highly functional.

In our sales strategy and production planning, ATEN has leveraged the company's close monitoring of trends in the AV/IT industry, and the competitive advantage provided by our ability to offer first-class solutions, to identify four key sectors - government, health-care, education and smart manufacturing - which we believe will drive the new wave of market growth in the "New Normal." In the future, we will continue to develop these four sectors in-depth, using our extensive product line-up to offer innovative, optimal solutions. In 2020, Taiwan-based ATEN Group member company ATECH Peripherals Inc. acquired the rack business, patents, trademarks etc. of Y-HSIN Industrial Co., Ltd. The plan is to be able to provide integrated, cross-product total solutions for the control room application environment, including IT architecture management products, specialist on-line uninterruptible power supply (UPS) systems, PDUs and racks. This will expand ATEN's product line while also strengthening overall operational synergy within the ATEN Group. As part of our response to the increasing prevalence of tariff barriers and other globalization-related issues, in 2020 ATEN increased the capitalization of its Thai subsidiary and established a manufacturing facility in Thailand. Having this additional manufacturing plant (which is scheduled to begin production in 2021) in a third country, besides our existing manufacturing facilities in Taiwan and China, will enhance ATEN's operational capabilities.

Besides maintaining profitability, ATEN is also committed to implementing sustainable corporate operation and being a positive force for the ongoing development of society. In every aspect of environmental, social and corporate governance (ESG), we are always working to integrate ATEN's core values - Integrity, Caring, Ambition and Novelty - with corporate social responsibility (CSR), emphasizing practical action above empty slogans, and making this a core element in our corporate culture. In August 2020, ATEN placed fourth in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizenship Award, marking the twelfth time that ATEN has won this award, which represents valued external recognition of ATEN's CSR and ESG 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.

In the current era of rapid evolution of information technology and of the Internet, besides continuing to grow its core business and develop innovative new products and technologies, ATEN is also constantly monitoring political and economic developments, both domestic and international. Through its involvement in industry associations, attendance at trade fairs and exhibitions, and participation in conferences and seminars, ATEN is able to stay up-to-date with the latest industry news and keep pace with market trends. This in turn makes it possible for ATEN to respond appropriately to changes in the legal and regulatory environment and in the overall business environment, while also taking concrete steps to combat intellectual property piracy so as to protect ATEN's rights in relation to

the sale of its patented products.

In 2020, ATEN was included in the Best Taiwan Global Brands for the third consecutive year. This special honor represents ongoing recognition of ATEN's efforts to develop global markets and build an international brand. Having a customer-focused approach has been ATEN's single most emphasized value over the past four decades. Looking ahead to the coming year, ATEN will continue working to build even more sustainable value for shareholders, employees, society and the environment as a Taiwanese brand with a management philosophy rooted in Taiwan.

ATEN International Co., LTD

Chairman : Sun-Chung Chen

President : Sun-Chung Chen

Chief Accountant : Jian-Nan Chen

Item No. 2**Audit Committee's Review Report on the 2020 Financial Statements****Explanation:**

- (1). The 2020 Financial Statements were audited by CPA and approved by the Audit Committee.
- (2). The 2020 Audit Committee's Review Report is attached as page 9.
- (3). CPA Audit Report is attached as page 10-17.

ATEN International Co., LTD

Audit Committee's Review Report

The Board of Directors has prepared the Company's 2020 Business Report, Financial Statements, and Earnings Distribution Proposal. ATEN International Financial Statements have been audited and certified by Po-Shu Huang, CPA, and Chung-Shun Wu, 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 determined to be correct and accurate by the Audit Committee members of ATEN International. According to Article 14-4 of Securities and Exchange Act and Article 219 of the Company act, we hereby submit this report.

ATEN International Co., LTD

Chairman of the Audit Committee : Wei-Jen Chu

March 4, 2021

Independent Auditors' Report

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

Opinion

We have audited the parent company only financial statements of ATEN INTERNATIONAL CO., LTD. ("Company"), which comprise the balance sheet as of December 31, 2020 and 2019, and the statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the parent company only financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

We conducted our audit of the parent company only financial statements as of and for the year ended December 31, 2020 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. Furthermore, we conducted our audit of the Parent Company Only 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the parent company only 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 parent company only financial statements for the year ended December 31, 2020. These matters were addressed in the context of our audit of the parent company only 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 notes 4(n) and 6(p) 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 contracts 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 notes 4(g), 5, and 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 Parent Company Only Financial Statements

Management is responsible for the preparation and fair presentation of the parent company only 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 parent company only financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company only 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 Audit Committee or the supervisors) are responsible for overseeing the Company's financial reporting process.

