



Stock Code: 6277

ATEN International Co., LTD

Handbook for the 2019 Annual Meeting of Shareholders

【Translation】

Meeting Time: June 14, 2019

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.....	P20
V. Discussion.....	P31
VI. Questions and Motions.....	P33
Appendix : Current Shareholding of Directors and Supervisors	P34



ATEN International Co., LTD

Procedure for the 2019 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 Company, Ltd.
Year 2019
Agenda of Annual Meeting of Shareholders

Time: June 14, 2019 (Friday) 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).2018 Business Report
- (2).Supervisor’s Review Report on the 2018 Financial Statements
- (3).2018 Employees’ Compensation and Directors and Supervisors’ Remuneration Report
- (4).Amendment to Rules and Procedures of the Meeting of Board of Directors

2. Adoption Matters

- (1).Adoption of the Fiscal 2018 Business Report and Financial Statements
- (2).Adoption of the Proposal for Distribution of 2018 Profits

3. Discussion

- (1).Amendment to the Articles of Incorporation
- (2).Amendment to the Operational Procedures for Acquisition and Disposal of Assets
- (3).Amendment to the Operational Procedures for Loaning of Company Funds
- (4).Amendment to the Operational Procedures for Endorsements and Guarantees

4. Questions and Motions

5. Adjournment

Report Items

Item No. 1

2018 Business Reports

Explanation:

The 2018 Business Report is attached as page 5-7.

ATEN International Co., LTD

2018 Business Report

ATEN achieved impressive operational performance in FY2018. Consolidated net sales revenue for the full year was NT\$5,173 million, a record high for the company, and representing year-on-year growth of 4.6%. Gross profit totaled NT\$3,044 million, up 4.1% year-on-year, with a gross profit margin of 58.8%. Benefiting from an increase in non-operating earnings on disposal of investment, consolidated earnings after tax came to NT\$1,588 million, up 115.1% year-on-year, and representing after-tax earnings per share (EPS) of NT\$13.19.

As regards product development, ATEN has implemented a full-scale roll-out of its C2B (Customer to Business) business model, working actively to collect user feedback and user experience data, and to identify user requirements and issues. ATEN is striving to meet users' needs and resolve sales challenges, adopting a service-centric approach to the creation of value-added, and working to build competitive advantage through differentiation, so that the company can develop new business opportunities in "blue ocean" uncontested market spaces. ATEN's product development plan is outlined below: In the Professional Audio/Video (Pro AV) Solutions segment, recognizing the strong demand for corporate videoconferencing solutions and the importance of the collaboration experience, ATEN has launched the new Core Series and Collaborative Series matrix-type Presentation Switch products. These new products integrate multiple systems into a single device, with the capability to control different interfaces, and also incorporate an app for hand-held devices in line with the trend towards a "Bring Your Own Device" (BYOD) approach; they are thus able to provide both convenient switching technology and a first-class user experience. ATEN has also developed an integrated, cloud-based central management and control platform that facilitates simple unified management of multiple matrix-type Audio/Video devices. In the IT Infrastructure Access Management segment, ATEN is expanding into the "smart manufacturing" market, providing remote control management (RCM) solutions supported by optical character recognition (OCR) technology to assist with Big Data collection and help customers to implement analysis and forecasting, reducing the incidence of human error and improving yield rates to meet the needs of smart factory automation control. To meet centralized control application needs, ATEN has introduced new high-end KVM-over-IP matrix-type system management solutions that feature more powerful centralized control and remote management functions. In the green energy management solutions segment, ATEN has been addressing market demand for both basic and smart power distribution units (PDUs), focusing on control room management solutions and providing flexible customization to enhance users' electric power usage monitoring capabilities and power use efficiency, and to facilitate the achievement of energy saving goals. In the consumer products segment, ATEN has adopted a human-centric design approach,

focusing on customer needs and customer behavior to deliver highly-practical products that integrate the latest technology trends with streamlined, aesthetically-pleasing design and high productivity to successfully appeal to the target customer groups.

As regards marketing and R&D development, ATEN has been working steadily to expand its global network of business locations, providing comprehensive, localized service and establishing channels for direct communication to win customers' trust. ATEN is actively developing emerging markets with significant growth potential by establishing local sales locations, including local subsidiaries and showrooms. There are currently a total of 24 ATEN showrooms around the world, six of which were established in 2018. Besides expanding its sales network, ATEN has achieved impressive results in its development of new technologies and products. New products that have been launched recently include: the 4K HDMI KVM-over-IP extender, the Secure KVM Switch series, the DisplayPort KVM Switch series, multi-function collaborative working space environmental control products, the Presentation Switch series, the USB Type-C 10-in-1 multiport dock, the Thunderbolt 3 8-in-1 multiport dock, etc. ATEN has won a number of awards for its innovative products. For example, ATEN's industry-leading compact dual-rail, wide-screen LCD controller and its 4K HDMI-over-IP extender have both been awarded the Taiwan Excellence Award from the Taiwan External Trade Development Council (TAITRA). ATEN's 4K HDMI-over-IP extender also won the 2018 Computex Best Choice award and the 2018 Red Dot Award. These prestigious awards represent recognition of ATEN's outstanding technology innovation capabilities.

In regard to ATEN's fulfillment of its corporate social responsibility (CSR) obligations, ATEN has for many years now adopted a systematic approach to CSR implementation based around the company's Corporate Social Responsibility Committee and CSR Group, working constantly to achieve further improvements in the four key areas of corporate governance, corporate commitments, social engagement and environmental sustainability. Besides continuing with its own individual CSR efforts, ATEN also collaborates and interacts proactively with stakeholders, including the public sector, social welfare organizations, suppliers, overseas subsidiaries, employees and their families, and other business enterprises, while using a variety of methods to share ATEN's experience and achievements in the area of CSR, with the aim of exerting a beneficial influence and maximizing positive spillover effects. In August 2018, ATEN placed first in the Medium-sized Enterprises section of CommonWealth magazine's Corporate Citizenship Award, marking the tenth 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 for the global community.

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

ATEN International Co., LTD

Chairman : Sun-Chung Chen

President : Sun-Chung Chen

Chief Accountant : Jian-Nan Chen

Item No. 2

Supervisor's Review Report on the 2018 Financial Statements

Explanation:

- (1). The 2018 Supervisor's Review Report is attached as page 9.
- (2). CPA Audit Report is attached as page 10-17.

ATEN International Co., LTD

Supervisors Review Report

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

ATEN International Co., LTD

Supervisor : Se-Se Chen

Shiu-Ta Liao

Chen- Lin Kuo

March 12, 2019

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, 2018 and 2017, and the statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, and its financial performance and its cash flows for the years ended December 31, 2018 and 2017 in accordance with the Regulations Governing the Preparation of Financial Reports by Securities Issuers.

Basis for Opinion

We conducted our audit in accordance with the Regulations Governing Auditing and Certification of Financial Statements by Certified Public Accountants and the auditing standards generally accepted in the Republic of China. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(n), note 6(q) and (r) 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 Company adapted IFRS 15, and 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 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(g) 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 Lin Wu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2019

Note to Readers

The accompanying parent company only financial statements are intended only to present the statement of financial position, financial performance and its cash flows in accordance with the accounting principles and practices generally accepted in the Republic of China and not those of any other jurisdictions. The standards, procedures and practices to audit such 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, 2018 and 2017, and the consolidated statements of comprehensive income, changes in equity and cash flows for the years ended December 31, 2018 and 2017, 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, 2018 and 2017, and its consolidated financial performance and its consolidated cash flows for the years ended December 31, 2018 and 2017 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 audits 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 ATEN INTERNATIONAL CO., LTD. and its subsidiaries in accordance with the Certified Public Accountants Code of Professional Ethics in Republic of China ("the Code"), and we have fulfilled our other ethical responsibilities in accordance with the Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

1. Revenue recognition

Please refer to note 4(n), note 6(q) and (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. ATEN INTERNATIONAL CO., LTD. and its subsidiaries initially adapted IFRS 15, and 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(g) 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, 2018 and 2017, on which we have issued an unmodified opinion.

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

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with 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 Lin Wu and Yung-Sheng Wang.

KPMG

Taipei, Taiwan (Republic of China)

March 12, 2019

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

2018 Employees' Compensation and Directors and Supervisors' Remuneration Report

Explanation:

- (1). According to Article 24 of the Article of Incorporation. After deducting employee compensation and directors and supervisors' remuneration, the Company shall set aside between 10% to 16% of its before tax profit to employee compensation and no more than 2% of its before tax profit to directors and supervisors' remuneration, respectively, however, this Company shall have reserved a sufficient amount to offset its accumulated losses first before distributing in the percentage as stated above.
- (2). Board of directors resolved to approve 2018 employees' compensation totaling NT\$ 194,939,676 and directors and supervisors' remuneration totaling NT\$ 23,392,761. The amount is both distributed in cash.

Item No. 4

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

Explanation:

- (1). In order to conform to the rule No. 10700253951 issued by Taiwan Stock Exchange Corporation on December 27, 2018, the company hereby proposes to amend Rules and Procedures of the Meeting of Board of Directors. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Adoption Matters

1.