Auditors' Responsibilities for the Audit of the Parent Company Only Financial Statements

Our objectives are to obtain reasonable assurance about whether the parent company only 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 parent company only 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 parent company only 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 parent company only 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 parent company only financial statements, including the disclosures, and whether the parent company only 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 parent company only 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 Chung-Shun Wu.

KPMG

Taipei, Taiwan (Republic of China)
March 9, 2021

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, 2020 and 2019, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

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, 2020 and 2019, and its consolidated financial performance and its consolidated cash flows for the years then ended in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers and 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, 2020 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. Furthermore, 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. 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, 2020. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to notes 4(o) and 6(r) 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 notes 4(h), 5, and 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, 2020 and 2019, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Audit Committee or 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 Chung-shun Wu.

KPMG

Taipei, Taiwan (Republic of China)

March 9, 2021

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**2020 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 2020 employees' compensation totaling NT\$ 181,580,462 and directors and supervisors' remuneration totaling NT\$ 21,789,655. The amount is both distributed in cash.

Item No. 4

Distribution of Cash Dividends from Profits in 2020

Explanation:

ATEN International Annual Shareholders' Meeting approved the amendments to the Articles of Incorporation on June 14, 2019 to authorize the Board of Directors to approve quarterly cash dividends after the close of each quarter. The amounts and payment dates of 2020 quarterly cash dividends approved by the Board of Directors are demonstrated in the table below:

2020	Approval Date (month/date/year)	Payment Date (month/date/year)	Cash Dividends Per Share (NT\$)	Total Amount (NT\$)
First Quarter	2020/05/05		0.0	0
Second Quarter	2020/08/11	2020/12/16	2.5	298,677,915
Third Quarter	2020/11/10		0.0	0
Fourth Quarter	2021/03/09		3.0	358,413,498
Total			5.5	657,091,413

Adoption Matters

1.

Proposed by the Board

Proposal:

Adoption of the 2020 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 Chung-shun Wu of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board on March 9, 2021.
- (2). The 2020 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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2020		December 31, 2019				December 31, 2020		December 31, 2019	
		Amount	%	Amount	%			Amount	%	Amount	%
Assets						Liabilities and Equity					
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents (note 6(a))	\$ 271,844	4	348,292	6	2100	Short-term borrowings (note 6(i))	\$ 233,247	4	232,979	4
1110	Financial assets at fair value through profit or loss—current (note 6(b))	1,800,135	28	1,441,849	26	2120	Financial liabilities at fair value through profit or loss—current (note 6(b))	7,034	-	511	-
1120	Financial assets at fair value through other comprehensive income—current (note 6(c))	5,116	-	5,375	-	2150	Notes payable	233	-	475	-
1170	Accounts receivable, net (note 6(d))	159,346	3	164,209	3	2170	Accounts payable	160,999	3	191,450	3
1180	Accounts receivable—related parties, net (notes 6(d) and 7)	508,890	8	587,179	10	2180	Accounts payable—related parties (note 7)	76,419	1	104,184	2
130x	Inventories (note 6(e))	433,993	7	469,915	8	2200	Other payables (notes 6(l) and (q))	422,501	7	377,271	7
1410	Prepayments	8,528	-	5,874	-	2220	Other payables—related parties (note 7)	201,147	3	191,778	3
1470	Other current assets	21,423	-	23,914	-	2230	Current tax liabilities	180,235	3	137,683	3
	Total current assets	3,209,275	50	3,046,607	53	2250	Provisions—current (note 6(j))	25,277	-	24,790	-
15xx	Non-current assets:					2280	Current lease liabilities (note 6(k))	1,933	-	1,724	-
1517	Financial assets at fair value through other comprehensive income—non-current (note 6(c))	24,780	-	21,780	-	2399	Other current liabilities	9,255	-	9,970	-
1550	Investments accounted for under equity method (note 6(f))	1,206,565	19	805,473	14		Total current liabilities	1,318,280	21	1,272,815	22
1600	Property, plant and equipment (notes 6(g) and 7)	1,683,422	27	1,606,811	28	25xx	Non-Current liabilities:				
1755	Right-of-use assets (note 6(h))	5,202	-	4,569	-	2560	Non-current liabilities	52,212	1	-	-
1840	Deferred income tax assets (note 6(m))	143,575	2	132,407	3	2570	Deferred income tax liabilities (note 6(m))	120,756	2	115,263	2
1915	Prepayments for equipment	-	-	4,294	-	2580	Non-current lease liabilities (note 6(k))	3,349	-	2,872	-
1920	Refundable deposits	448	-	569	-	2640	Net defined benefit liabilities—non-current (note 6(l))	91,589	1	94,122	2
1980	Other financial assets—non-current (notes 8 and 9)	106,511	2	114,572	2	2645	Deposits received	1,115	-	1,115	-
	Total non-current assets	3,170,503	50	2,690,475	47	2670	Other non-current liabilities	5,243	-	4,007	-
							Total non-current liabilities	274,264	4	217,379	4
						2xxx	Total liabilities	1,592,544	25	1,490,194	26
							Equity (note 6(n)):				
						3110	Common stock	1,194,711	19	1,194,711	21
							Capital surplus:				
						3210	Additional paid-in capital	316,913	5	316,913	6
						3250	Donated assets received	50	-	50	-
						3260	Changes in equity of associates accounted for using equity method	-	-	28,671	-
								316,963	5	345,634	6
							Retained earnings:				
						3310	Legal reserve	1,465,181	23	1,271,617	22
						3320	Special reserve	145,188	2	107,295	2
						3350	Unappropriated retained earnings	1,789,407	28	1,454,776	25
								3,399,776	53	2,833,688	49
							Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(107,158)	(2)	(110,346)	(2)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,058)	-	(16,799)	-
								(124,216)	(2)	(127,145)	(2)
						3xxx	Total equity	4,787,234	75	4,246,888	74
1xxx	Total assets	\$ 6,379,778	100	\$ 5,737,082	100	2-3xxx	Total liabilities and equity	\$ 6,379,778	100	\$ 5,737,082	100

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (notes 6(p) and 7)	\$ 3,277,611	100	3,478,432	100
5000	Operating costs (notes 6(e), (g), (h), (j), (k), (l), (q) and 7)	<u>1,553,652</u>	<u>47</u>	<u>1,560,274</u>	<u>44</u>
5900	Gross profit from operations	1,723,959	53	1,918,158	56
5910	Less: unrealized profit (loss) from sales	<u>(789)</u>	<u>-</u>	<u>(13,461)</u>	<u>-</u>
5900	Gross profit	<u>1,724,748</u>	<u>53</u>	<u>1,931,619</u>	<u>56</u>
6000	Operating expenses (notes 6(g), (h), (k), (l), (q) and 7):				
6100	Selling expenses	396,505	12	421,131	12
6200	Administrative expenses	313,672	10	331,756	10
6300	Research and development expenses	<u>493,496</u>	<u>15</u>	<u>452,263</u>	<u>13</u>
	Total operating expenses	<u>1,203,673</u>	<u>37</u>	<u>1,205,150</u>	<u>35</u>
6900	Operating profit	<u>521,075</u>	<u>16</u>	<u>726,469</u>	<u>21</u>
7000	Non-operating income and expenses (notes 6(f), (k), (r) and 7):				
7100	Interest income	1,192	-	1,021	-
7010	Other income	48,173	1	138,833	4
7020	Other gains and losses	1,060,825	32	3,864	-
7050	Finance costs	<u>(4,320)</u>	<u>-</u>	<u>(4,586)</u>	<u>-</u>
7375	Share of profit (loss) of subsidiaries and associates accounted for under equity method	<u>(14,510)</u>	<u>-</u>	<u>15,818</u>	<u>-</u>
	Total non-operating income and expenses	<u>1,091,360</u>	<u>33</u>	<u>154,950</u>	<u>4</u>
7900	Profit from continuing operations before tax	1,612,435	49	881,419	25
7950	Less: Income tax expenses (note 6(m))	<u>113,167</u>	<u>3</u>	<u>158,286</u>	<u>4</u>
	Net income	<u>1,499,268</u>	<u>46</u>	<u>723,133</u>	<u>21</u>
8300	Other comprehensive income (notes 6(f), (m) and (n)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	2,432	-	148	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	<u>(259)</u>	<u>-</u>	<u>733</u>	<u>-</u>
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	<u>461</u>	<u>-</u>	<u>(2)</u>	<u>-</u>
	Components of other comprehensive income that will not be reclassified to profit or loss	<u>1,712</u>	<u>-</u>	<u>883</u>	<u>-</u>
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	3,120	-	(20,550)	(1)
8380	Share of other comprehensive income of subsidiaries and associates accounted for using equity method	131	-	(177)	-
8399	Income tax related to components of other comprehensive income that will be reclassified to profit or loss	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
	Components of other comprehensive income that will be reclassified to profit or loss	<u>3,251</u>	<u>-</u>	<u>(20,727)</u>	<u>(1)</u>
8300	Other comprehensive income	<u>4,963</u>	<u>-</u>	<u>(19,844)</u>	<u>(1)</u>
8500	Total comprehensive income	<u>\$ 1,504,231</u>	<u>46</u>	<u>703,289</u>	<u>20</u>
9750	Basic earnings per share (in New Taiwan dollars) (note 6(o))	<u>\$ 12.55</u>		<u>6.05</u>	
9850	Diluted earnings per share (in New Taiwan dollars) (note 6(o))	<u>\$ 12.30</u>		<u>5.95</u>	