Proposed by the Board

Proposal:

Adoption of the 2018 Business Report and Financial Statements

Explanation:

- (1) The Company's Financial Statements, including the balance sheet, statement of comprehensive income, statement of changes in equity, and statement of cash flows, were audited by independent auditors, Lin Wu and Yong-Sheng Wang of KPMG Firm. Also Business Report and Financial Statements have been approved by the Board on March 12, 2019.
- (2) The 2018 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, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

		December 31, 2018		December 31, 2017				December 31, 2018		December 31, 2017	
Assets		Amount	%	Amount	%	Liabilities and Equity		Amount	%	Amount	%
11xx	Current assets:					21xx	Current liabilities:				
1100	Cash and cash equivalents	\$ 208,754	3	413,252	8	2100	Short-term borrowings	\$ 316,231	5	319,782	6
1110	Financial assets at fair value through profit or loss—current	886,226	15	952,296	19	2120	Financial liabilities at fair value through profit or loss—current	1,889	-	1,643	-
1120	Financial assets at fair value through other comprehensive income—current	4,642	-	-	-	2150	Notes payable	195	-	151	-
1125	Available-for-sale financial assets—current	-	-	8,661	-	2170	Accounts payable	211,137	3	227,163	5
1150	Notes receivable, net	133	-	19	-	2180	Accounts payable—related parties	74,622	1	52,515	1
1170	Accounts receivable, net	198,750	3	133,840	3	2200	Other payables	463,773	8	333,097	7
1180	Accounts receivable—related parties, net	504,342	8	373,216	7	2220	Other payables—related parties	191,833	3	191,871	4
1200	Other receivables	90,710	1	413	-	2230	Current tax liabilities	62,584	1	114,647	2
130x	Inventories	450,413	8	350,124	7	2250	Provisions—current	22,660	-	19,834	-
1410	Prepayments	5,515	-	4,198	-	2399	Other current liabilities	6,322	-	5,858	-
1470	Other current assets	14,739	-	7,779	-		Total current liabilities	1,351,246	21	1,266,561	25
	Total current assets	2,364,224	38	2,243,798	44	25xx	Non-Current liabilities:				
15xx	Non-current assets:					2570	Deferred income tax liabilities	168,506	3	134,378	3
1517	Financial assets at fair value through other comprehensive income—non-current	21,780	-	-	-	2640	Accrued pension liabilities	96,972	2	105,108	2
1543	Financial assets carried at cost—non-current	-	-	21,780	-	2645	Deposits received	1,237	-	1,237	-
1550	Investments accounted for under equity method	1,894,856	32	1,038,347	20	2670	Other non-current liabilities	2,565	-	2,201	-
1600	Property, plant and equipment	1,589,054	26	1,599,341	31		Total non-current liabilities	269,280	5	242,924	5
1840	Deferred income tax assets	129,917	2	110,870	3	2xxx	Total liabilities	1,620,526	26	1,509,485	30
1920	Refundable deposits	3,574	-	529	-	3110	Common stock	1,194,711	20	1,194,711	23
1980	Other financial assets—non-current	114,004	2	112,707	2		Capital surplus:				
	Total non-current assets	3,753,185	62	2,883,574	56	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	26,186	-	70,194	2
								343,149	5	387,157	8
							Retained earnings:				
						3310	Legal reserve	1,114,004	18	1,041,329	20
						3320	Special reserve	94,045	2	65,332	1
						3350	Unappropriated retained earnings	1,858,269	30	1,023,403	20
								3,066,318	50	2,130,064	41
							Other equity interest:				
						3410	Financial statements translation differences for foreign operations	(89,763)	(1)	(92,885)	(2)
						3420	Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,532)	-	-	-
						3425	Unrealized gain (loss) on available-for-sale financial assets	-	-	(1,160)	-
								(107,295)	(1)	(94,045)	(2)
						3xxx	Total equity	4,496,883	74	3,617,887	70
1xxx	Total assets	\$ 6,117,409	100	5,127,372	100	2-3xxx	Total liabilities and equity	\$ 6,117,409	100	5,127,372	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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2018		2017	
	Amount	%	Amount	%
4000 Operating revenue	\$ 3,589,610	100	3,365,672	100
5000 Operating costs	1,680,720	47	1,566,424	47
5900 Gross profit (loss) from operations	1,908,890	53	1,799,248	53
5910 Less: unrealized profit (loss) from sales	65,191	2	24,360	1
5900 Gross profit	1,843,699	51	1,774,888	52
6000 Operating expenses:				
6100 Selling expenses	401,607	11	357,420	10