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

							Total other equity interest					
							Financial statements translation differences for foreign operations	Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Total	Total equity		
Retained earnings												
Unappropriated												
		Ordinary shares	Capital surplus	Legal reserve	Special reserve	retained earnings	Total					
Balance at January 1, 2019	A1	\$	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 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
Appropriation and distribution of retained earnings:												
Legal reserve appropriated	B1	-	-	193,564	-	(193,564)	-	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	37,893	(37,893)	-	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(931,875)	(931,875)	-	-	-	-	(931,875)
Changes in equity of associates accounted for using equity method	C7	-	885	-	-	-	-	-	-	-	-	885
Net income	D1	-	-	-	-	1,499,268	1,499,268	-	-	-	-	1,499,268
Other comprehensive income	D3	-	-	-	-	2,034	2,034	3,188	(259)	2,929		4,963
Total comprehensive income	D5	-	-	-	-	1,501,302	1,501,302	3,188	(259)	2,929		1,504,231
Disposal of investments accounted for using equity method	M3	-	(29,556)	-	-	-	-	-	-	-	-	(29,556)
Difference between consideration and carrying amount of subsidiaries acquired	M5	-	-	-	-	(3,339)	(3,339)	-	-	-	-	(3,339)
Balance at December 31, 2020	Z1	\$	1,194,711	316,963	1,465,181	145,188	1,789,407	3,399,776	(107,158)	(17,058)	(124,216)	4,787,234

(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, 2020 and 2019

(Expressed in Thousands of New Taiwan Dollars)

		2020	2019
AAAA	Cash flows from operating activities:		
A10000	Net income before tax	\$ 1,612,435	881,419
A20000	Adjustments:		
A20010	Adjustments to reconcile profit and loss		
A20100	Depreciation expense	49,307	41,635
A20900	Interest expenses	4,320	4,586
A21200	Interest income	(1,192)	(1,021)
A21300	Dividend income	(230)	(158)
A22400	Share of loss (profit) of associates accounted for under equity method	14,510	(15,818)
A22500	Gains on disposal of property, plant and equipment	(143)	(179)
A22600	Property, plant and equipment transferred to expenses	272	310
A23200	Gain on disposal of investments accounted for using equity method	(1,062,042)	-
A23900	Unrealized loss from sales	(789)	(13,461)
A20010	Total adjustments to reconcile profit and loss	(995,987)	15,894
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	(358,286)	(555,623)
A31130	Notes receivable	-	133
A31150	Accounts receivable	4,863	34,541
A31160	Accounts receivable—related parties	78,289	(82,837)
A31200	Inventories	35,922	(19,502)
A31230	Prepayments	(2,654)	(359)
A31240	Other current assets	2,491	81,693
A31000	Total changes in operating assets, net	(239,375)	(541,954)
A32000	Net changes in operating liabilities:		
A32110	Financial liabilities held for trading	6,523	(1,378)
A32130	Notes payable	(242)	280
A32150	Accounts payable	(30,451)	(19,687)
A32160	Accounts payable—related parties	(27,765)	29,562
A32180	Other payable	39,987	(86,502)
A32190	Other payable—related parties	9,369	(55)
A32200	Provisions	487	2,130
A32230	Other current liabilities	(715)	3,648
A32240	Net defined benefit liabilities	(101)	(2,702)
A32990	Other non-current liabilities	1,236	1,442
A32000	Total changes in operating liabilities, net	(1,672)	(73,262)
A30000	Total changes in operating assets / liabilities, net	(241,047)	(615,216)
A20000	Total adjustments	(1,237,034)	(599,322)
A33000	Cash provided by operating activities	375,401	282,097
A33200	Dividends received	12,325	1,106,259
A33500	Payment of income tax	(24,539)	(138,918)
AAAA	Net cash provided by operating activities	363,187	1,249,438
BBBB	Cash flows from investing activities:		
B00010	Acquisition of financial assets at fair value through other comprehensive income	(3,000)	-
B00200	Proceeds from disposal of financial assets designated at fair value through profit or loss	918,133	-
B01800	Acquisition of investments accounted for using equity method	(517,446)	(5,839)
B01900	Proceeds from disposal of investments accounted for using equity method	205,688	-
B02700	Acquisition of property, plant and equipment	(118,971)	(57,980)
B02800	Proceeds from disposal of property, plant and equipment	316	333
B03800	Decrease in refundable deposits	121	3,005
B06500	Decrease (increase) in other financial assets—non-current	8,061	(568)
B07100	Decrease (increase) in prepayments for equipment	4,294	(4,294)
B07500	Interest received	1,192	1,021
BBBB	Net cash provided by (used in) investing activities	498,388	(64,322)
CCCC	Cash flows from financing activities:		
C00100	Increase (decrease) in short-term borrowings	268	(83,252)
C03000	Decrease in deposits received	-	(122)
C04020	Payment of lease liabilities	(2,096)	(1,849)
C04500	Cash dividends paid	(931,875)	(955,769)
C05600	Interest paid	(4,320)	(4,586)
CCCC	Net cash used in financing activities	(938,023)	(1,045,578)
EEEE	Net increase (decrease) in cash and cash equivalents	(76,448)	139,538
E00100	Cash and cash equivalents at beginning of period	348,292	208,754
E00200	Cash and cash equivalents at end of period	\$ 271,844	348,292

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

		<u>December 31, 2020</u>		<u>December 31, 2019</u>				<u>December 31, 2020</u>		<u>December 31, 2019</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))	\$ 941,902	13	741,720	11	2100	Short-term borrowings (notes 6(k) and 8)	\$ 781,779	10	706,466	11
1110	Financial assets at fair value through profit or loss — current (note 6(b))	1,933,163	26	1,591,007	24	2322	Current portion of long-term borrowings (notes 6(k) and 8)	5,608	-	8,822	-
1120	Financial assets at fair value through other comprehensive income — current (note 6(c))	5,116	-	5,375	-	2120	Financial liabilities at fair value through profit or loss — current (note 6(b))	7,858	-	1,369	-
1140	Contract assets-current (note 6(r))	1,532	-	-	-	2150	Notes payable	1,873	-	3,948	-
1150	Notes receivable, net (notes 6(d) and (r))	9,574	-	8,467	-	2170	Accounts payable (note 7)	350,867	5	377,411	6
1170	Accounts receivable, net (notes 6(d) and (r))	758,222	10	619,952	9	2219	Other payable (notes 6 (n) and (s))	610,934	8	504,050	8
1200	Other receivables (note 6(e))	1,906	-	3,125	-	2230	Current tax liabilities	192,811	3	150,369	2
130x	Inventories(note 6(f))	1,013,610	14	985,248	16	2250	Provisions — current (note 6(l))	25,277	-	24,790	-
1410	Prepayments	67,644	1	65,405	1	2280	Current lease liabilities (note 6(m))	62,373	1	55,285	1
1470	Other current assets	32,647	-	32,548	-	2399	Other current liabilities	70,232	1	64,498	1
	Total current assets	<u>4,765,316</u>	<u>64</u>	<u>4,052,847</u>	<u>61</u>		Total current liabilities	<u>2,109,612</u>	<u>28</u>	<u>1,897,008</u>	<u>29</u>
15xx	Non-current assets:					25xx	Non-Current liabilities:				
1517	Financial assets at fair value through other comprehensive income — non-current (note 6(c))	24,780	-	21,780	-	2540	Long-term borrowings (notes 6(k) and 8)	53,891	1	26,625	-
1550	Investments accounted for under equity method (note 6(g))	-	-	84,809	1	2560	Non-current tax liabilities	52,212	1	-	-
1600	Property, plant and equipment (notes 6(h) and 8)	2,210,053	29	2,000,424	30	2570	Deferred income tax liabilities (note 6(o))	174,539	2	174,917	3
1755	Right-of-use assets (note 6(i))	168,172	2	143,751	3	2580	Non-current lease liabilities (note 6(m))	111,891	1	91,742	1
1780	Intangible assets(note 6(j))	13,680	-	2,756	-	2640	Net defined benefit liabilities — non-current (note 6(n))	93,730	1	96,369	1
1840	Deferred income tax assets (note 6(o))	170,886	3	207,177	3	2645	Deposits received	1,115	-	1,115	-
1915	Prepayments for equipment	4,815	-	6,906	-	2670	Other non-current liabilities	44,384	1	38,044	1
1920	Refundable deposits	27,784	-	17,800	-		Total non-current liabilities	<u>531,762</u>	<u>7</u>	<u>428,812</u>	<u>6</u>
1980	Other financial assets — non-current (notes 8 and 9)	106,511	2	117,166	2	2xxx	Total liabilities	<u>2,641,374</u>	<u>35</u>	<u>2,325,820</u>	<u>35</u>
1990	Other non-current assets	318	-	549	-	3110	Equity attributable to shareholders of the company (note 6(p)):	<u>1,194,711</u>	<u>16</u>	<u>1,194,711</u>	<u>18</u>
	Total non-current assets	<u>2,726,999</u>	<u>36</u>	<u>2,603,118</u>	<u>39</u>	3200	Common stock				
						3210	Capital surplus:				
						3210	Additional paid-in capital	316,913	4	316,913	5
						3250	Donated assets received	50	-	50	-
						3260	Changes in equity of associates accounted for using equity method	-	-	28,671	-
								<u>316,963</u>	<u>4</u>	<u>345,634</u>	<u>5</u>
						3300	Retained earnings:				
						3310	Legal reserve	1,465,181	19	1,271,617	19
						3320	Special reserve	145,188	2	107,295	2
						3350	Unappropriated retained earnings	1,789,407	24	1,454,776	22
								<u>3,399,776</u>	<u>45</u>	<u>2,833,688</u>	<u>43</u>
						3400	Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(107,158)	(1)	(110,346)	(2)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,058)	-	(16,799)	-
								<u>(124,216)</u>	<u>(1)</u>	<u>(127,145)</u>	<u>(2)</u>
							Total equity attributable to shareholders of the company	<u>4,787,234</u>	<u>64</u>	<u>4,246,888</u>	<u>64</u>
						36xx	Non-controlling interests	<u>63,707</u>	<u>1</u>	<u>83,257</u>	<u>1</u>
						3xxx	Total equity	<u>4,850,941</u>	<u>65</u>	<u>4,330,145</u>	<u>65</u>
1xxx	Total assets	<u>\$ 7,492,315</u>	<u>100</u>	<u>6,655,965</u>	<u>100</u>	2-3xxx	Total liabilities and equity	<u>\$ 7,492,315</u>	<u>100</u>	<u>6,655,965</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, 2020 and 2019