6200 Administrative expenses	334,304	9	324,435	10
6300 Research and development expenses	471,035	13	405,483	12
Total operating expenses	1,206,946	33	1,087,338	32
6900 Operating profit	636,753	18	687,550	20
7000 Non-operating income and expenses:				
7010 Other income	54,206	1	48,046	2
7020 Other gains and losses	18,017	1	3,480	-
7050 Finance costs	(5,034)	-	(4,634)	-
7375 Share of profit of subsidiaries and associates accounted for under equity method	1,027,122	28	147,427	4
Total non-operating income and expenses	1,094,311	30	194,319	6
7900 Net income before tax	1,731,064	48	881,869	26
7950 Less: income tax expenses	154,932	4	155,121	4
Net income	1,576,132	44	726,748	22
8300 Other comprehensive income:				
8310 Items that will not be reclassified subsequently to profit or loss				
8311 Remeasurements of the defined benefit plans	664	-	(4,976)	-
8316 Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	268	-	-	-
8330 Share of other comprehensive income of subsidiaries and associates accounted for under equity method	(65)	-	-	-
8349 Income tax benefit (expense) related to items that will not be reclassified subsequently	(101)	-	859	-
Total Items that will not be reclassified subsequently to profit or loss	766	-	(4,117)	-
8360 Items that may be reclassified subsequently to profit or loss				
8361 Financial statements translation differences for foreign operations	3,170	-	(30,021)	(1)
8362 Unrealized gain on valuation of available-for-sale financial assets	-	-	1,523	-
8380 Share of other comprehensive income of subsidiaries and associates accounted for under equity method	(38)	-	(386)	-
8399 Income tax expense relating to components of other comprehensive income (loss)	-	-	-	-
Total Items that may be reclassified subsequently to profit or loss	3,132	-	(28,884)	(1)
8300 Other comprehensive income (loss), net of tax	3,898	-	(33,001)	(1)
8500 Total comprehensive income	<u>\$ 1,580,030</u>	<u>44</u>	<u>693,747</u>	<u>21</u>
9750 Basic earnings per share (in New Taiwan dollars)	<u>\$ 13.19</u>		<u>6.08</u>	
9850 Diluted earnings per share (in New Taiwan dollars)	<u>\$ 12.92</u>		<u>5.99</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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Share capital		Retained earnings				Financial statements translation differences for foreign operations	Total other equity interest			Total equity
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings		Unrealized gain (loss) on financial assets measured at fair value through other comprehensive income	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	
Balance at January 1, 2017	\$ 1,194,711	383,026	962,497	876	1,137,164	2,100,537	(62,784)	-	(2,548)	(65,332)	3,612,942
Appropriation and distribution of retained earnings:											
Legal reserve appropriated	-	-	78,832	-	(78,832)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	64,456	(64,456)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(692,933)	(692,933)	-	-	-	-	(692,933)
Changes in equity of associates and joint ventures accounted for using equity method	-	4,131	-	-	-	-	-	-	-	-	4,131
Net income	-	-	-	-	726,748	726,748	-	-	-	-	726,748
Other comprehensive income	-	-	-	-	(4,288)	(4,288)	(30,101)	-	1,388	(28,713)	(33,001)
Total comprehensive income	-	-	-	-	722,460	722,460	(30,101)	-	1,388	(28,713)	693,747
Balance at December 31, 2017	1,194,711	387,157	1,041,329	65,332	1,023,403	2,130,064	(92,885)	-	(1,160)	(94,045)	3,617,887
Effects of retrospective application	-	-	-	-	16,500	16,500	-	(17,660)	1,160	(16,500)	-
Equity at beginning of period after adjustments	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	-	-	72,675	-	(72,675)	-	-	-	-	-	-
Special reserve appropriated	-	-	-	28,713	(28,713)	-	-	-	-	-	-
Cash dividends of ordinary share	-	-	-	-	(657,091)	(657,091)	-	-	-	-	(657,091)
Changes in equity of associates and joint ventures accounted for using equity method	-	(44,008)	-	-	65	65	-	-	-	-	(43,943)
Net income	-	-	-	-	1,576,132	1,576,132	-	-	-	-	1,576,132
Other comprehensive income	-	-	-	-	573	573	3,122	203	-	3,325	3,898
Total comprehensive income	-	-	-	-	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	-	-	-	-	75	75	-	(75)	-	(75)	-
Balance at December 31, 2018	\$ 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

ATEN INTERNATIONAL CO., LTD.

Statements of Cash Flows

For the years ended December 31, 2018 and 2017

(Expressed in Thousands of New Taiwan Dollars)

	For the year months ended December 31	
	2018	2017
Cash flows from operating activities:		
Net income before tax	\$ 1,731,064	881,869
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	40,391	37,417
Interest expenses	5,034	4,634
Interest income	(601)	(437)
Dividend income	(201)	(407)
Share of profit of associates accounted for under equity method	(1,027,122)	(147,427)
Losses (gains) on disposal of property, plant and equipment	194	(322)
Property, plant and equipment transferred to expenses	773	187
Unrealized profit (loss) from sales	65,191	24,360
Total adjustments to reconcile profit and loss	(916,341)	(81,995)
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	66,070	(56,907)
Notes receivable	(114)	580
Accounts receivable	(64,910)	3,440
Accounts receivable due from related parties	(131,126)	77,783
Other receivable	(90,096)	516
Inventories	(100,289)	(6,737)
Prepayments	(1,317)	475
Other current assets	(6,960)	2,647
Total changes in operating assets, net	(328,742)	21,797
Net changes in operating liabilities:		
Financial liabilities held for trading	246	72
Notes payable	44	(214)
Accounts payable	(16,026)	60,374
Accounts payable to related parties	22,107	(44,473)
Other payable	130,676	(13,595)
Other payable to related parties	(38)	(16)
Provisions	2,826	1,428
Other current liabilities	6,137	(1,684)
Accrued pension liabilities	(7,473)	1,176
Other non-current liabilities	364	28
Total changes in operating liabilities, net	138,863	3,096
Total changes in operating assets / liabilities, net	(189,879)	24,893
Total adjustments	(1,106,220)	(57,102)
Cash provided by operating activities	624,844	824,767
Dividends received	66,423	308,504
Payment of income tax	(192,015)	(136,152)
Net cash provided by operating activities	499,252	997,119
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,287	-
Acquisition of investments accounted for using equity method	(1,876)	(19,931)
Acquisition of property, plant and equipment	(31,361)	(29,663)
Proceeds from disposal of property, plant and equipment	290	713
Increase in refundable deposits	(3,045)	(279)
Decrease (increase) in other financial assets — non-current	(1,297)	15,064
Interest received	601	437
Net cash used in investing activities	(32,401)	(33,659)
Cash flows from financing activities:		
Decrease in short-term borrowings	(9,224)	(67,808)
Decrease in guarantee deposits received	-	400
Cash dividends paid	(657,091)	(692,933)
Interest paid	(5,034)	(4,634)
Net cash used in financing activities	(671,349)	(764,975)
Net increase (decrease) in cash and cash equivalents	(204,498)	198,485
Cash and cash equivalents at beginning of period	413,252	214,767
Cash and cash equivalents at end of period	\$ 208,754	413,252

(English Translation of Consolidated Financial Statements Originally Issued in Chinese)
ATEN INTERNATIONAL CO., LTD. AND SUBSIDIARIES
Consolidated Balance Sheets
December 31, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

Assets	December 31, 2018		December 31, 2017		Liabilities and Equity	December 31, 2018		December 31, 2017	
	Amount	%	Amount	%		Amount	%	Amount	%
Current assets:					Current liabilities:				
Cash and cash equivalents (note 6(a))	\$ 692,377	10	840,404	14	Short-term borrowings (notes 6(k) and 8)	\$ 756,907	11	734,695	12
Financial assets at fair value through profit or loss—current (note 6(b))	1,417,936	20	980,748	16	Current portion of long-term borrowings (notes 6(k) and 8)	10,200	-	13,661	-
Financial assets at fair value through other comprehensive income—current (note 6(c))	4,642	-	-	-	Financial liabilities at fair value through profit or loss—current (note 6(b))	2,247	-	2,447	-
Available-for-sale financial assets—current (note 6(d))	-	-	8,661	-	Notes payable	4,363	-	4,085	-
Notes receivable, net (note 6(e))	7,933	-	8,580	-	Accounts payable (note 7)	470,081	7	465,073	8
Receivables from related parties, net (notes 6(e) and 7)	-	-	7,586	-	Other payable (notes 6 (m) and (s))	603,288	9	488,104	8
Accounts receivable, net (notes 6(e) and 7)	721,109	10	696,512	12	Current tax liabilities	142,356	2	125,371	2
Other receivables (notes 6(f) and (i))	653,669	9	2,541	-	Provisions—current (note 6(l))	22,660	-	19,834	-
Inventories(note 6(g))	1,058,080	15	816,614	14	Other current liabilities	62,754	1	29,360	1
Prepayments	52,399	1	53,568	1	Total current liabilities	2,074,856	30	1,882,630	31
Other current assets	30,077	1	29,856	1	Non-Current liabilities:				
Total current assets	4,638,222	66	3,445,070	58	Long-term borrowings (notes 6(k) and 8)	25,983	-	36,169	1
Non-current assets:					Deferred income tax liabilities (note 6(n))	220,132	3	172,298	3
Financial assets at fair value through other comprehensive income—non-current (note 6(c))	21,780	-	-	-	Accrued pension liabilities (note 6(m))	98,977	1	107,131	2
Financial assets carried at cost—non-current (notes 6(c) and (h))	-	-	21,780	-	Deposits received	1,595	-	1,695	-
Investments accounted for under equity method (note 6(i))	75,559	1	180,117	3	Other non-current liabilities	37,102	1	33,326	1
Property, plant and equipment (notes 6(j) and 8)	1,994,459	28	2,024,879	34	Total non-current liabilities	383,789	5	350,619	7
Goodwill	2,756	-	2,756	-	Total liabilities	2,458,645	35	2,233,249	38
Deferred income tax assets (note 6(n))	175,348	3	149,667	3	Equity attributable to shareholders of the company (note 6(o)):				
Prepayments for equipment	-	-	8	-	Common stock	1,194,711	17	1,194,711	20
Refundable deposits	20,251	-	15,260	-	Capital surplus:				
Other financial assets—non-current (notes 8 and 9)	116,689	2	112,707	2	Additional paid-in capital	316,913	4	316,913	5
Other non-current assets	-	-	3	-	Donated assets received	50	-	50	-
Total non-current assets	2,406,842	34	2,507,177	42	Changes in equity of associates accounted for using equity method	26,186	-	70,194	1
						343,149	4	387,157	6
					Retained earnings:				
					Legal reserve	1,114,004	16	1,041,329	17
					Special reserve	94,045	1	65,332	1
					Unappropriated retained earnings	1,858,269	27	1,023,403	17
						3,066,318	44	2,130,064	35
					Other equity interest:				
					Financial statements translation differences for foreign operations	(89,763)	(1)	(92,885)	(1)
					Unrealized gain (loss) on financial assets at fair value through other comprehensive income	(17,532)	-	-	-
					Unrealized gain (loss) on available-for-sale financial assets	-	-	(1,160)	-
						(107,295)	(1)	(94,045)	(1)
					Total equity attributable to shareholders of the company	4,496,883	64	3,617,887	60
					Non-controlling interests	89,536	1	101,111	2
					Total equity	4,586,419	65	3,718,998	62
					Total liabilities and equity	\$ 7,045,064	100	5,952,247	100
Total assets	\$ 7,045,064	100	5,952,247	100					