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

		2020		2019	
		Amount	%	Amount	%
4000	Operating revenue (note 6(r))	\$ 4,823,613	100	5,032,719	100
5000	Operating costs (notes 6(f), (h), (i), (j), (l), (m), (n), (s) and 7)	1,984,333	41	1,994,258	40
5900	Gross profit	2,839,280	59	3,038,461	60
6000	Operating expenses (notes 6(d), (h), (i), (j), (m), (n), (s) and 7):				
6100	Selling expenses	1,230,751	25	1,238,596	25
6200	Administrative expenses	512,333	11	546,764	11
6300	Research and development expenses	489,644	10	475,938	9
6450	Impairment loss determined in accordance with IFRS9	(1,798)	-	829	-
	Total operating expenses	2,230,930	46	2,262,127	45
6900	Operating profit	608,350	13	776,334	15
7000	Non-operating income and expenses (notes 6(g), (m) and (t)):				
7100	Interest income	3,475	-	5,139	-
7010	Other income	40,200	-	115,493	2
7020	Other gains and losses	1,056,906	22	5,412	-
7050	Finance costs	(21,186)	-	(30,220)	(1)
7060	Share of profit of associates accounted for under equity method	5,573	-	25,586	1
	Total non-operating income and expenses	1,084,968	22	121,410	2
7900	Profit from continuing operations before tax	1,693,318	35	897,744	17
7950	Less: Income tax expenses (note 6(o))	191,340	4	171,124	3
	Net income	1,501,978	31	726,620	14
8300	Other comprehensive income (notes 6(g), (o) and (p)):				
8310	Components of other comprehensive income that will not be reclassified to profit or loss				
8311	Gains (losses) on remeasurements of defined benefit plans	2,475	-	49	-
8316	Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	(259)	-	733	-
8349	Income tax related to components of other comprehensive income that will not be reclassified to profit or loss	461	-	(2)	-
	Components of other comprehensive income that will not be reclassified to profit or loss	1,755	-	784	-
8360	Components of other comprehensive income (loss) that will be reclassified to profit or loss				
8361	Exchange differences on translation of foreign financial statements	2,679	-	(22,539)	-
8370	Share of other comprehensive income of associates accounted for using equity method	131	-	(177)	-
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	2,810	-	(22,716)	-
8300	Other comprehensive income	4,565	-	(21,932)	-
8500	Total comprehensive income	\$ 1,506,543	31	704,688	14
8600	Net income attributable to:				
8610	Shareholders of the parent	\$ 1,499,268	31	723,133	14
8620	Non-controlling interests	2,710	-	3,487	-
		\$ 1,501,978	31	726,620	14
8700	Total comprehensive income attributable to:				
8710	Shareholders of the parent	\$ 1,504,231	31	703,289	14
8720	Non-controlling interests	2,312	-	1,399	-
		\$ 1,506,543	31	704,688	14
	Basic earnings per share (in New Taiwan dollars) (note 6(q))				
9750	Basic earnings per share	\$ 12.55		6.05	
9850	Diluted earnings per share	\$ 12.30		5.95	