(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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars , Except for Earnings Per Common Share)

	2018		2017	
	<u>Amount</u>	<u>%</u>	<u>Amount</u>	<u>%</u>
Operating revenue (notes 6(q), (r) and 7)	\$ 5,173,010	100	4,947,321	100
Operating costs (notes 6(g), (j), (l), (m), (s) and 7)	2,129,330	41	2,022,661	41
Gross profit	3,043,680	59	2,924,660	59
Operating expenses (notes 6(e), (j), (m), (s), and 7):				
Selling expenses	1,171,119	23	1,079,970	21
Administrative expenses	548,523	10	532,573	11
Research and development expenses	491,571	10	425,934	9
Expected credit loss for bad debt expense	2,353	-	-	-
Total operating expenses	2,213,566	43	2,038,477	41
Operating profit	830,114	16	886,183	18
Non-operating income and expenses (notes 6(i), (j) and (t)):				
Other income	30,171	-	19,475	-
Other gains and losses	958,929	19	12,432	-
Finance costs	(18,369)	-	(14,467)	-
Share of profit of associates accounted for under equity method	56,125	1	43,358	1
Total non-operating income and expenses	1,026,856	20	60,798	1
Net income before tax	1,856,970	36	946,981	19
Less: income tax expenses (note 6(n))	269,219	5	208,787	4
Net income	1,587,751	31	738,194	15
Other comprehensive income (notes 6(n) and (o)):				
Items that will not be reclassified subsequently to profit or loss				
Remeasurements of the defined benefit plans	681	-	(5,263)	-
Unrealized gains (losses) from investments in equity instruments measured at fair value through other comprehensive income	268	-	-	-
Share of other comprehensive income of associates accounted for under equity method	(65)	-	-	-
Income tax benefit (expense) related to items that will not be reclassified subsequently	(101)	-	859	-
Total Items that will not be reclassified subsequently to profit or loss	783	-	(4,404)	-
Items that may be reclassified subsequently to profit or loss				
Financial statements translation differences for foreign operations	2,736	-	(29,721)	(1)
Unrealized gain on valuation of available-for-sale financial assets	-	-	1,523	-
Share of other comprehensive income of associates accounted for under equity method	(48)	-	(215)	-
Income tax expense relating to components of other comprehensive income (loss)	-	-	-	-
Total Items that may be reclassified subsequently to profit or loss	2,688	-	(28,413)	(1)
Other comprehensive income (loss), net of tax	3,471	-	(32,817)	(1)
Total comprehensive income	\$ 1,591,222	31	705,377	14
Net income attributable to:				
Shareholders of the parent	\$ 1,576,132	31	726,748	15
Non-controlling interests	11,619	-	11,446	-
	\$ 1,587,751	31	738,194	15
Total comprehensive income attributable to:				
Shareholders of the parent	\$ 1,580,030	31	693,747	14
Non-controlling interests	11,192	-	11,630	-
	\$ 1,591,222	31	705,377	14
Basic earnings per share (in New Taiwan dollars) (note 6(p))	\$ 13.19		6.08	
Diluted earnings per share (in New Taiwan dollars) (note 6(p))	\$ 12.92		5.99	

(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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	Equity attributable to owners of parent						Total other equity interest					Total equity	Non-controlling interests	Total equity
	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	Unrealized gains (losses) on available-for-sale financial assets	Total other equity interest	Total equity attributable to owners of parent			
	Ordinary shares	Capital surplus	Legal reserve	Special reserve	Unappropriated retained earnings	Total retained earnings								
Balance at January 1, 2017	\$ 1,194,711	383,026	962,497	876	1,137,164	2,100,537	(62,784)	-	(2,548)	(65,332)	3,612,942	97,423	3,710,365	
Appropriation and distribution of retained earnings:														
Legal reserve appropriated	-	-	78,832	-	(78,832)	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	64,456	(64,456)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(692,933)	(692,933)	-	-	-	-	(692,933)	(7,942)	(700,875)	
Changes in equity of associates and joint ventures accounted for using equity method	-	4,131	-	-	-	-	-	-	-	-	4,131	-	4,131	
Net income	-	-	-	-	726,748	726,748	-	-	-	-	726,748	11,446	738,194	
Other comprehensive income	-	-	-	-	(4,288)	(4,288)	(30,101)	-	1,388	(28,713)	(33,001)	184	(32,817)	
Total comprehensive income	-	-	-	-	722,460	722,460	(30,101)	-	1,388	(28,713)	693,747	11,630	705,377	
Balance at December 31, 2017	1,194,711	387,157	1,041,329	65,332	1,023,403	2,130,064	(92,885)	-	(1,160)	(94,045)	3,617,887	101,111	3,718,998	
Effects of retrospective application	-	-	-	-	16,500	16,500	-	(17,660)	1,160	(16,500)	-	-	-	
Equity at beginning of period after adjustments	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	-	-	72,675	-	(72,675)	-	-	-	-	-	-	-	-	
Special reserve appropriated	-	-	-	28,713	(28,713)	-	-	-	-	-	-	-	-	
Cash dividends of ordinary share	-	-	-	-	(657,091)	(657,091)	-	-	-	-	(657,091)	(7,193)	(664,284)	
Other changes in capital surplus:														
Changes in equity of associates and joint ventures accounted for using equity method	-	(43,140)	-	-	65	65	-	-	-	-	(43,075)	-	(43,075)	
Net income	-	-	-	-	1,576,132	1,576,132	-	-	-	-	1,576,132	11,619	1,587,751	
Other comprehensive income	-	-	-	-	573	573	3,122	203	-	3,325	3,898	(427)	3,471	
Total comprehensive income	-	-	-	-	1,576,705	1,576,705	3,122	203	-	3,325	1,580,030	11,192	1,591,222	
Changes in non-controlling interests	-	(868)	-	-	-	-	-	-	-	-	(868)	(15,574)	(16,442)	
Disposal of investments in equity instruments designated at fair value through other comprehensive income	-	-	-	-	75	75	-	(75)	-	(75)	-	-	-	
Balance at December 31, 2018	\$ 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	

(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, 2018 and 2017
(Expressed in Thousands of New Taiwan Dollars)