(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, 2020 and 2019
(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, 2019	A1	\$ 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 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
Appropriation and distribution of retained earnings:													
Legal reserve appropriated	B1	-	-	193,564	-	(193,564)	-	-	-	-	-	-	-
Special reserve appropriated	B3	-	-	-	37,893	(37,893)	-	-	-	-	-	-	-
Cash dividends of ordinary share	B5	-	-	-	-	(931,875)	(931,875)	-	-	-	(931,875)	(5,955)	(937,830)
Changes in equity of associates accounted for using equity method	C7	-	885	-	-	-	-	-	-	-	885	-	885
Net income	D1	-	-	-	-	1,499,268	1,499,268	-	-	-	1,499,268	2,710	1,501,978
Other comprehensive income	D3	-	-	-	-	2,034	2,034	3,188	(259)	2,929	4,963	(398)	4,565
Total comprehensive income	D5	-	-	-	-	1,501,302	1,501,302	3,188	(259)	2,929	1,504,231	2,312	1,506,543
Disposal of investments accounted for using equity method	M3	-	(29,556)	-	-	-	-	-	-	-	(29,556)	-	(29,556)
Difference between consideration and carrying amount of subsidiaries acquired	M5	-	-	-	-	(3,339)	(3,339)	-	-	-	(3,339)	-	(3,339)
Changes in non-controlling interests	O1	-	-	-	-	-	-	-	-	-	-	(15,907)	(15,907)
Balance at December 31, 2020	Z1	\$ 1,194,711	316,963	1,465,181	145,188	1,789,407	3,399,776	(107,158)	(17,058)	(124,216)	4,787,234	63,707	4,850,941

(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, 2020 and 2019
(Expressed in Thousands of New Taiwan Dollars)

	2020	2019
AAAA Cash flows from operating activities:		
A10000 Net income before tax	\$ 1,693,318	897,744
A20000 Adjustments:		
A20010 Adjustments to reconcile profit and loss		
A20100 Depreciation expense	160,769	149,781
A20200 Amortization expense	2,243	-
A20300 Impairment loss determined in accordance with IFRS9	(1,798)	829
A20900 Interest expenses	21,186	30,220
A21200 Interest income	(3,475)	(5,139)
A21300 Dividend income	(230)	(158)
A22300 Share of profit of associates accounted for under equity method	(5,573)	(25,586)
A22500 Losses on disposal of property, plant and equipment	352	114
A22600 Property, plant and equipment transferred to expenses	272	353
A23200 Gains on disposal of investments accounted for using equity method	(1,062,042)	-
A20010 Total adjustments to reconcile profit and loss	(888,296)	150,414
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	(342,156)	(173,071)
A31125 Contract assets	(1,532)	-
A31130 Notes receivable	(1,107)	(534)
A31150 Accounts receivable	(136,394)	100,425
A31180 Other receivable	1,219	89,566
A31200 Inventories	(27,808)	73,773
A31230 Prepayments	(2,239)	(13,006)
A31240 Other current assets	(99)	(2,318)
A31000 Total changes in operating assets, net	(510,116)	74,835
A32000 Net changes in operating liabilities:		
A32110 Financial liabilities held for trading	6,489	(878)
A32130 Notes payable	(2,075)	(415)
A32150 Accounts payable	(26,544)	(92,670)
A32180 Other payable	101,641	(99,238)
A32200 Provisions	487	2,130
A32230 Other current liabilities	5,734	1,744
A32240 Net defined benefit liabilities	(562)	(2,701)
A32990 Other non-current liabilities	6,340	942
A32000 Total changes in operating liabilities, net	91,510	(191,086)
A30000 Total changes in operating assets / liabilities, net	(418,606)	(116,251)
A20000 Total adjustments	(1,306,902)	34,163
A33000 Cash provided by operating activities	386,416	931,907
A33200 Dividends received	230	18,946
A33500 Payment of income tax	(45,343)	(240,430)
AAAA Net cash provided by operating activities	341,303	710,423
BBBB Cash flows from investing activities:		
B00010 Acquisition of financial assets at fair value through other comprehensive income	(3,000)	-
B00200 Proceeds from disposal of financial assets designated at fair value through profit or loss	918,133	-
B01900 Proceeds from disposal of investments accounted for under equity method	205,688	560,978
B02700 Acquisition of property, plant and equipment	(293,968)	(102,231)
B02800 Proceeds from disposal of property, plant and equipment	566	1,166
B03700 Decrease (increase) in refundable deposits	(9,984)	2,451
B04500 Acquisition of intangible assets	(13,167)	-
B06500 Decrease (increase) in other financial assets — non-current	10,655	(477)
B06700 Decrease (increase) in other non-current assets	231	(549)
B07100 Decrease (increase) in prepayments for equipment	2,091	(6,906)
B07500 Interest received	3,475	5,139
BBBB Net cash provided by investing activities	820,720	459,571
CCCC Cash flows from financing activities:		
C00200 Increase (decrease) in short-term loans	77,445	(50,441)
C01600 Proceeds from long-term debt	32,243	10,433
C01700 Repayment of long-term borrowings	(5,608)	(9,941)
C03000 Decrease in deposits received	-	(480)
C04020 Payment of lease liabilities	(69,039)	(59,933)
C04500 Cash dividends paid	(937,830)	(963,447)
C05400 Acquisition of ownership interests in subsidiaries	(19,246)	-
C05600 Interest paid	(21,186)	(30,220)
CCCC Net cash used in financing activities	(943,221)	(1,104,029)
DDDD Effect of exchange rate changes on cash and cash equivalents	(18,620)	(16,622)
EEEE Increase in cash and cash equivalents for the period	200,182	49,343
E00100 Cash and cash equivalents at beginning of period	741,720	692,377
E00200 Cash and cash equivalents at end of period	\$ 941,902	741,720