	2018	2017
Cash flows from operating activities:		
Net income before tax	\$ 1,856,970	946,981
Adjustments:		
Adjustments to reconcile profit and loss		
Depreciation expense	88,719	89,811
Expected credit loss / reversal of provision for bad debt expense	2,353	(1,766)
Interest expenses	18,369	14,467
Interest income	(2,910)	(4,119)
Dividend income	(201)	(407)
Share of profit of associates accounted for under equity method	(56,125)	(43,358)
Losses on disposal of property, plant and equipment	203	360
Property, plant and equipment transferred to expenses	773	187
Gain on disposal of investments accounted for using equity method	(945,838)	-
Total adjustments to reconcile profit and loss	(894,657)	55,175
Changes in assets / liabilities relating to operating activities:		
Net changes in operating assets:		
Financial assets held for trading	(437,188)	(29,988)
Notes receivable	647	2,875
Notes receivable — related parties	7,586	(759)
Accounts receivable	(21,930)	(102,348)
Other receivable	(90,150)	(310)
Inventories	(242,771)	(43,001)
Prepayments	1,169	(683)
Other current assets	(221)	(12,715)
Total changes in operating assets, net	(782,858)	(186,929)
Net changes in operating liabilities:		
Financial liabilities held for trading	(200)	867
Notes payable	278	(967)
Accounts payable	5,008	94,381
Other payable	115,184	18,975
Provisions	2,826	1,428
Other current liabilities	33,394	6,478
Accrued pension liabilities	(7,574)	2,035
Other non-current liabilities	3,776	3,856
Total changes in operating liabilities, net	152,692	127,053
Total changes in operating assets / liabilities, net	(630,166)	(59,876)
Total adjustments	(1,524,823)	(4,701)
Cash provided by operating activities	332,147	942,280
Dividends received	42,047	33,887
Payment of income tax	(228,368)	(154,837)
Net cash provided by operating activities	145,826	821,330
Cash flows from investing activities:		
Proceeds from disposal of financial assets at fair value through other comprehensive income	4,287	-
Proceeds from disposal of investments accounted for under equity method	460,509	-
Acquisition of property, plant and equipment	(56,391)	(80,900)
Proceeds from disposal of property, plant and equipment	828	1,143
Increase in refundable deposits	(4,991)	(6,320)
Decrease (increase) in other financial assets — non-current	(3,982)	15,064
Decrease in other non-current assets	3	1,086
Decrease in prepayments for equipment	8	101
Interest received	2,910	4,119
Net cash provided by (used in) investing activities	403,181	(65,707)
Cash flows from financing activities:		
Increase in short-term borrowings	22,212	82,365
Repayment of long-term borrowings	(13,790)	(17,268)
Decrease in deposits received	(100)	(71)
Cash dividends paid	(664,284)	(700,875)
Interest paid	(18,369)	(14,467)
Changes in non-controlling interests	(16,442)	-
Net cash used in financing activities	(690,773)	(650,316)
Effect of exchange rate changes on cash and cash equivalents	(6,261)	(59,407)
Increase (decrease) in cash and cash equivalents for the period	(148,027)	45,900
Cash and cash equivalents at beginning of period	840,404	794,504
Cash and cash equivalents at end of period	\$ 692,377	840,404

2.

Proposed by the Board

Proposal:

Adoption of the Proposal for Distribution of 2018 Profits

Explanation:

(1) The Board has adopted a Proposal for Distribution of 2018 Profits in accordance with Articles of Incorporation.

I. The proposed cash dividend to shareholders is NT\$ 955,769,328 (NT\$8.0 per share) based on the number of actual shares outstanding on the record date for distribution.

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

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

Resolution:

ATEN International Company, Ltd.

PROFIT DISTRIBUTION TABLE

Year 2018

(Unit: NTD \$)

Items	Amount
Beginning retained earnings	264,923,320
Add : 2017 net profit after tax	1,576,132,061
Less : 10% legal reserve	157,613,206
Less: Special earnings reserves on reductions to shareholders' equity	13,250,085
Add : Adjustments to actuarial loss	562,461
Add : Share of other comprehensive income accounted for under equity method	10,777
Add : Share of other comprehensive income of associates accounted for under equity method	64,758
Add : Realized gains from investments in equity instruments measured at fair value through other comprehensive income	75,073
Add : Unrealized gain on financial assets at fair value through other comprehensive income in compliance with IFRS 9	16,500,000
Distributable net profit	1,687,405,159
Distributable items :	
Cash Dividend to shareholders(NT\$8.0 per share)	955,769,328
Unappropriated retained earnings	731,635,831

Discussion

1.

Proposed by the Board

Discussion:

Amendment to the Articles of Incorporation. Please proceed to discuss.

Explanation:

- (1). In order to enhance the corporate governance and conform 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:

Amendment to the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.

Explanation:

- (1). In order to conform to the rule No. 1070341072 issued by the Financial Supervisory Commission Bureau on November 26, 2018, the company hereby proposes to amend the Operational Procedures for Acquisition and Disposal of Assets. Please proceed to discuss.
- (2). Please refer to the Chinese version of the Handbook for details.

Resolution:

3.

Proposed by the Board

Discussion:

Amendment to the Operational Procedures for Loaning of Company Funds.

Please proceed to discuss.

Explanation:

(3). In order to conform to the rule No. 1080304826 issued by the Financial Supervisory Commission Bureau on March 7, 2019, the company hereby proposes to amend the Operational Procedures for Loaning of Company Funds. Please proceed to discuss.

(4). Please refer to the Chinese version of the Handbook for details.

Resolution:

4.

Proposed by the Board

Discussion:

Amendment to the Operational Procedures for Endorsements and Guarantees.

Please proceed to discuss.

Explanation:

(1). In order to conform to the rule No. 1080304826 issued by the Financial Supervisory Commission Bureau on March 7, 2019, the company hereby proposes to amend the Operational Procedures for Endorsements and Guarantees. 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 and Supervisors

ATEN International Co, LTD

The (minimum required) combined Shareholding of Directors and Supervisors

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

Total issued shares: 119,471,166 shares.

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

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

2. As of the record date April 16, 2019, the shareholding of directors and supervisors is below:

Record date: April 16, 2019

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