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2020 Profits

Explanation:

- (1). The Board has adopted a Proposal for Distribution of 2020 Profits in accordance with the Articles of Incorporation. Beginning retained earnings is NT\$ 729,414,339. After adding net profit after tax of NT\$ 1,499,268,106, setting aside the legal reserve of NT\$ 149,796,354 and the special reserve of NT\$ 2,928,850, and then subtracting other adjustment items of NT\$ 1,304,567, the retained earnings available for distribution is NT\$ 2,080,510,374 and the proposed cash dividend to shareholders is NT\$ 657,091,413.
- (2). Profit Distribution Table is attached as page 30.

Resolution:

ATEN International Co., Ltd.
PROFIT DISTRIBUTION TABLE

Year 2020

(Unit: NTD \$)

Items	Amount
Beginning retained earnings	729,414,339
Add : 2020 net profit after tax	1,499,268,106
Less : Difference between consideration and carrying amount of subsidiaries acquired or disposed	3,338,484
Add : Special earnings reserves on reductions to shareholders' equity	2,928,850
Add : Current change in remeasurements of defined benefit plans	1,970,814
Add : Share of other comprehensive income accounted for under equity method	63,103
Distributable net profit	2,230,306,728
Legal reserve appropriated	
Less : Accumulated reserves in the first three quarters of 2020 (Note1)	121,250,817
Less : Reserved difference at the end of year 2020	28,545,537
Special earnings reserves on reductions to shareholders' equity	
Less : Accumulated reserves in the first three quarters of 2020 (Note1)	18,042,598
Add : Reversal difference at the end of year 2020	18,042,598
Distributable items :	
Resolved distribution of interim earnings in 2020 (Note1)	298,677,915
2020 Q4 Cash Dividends (NT 3.0 per share)	358,413,498
Unappropriated retained earnings	1,423,418,961

Note1 : In the second quarter of 2020, due to the interim earnings distribution: the legal reserve totaling NT 121,250,817, the special reserve totaling NT 18,042,598 and the resolved cash dividend totaling NT 298,677,915 (NT 2.5 per share), respectively.

Discussion

1.

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.11000014461 issued by the Taiwan Stock Exchange Corporation on January 28, 2021, 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:

2.

Proposed by the Board

Discussion:

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

Explanation:

- (1). In response to 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:

Questions and Motions

Adjournment

Appendix : Current Shareholding of Directors

ATEN International Co., LTD

The (minimum required) combined Shareholding of Directors

1. The minimum required combined shareholding of all directors 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.
2. As of the record date April 19, 2021, the shareholding of directors is below:

Record date: April 19, 2021

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	Yung-Da Lin	0	0.00%
Director	Kun-Yu Chao	1,431,561	1.20%
Director	Se-Se Chen	1,261,416	1.06%
Director	Shiu-Ta Liao	1,807,897	1.51%
Director	Chen-Lin Kuo	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%
The combined shareholding of all directors on the book closure date		15,339,303	12.84%